

Online Appendix for  
Targeting High Ability Entrepreneurs Using  
Community Information: Mechanism Design In The  
Field

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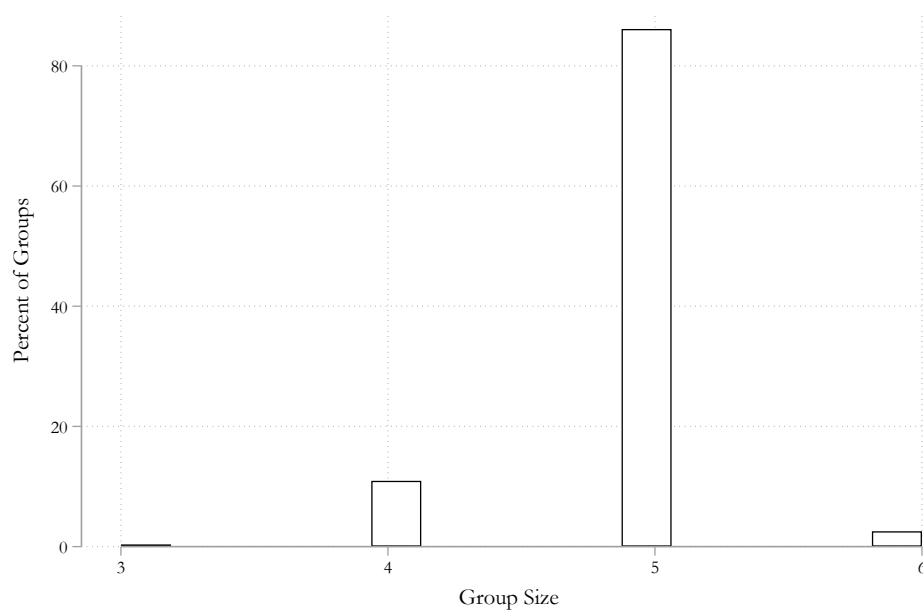
October 6, 2021

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# A Appendix Tables and Figures

Figure A1: Group Size Distribution



*Notes:* This figure plots the distribution of the number of members per group in the sample. There is a total of 274 groups in the sample.

Figure A2: Randomization Design

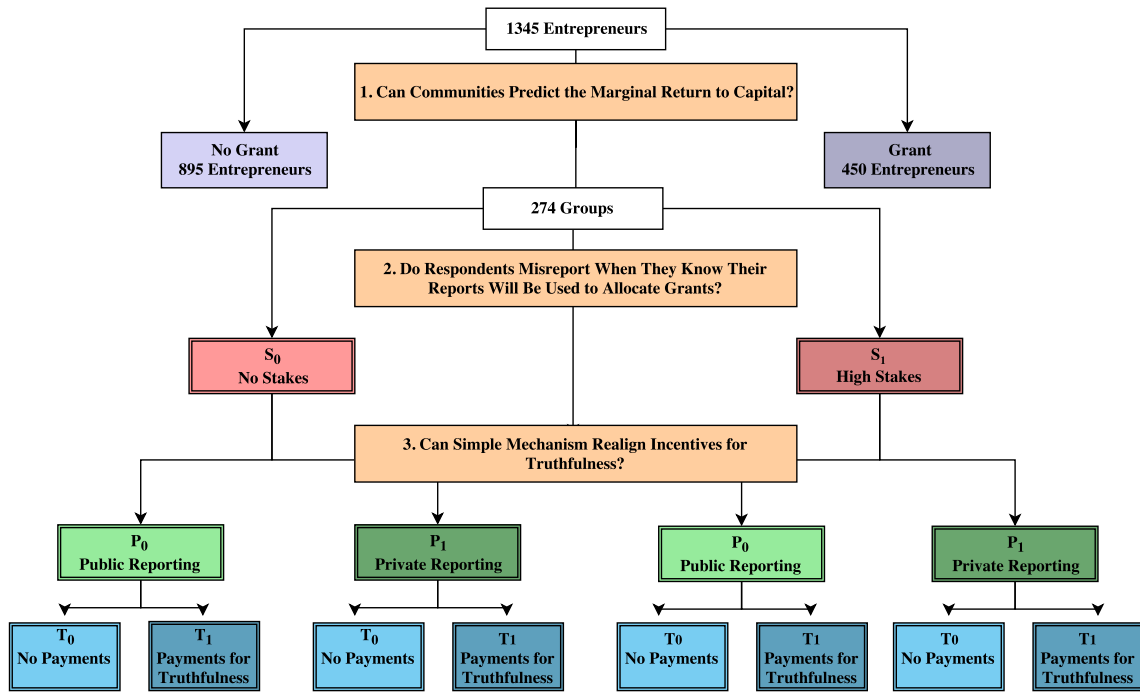


Figure A3: Timeline of the Experiment

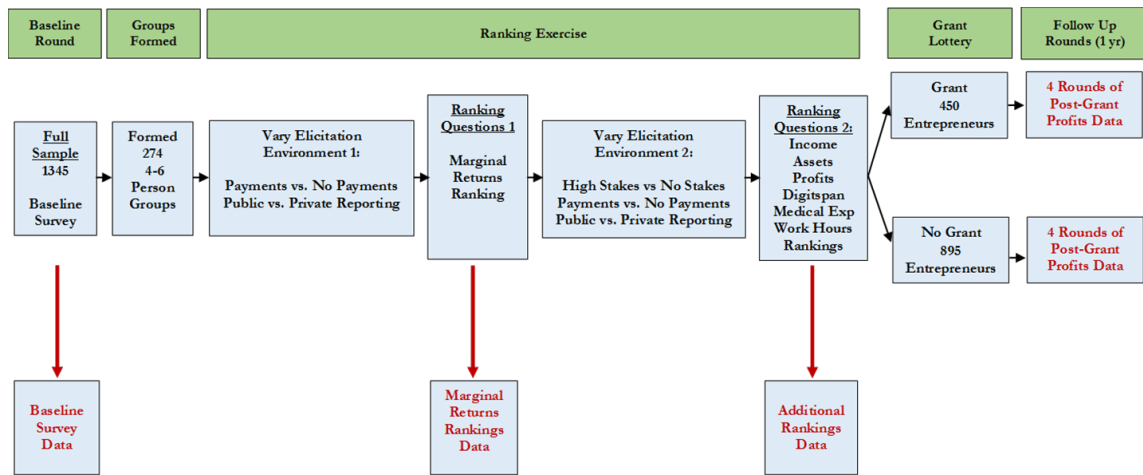
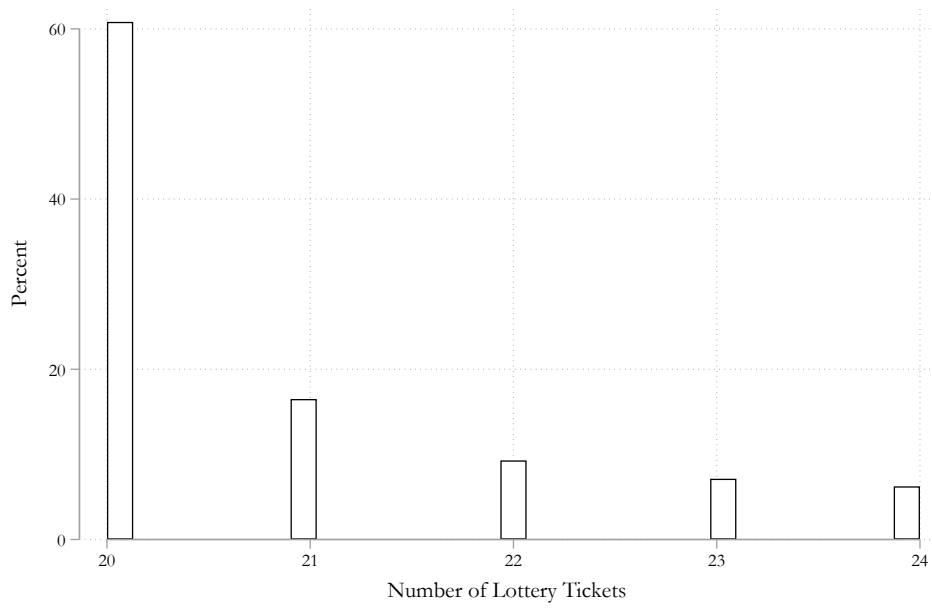
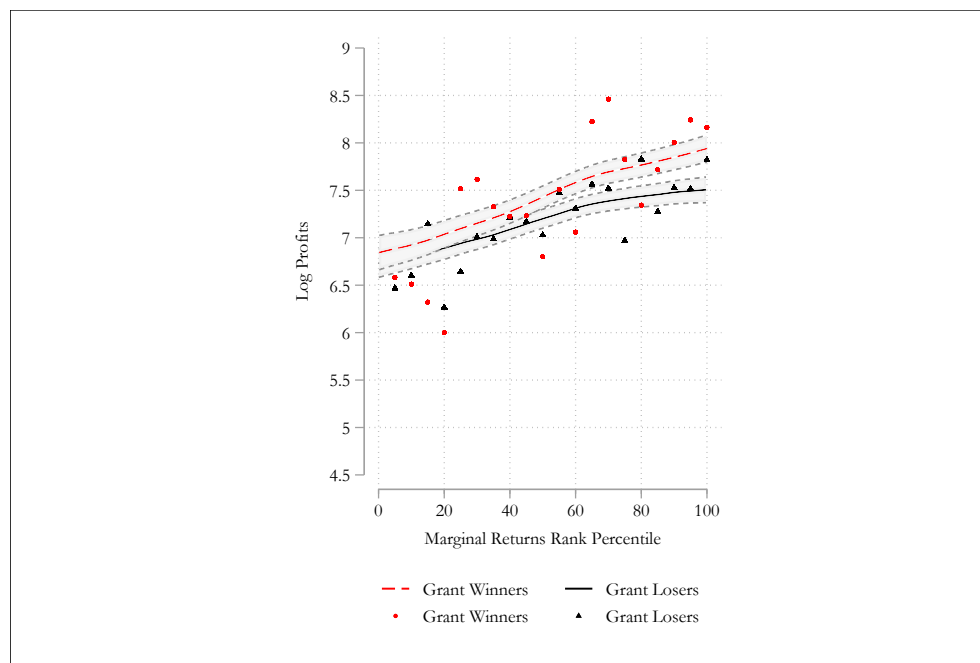


Figure A4: Distribution of Lottery Tickets



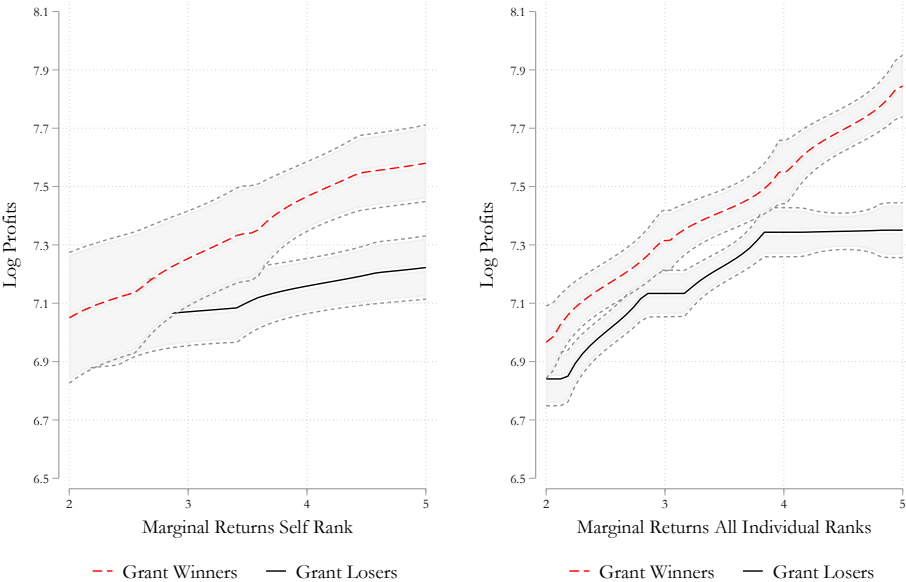
*Notes:* This figure plots the distribution of lottery tickets in the sample. Lottery tickets were used to select the grant winners. In the *No Stakes* treatment group, participants received 20 lottery tickets and each group member was equally likely to have their tickets drawn from the urn. In the *High Stakes* group, participants were eligible to receive up to 4 extra lottery tickets, based on whether their peers ranked them highest for the treatment questions.

Figure A5: Marginal Returns to the Grant by Percentile of the Average Community Ranks Distribution (Including Self Ranks)



*Notes:* We plot the kernel-weighted local polynomial regressions of log profits on the average community rank of marginal returns (including the self rank), estimated separately for respondents who won and respondents who did not win grants. Log profits is the average of the log value of profits in the post grant disbursement periods. The marginal returns rank percentile is the percentile of the average rank assigned to person  $i$  by all of her peers in her group. 90% confidence bands are shown. In order to make the figure readable, each point in the figure represents the average log profits for all of the entrepreneurs in the corresponding two marginal returns rank percentiles. So there is one point for every two marginal returns rank percentile for grant winners and grant losers.

Figure A6: Marginal Returns to the Grant by Self Rank or Individual Community Rank



*Notes:* We plot the kernel-weighted local polynomial regressions of log profits on the marginal returns rank, estimated separately for respondents who won and respondents who did not win grants. Log profits is the average of the log value of profits in the post grant disbursement periods. In the left panel, the marginal returns rank is the self rank. In the right panel, all the marginal returns ranks given about a rankee are utilized (excluding her own self rank). 90% confidence bands are shown.



Figure A7: Controls Selected Via Lasso in Table 4

|                                 | (1)    | (2)    | (3)        | (4)        | (5)     | (6)     |
|---------------------------------|--------|--------|------------|------------|---------|---------|
|                                 | Income | Income | Log Income | Log Income | Profits | Profits |
| Rank                            |        | X      |            | X          |         | X       |
| Education                       |        | X      |            | X          |         | X       |
| Digitspan                       |        | X      |            | X          |         | X       |
| Number Salaried Workers         |        | X      |            | X          |         | X       |
| Number Salaried Workers squared | X      | X      |            |            |         |         |
| Avg Monthly Income              | X      | X      |            |            |         |         |
| Days Worked                     |        |        |            |            | X       | X       |
| Avg Yearly Profits              |        |        |            |            | X       | X       |
| Avg Yearly Profits squared      |        | X      |            | X          | X       | X       |
| Baseline Total Capital          |        |        |            |            |         |         |
| Baseline Total Capital squared  | X      | X      | X          | X          | X       | X       |

*Notes:* For each column of Table 4, we note which controls were selected in the lasso prediction.

Table A1: Balance Check

|   | (1)<br>No Stakes<br>Mean | (2)<br>Stakes<br>Difference | (3)<br>No Incentives<br>Mean | (4)<br>Incentive<br>Difference | (5)<br>Private<br>Mean | (6)<br>Public<br>Difference | (7)<br>Grant Loser<br>Mean | (8)<br>Grant Winner<br>Difference | (9)<br>N |
|---|--------------------------|-----------------------------|------------------------------|--------------------------------|------------------------|-----------------------------|----------------------------|-----------------------------------|----------|
| <i>Panel A: Individual Characteristics of Ranked Entrepreneur</i> |                          |                             |                              |                                |                        |                             |                            |                                   |          |
| Male  | 0.604                    | 0.037<br>(0.027)            | 0.641                        | -0.038<br>(0.027)              | 0.620                  | 0.016<br>(0.027)            | 0.626                      | -0.005<br>(0.029)                 | 1345     |
| Education   | 7.343                    | -0.101<br>(0.200)           | 7.352                        | -0.185<br>(0.206)              | 7.199                  | 0.098<br>(0.202)            | 7.226                      | 0.107<br>(0.216)                  | 1345     |
| Married   | 0.832                    | 0.016<br>(0.019)            | 0.849                        | -0.020<br>(0.019)              | 0.845                  | -0.009<br>(0.019)           | 0.843                      | -0.011<br>(0.020)                 | 1345     |
| Age   | 40.520                   | 1.065<br>(0.689)            | 41.072                       | -0.090<br>(0.712)              | 40.805                 | 0.784<br>(0.700)            | 41.056                     | 0.098<br>(0.706)                  | 1345     |
| Digitspan   | 5.275                    | -0.070<br>(0.096)           | 5.261                        | -0.035<br>(0.098)              | 5.243                  | -0.013<br>(0.097)           | 5.227                      | 0.038<br>(0.104)                  | 1341     |
| Monthly Sales Change 2014   | 598.461                  | -60.268<br>(114.326)        | 536.754                      | 51.570<br>(115.682)            | 569.141                | -4.353<br>(114.216)         | 566.939                    | -3.670<br>(137.598)               | 1337     |
| Business Employed in 5 Yrs  | 0.851                    | -0.032<br>(0.020)           | 0.824                        | 0.026<br>(0.020)               | 0.842                  | -0.012<br>(0.020)           | 0.828                      | 0.026<br>(0.021)                  | 1345     |
| Wage Exit Self-Employment   | 12165.913                | -506.528<br>(442.473)       | 11887.856                    | -40.908<br>(440.417)           | 12141.288              | -598.785<br>(445.381)       | 11655.556                  | 644.497<br>(456.362)              | 1331     |
| <i>Panel B: Sector of Ranked Entrepreneur</i>                     |                          |                             |                              |                                |                        |                             |                            |                                   |          |
| Manufacturing   | 0.332                    | -0.032<br>(0.025)           | 0.309                        | 0.021<br>(0.025)               | 0.298                  | 0.027<br>(0.025)            | 0.319                      | -0.011<br>(0.027)                 | 1345     |
| Retail  | 0.334                    | 0.005<br>(0.026)            | 0.328                        | 0.013<br>(0.025)               | 0.347                  | -0.024<br>(0.025)           | 0.343                      | -0.022<br>(0.028)                 | 1345     |
| Service   | 0.308                    | 0.004<br>(0.025)            | 0.318                        | -0.017<br>(0.026)              | 0.316                  | 0.004<br>(0.025)            | 0.298                      | 0.047<br>(0.026)                  | 1345     |
| Agriculture   | 0.025                    | 0.024<br>(0.009)            | 0.044                        | -0.017<br>(0.009)              | 0.040                  | -0.008<br>(0.009)           | 0.041                      | -0.016<br>(0.010)                 | 1345     |
| <i>Panel C: Household Characteristics</i>                         |                          |                             |                              |                                |                        |                             |                            |                                   |          |
| Household Size  | 3.806                    | -0.041<br>(0.082)           | 3.741                        | 0.068<br>(0.081)               | 3.808                  | -0.045<br>(0.081)           | 3.796                      | -0.048<br>(0.083)                 | 1345     |
| No. Children 0-5  | 0.458                    | -0.091<br>(0.038)           | 0.380                        | 0.054<br>(0.038)               | 0.418                  | -0.015<br>(0.038)           | 0.427                      | -0.053<br>(0.040)                 | 1345     |
| No. Children 6-12   | 0.490                    | 0.089<br>(0.050)            | 0.565                        | -0.071<br>(0.050)              | 0.540                  | -0.011<br>(0.049)           | 0.568                      | -0.103<br>(0.048)                 | 1345     |
| No. Salaried HH Members   | 0.471                    | -0.040<br>(0.041)           | 0.425                        | 0.048<br>(0.041)               | 0.444                  | 0.015<br>(0.041)            | 0.451                      | -0.001<br>(0.040)                 | 1345     |
| No. Daily Wage HH Members   | 0.283                    | -0.026<br>(0.033)           | 0.263                        | 0.013<br>(0.033)               | 0.288                  | -0.039<br>(0.033)           | 0.283                      | -0.043<br>(0.035)                 | 1345     |
| Total No. HH Businesses   | 1.121                    | 0.016<br>(0.020)            | 1.126                        | 0.012<br>(0.020)               | 1.130                  | -0.002<br>(0.020)           | 1.125                      | 0.013<br>(0.021)                  | 1345     |
| Baseline Avg Monthly Income in Past Year                          | 9026.006                 | -487.598<br>(370.061)       | 9037.056                     | -524.025<br>(367.911)          | 8747.471               | 42.812<br>(364.311)         | 8539.485                   | 710.310<br>(404.316)              | 1345     |
| Value HH Assets   | 426848.553               | 30866.552<br>(36563.799)    | 464282.049                   | -52769.682<br>(36964.213)      | 458168.179             | -37532.993<br>(36913.911)   | 448634.949                 | -35967.461<br>(34045.341)         | 1345     |
| <i>Panel D: Characteristics of Household Businesses</i>           |                          |                             |                              |                                |                        |                             |                            |                                   |          |
| Baseline Total Non-HH Labor                                       | 0.286                    | 0.007<br>(0.094)            | 0.373                        | -0.180<br>(0.095)              | 0.263                  | 0.050<br>(0.093)            | 0.291                      | -0.004<br>(0.100)                 | 1345     |
| Baseline Total HH Labor   | 0.283                    | 0.042<br>(0.037)            | 0.297                        | 0.011<br>(0.038)               | 0.282                  | 0.042<br>(0.037)            | 0.295                      | 0.023<br>(0.042)                  | 1345     |
| Baseline Total Hours Worked Past Week                             | 44.225                   | 2.703<br>(1.779)            | 45.920                       | -1.135<br>(1.834)              | 45.565                 | 0.292<br>(1.795)            | 45.390                     | 0.568<br>(1.849)                  | 1345     |
| Baseline Total Days Worked Past Month                             | 24.917                   | 0.375<br>(0.620)            | 25.070                       | -0.084<br>(0.647)              | 24.764                 | 0.671<br>(0.635)            | 25.106                     | -0.117<br>(0.669)                 | 1345     |
| Avg. Monthly Profits  | 4983.018                 | 131.575<br>(339.649)        | 5122.079                     | -38.882<br>(382.179)           | 5173.699               | -239.957<br>(376.632)       | 5078.361                   | -22.564<br>(337.766)              | 1345     |
| Baseline Total Capital  | 52380.243                | 140190.977<br>(137850.697)  | 59254.001                    | 179271.314<br>(179222.017)     | 220085.223             | -1.976e+05<br>(176997.160)  | 173961.322                 | -1.174e+05<br>(129311.135)        | 1345     |

**Specification:** This table estimates Specification 1 in the paper. The even columns show the coefficient  $\tau_1$  from that regression model and the Treatment is specified in the column heading. The odd columns show the mean for persons in the control group of the treatment described in the column heading. For example, the top row of column 1 shows the probability of being a male for persons assigned to the No Stakes group. The value in column 2 is the difference in the probability of being male for persons assigned to the High Stakes group. Standard errors are clustered at group level. The model includes randomization strata fixed effects. Data in this table come from round 1 of data collection.

**Outcome variables:** The characteristics in Panels A and B are of the entrepreneur and her main businesses that was ranked in the elicitation exercise. The characteristics in Panel C are for the entrepreneur's household. In Panel D, we show business characteristics summed across all household businesses. If the household only has one business, then these are the summary statistics for that business. For details of how the outcome variables are constructed, see the Appendix D

Table A2: What Do Respondents Know About One Another? Includes Self Rank

|   | (1)                 | (2)                 | (3)                     | (4)                 | (5)            | (6)            |
|---|---------------------|---------------------|-------------------------|---------------------|----------------|----------------|
|   | Income              | Profits             | Assets                  | Medical Exp.        | Digitspan      | Work Hours     |
| <i>Panel A: Average Rank Level</i>      |                     |                     |                         |                     |                |                |
| Average Rank                            | 1880.25<br>(252.99) | 1568.04<br>(224.10) | 121713.24<br>(23197.20) | 1351.18<br>(507.89) | 0.61<br>(0.10) | 3.17<br>(2.00) |
| <i>Panel B: Average Rank Percentile</i> |                     |                     |                         |                     |                |                |
| Average Rank                            | 0.23<br>(0.03)      | 0.22<br>(0.03)      | 0.22<br>(0.03)          | 0.20<br>(0.07)      | 0.28<br>(0.04) | 0.08<br>(0.07) |
| Mean of Outcome                         | 8833.84<br>[6846]   | 6913.14<br>[6011]   | 475362.21<br>[719309]   | 2866.78<br>[5389]   | 5.19<br>[2]    | 61.32<br>[23]  |
| N                                       | 1924                | 1982                | 1846                    | 263                 | 281            | 276            |
| No. HHs                                 | 1029                | 1039                | 997                     | 263                 | 281            | 276            |

**Specification:** This table estimates Specification 2 in the paper. In Panel A, Average Rank indicates the *average* ranking the entrepreneur was given by her peers for the question in the column heading. In Panel B, Average Rank indicates the percentile of Average Rank Level. The Average Rank is computed excluding a person's own self rank. In columns (1), (2), and (3), the number of observations is greater than the number of households because we regress the outcome on both the zero sum (relative) and the non-zero sum (quintile) rank in a stacked regression and control for the ranking question. All respondents were asked to provide the quintile and relative rank for a randomly selected two of these three questions. A subset of respondents were also asked to provide the relative rank for the third question. A subset of respondents were also randomly selected to provide the relative rank for the questions in columns (4)- (6). Robust standard errors clustered at the group level in parentheses. All regressions include randomization strata, survey month, survey round, and surveyor fixed effects. The analogue of this table that includes the self rank can be found in Table A2.

**Outcome variables:** In Panel A, the outcome variable is the level of the outcome labeled in the column header, as reported by the rankee at baseline. In Panel B, the outcome variable is the percentile of the outcome in Panel B. The number of observations varies across questions because each respondent answered only a subset of the questions as explained in Section II.A. For a description of the data that produced the outcome variables, see the Appendix D.

Table A3: Average Return to the Grant

|                                     | (1)                  | (2)              | (3)                  | (4)              |
|-------------------------------------|----------------------|------------------|----------------------|------------------|
|                                     | Income               | Log<br>Income    | Profits              | Log<br>Profits   |
| Winner                              | 566.471<br>(405.631) | 0.139<br>(0.093) | 681.034<br>(318.973) | 0.311<br>(0.137) |
| Mean of Outcome<br>for Grant Losers | 8310.69<br>[6608.53] | 8.62<br>[1.39]   | 4587.00<br>[5172.82] | 7.35<br>[2.53]   |
| N                                   | 5328                 | 5346             | 5324                 | 5342             |
| No. HHs                             | 1337                 | 1337             | 1337                 | 1337             |

**Specification:** This table estimates Specification 3 in the paper. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1) and (3) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (2) and (4), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A4: Balance Check by Tercile of Marginal Return Rank

|   | (1)            | (2)                        | (3)            | (4)                       | (5)         | (6)                      |
|---|----------------|----------------------------|----------------|---------------------------|-------------|--------------------------|
|   | Bottom Tercile | Bottom Tercile             | Middle Tercile | Middle Tercile            | Top Tercile | Top Tercile              |
|   | No Grant       | Grant                      | No Grant       | Grant                     | No Grant    | Grant                    |
|   | Mean           | Difference                 | Mean           | Difference                | Mean        | Difference               |
| <i>Panel A: Individual Characteristics of Ranked Entrepreneur</i> |                |                            |                |                           |             |                          |
| Male  | 0.660          | 0.068<br>(0.047)           | 0.631          | -0.085<br>(0.046)         | 0.581       | 0.011<br>(0.056)         |
| Education   | 8.215          | 0.016<br>(0.328)           | 7.053          | 0.074<br>(0.341)          | 6.242       | 0.164<br>(0.482)         |
| Married   | 0.872          | 0.000<br>(0.034)           | 0.836          | -0.031<br>(0.037)         | 0.818       | -0.006<br>(0.047)        |
| Age   | 40.074         | 1.243<br>(1.181)           | 40.919         | 0.490<br>(1.162)          | 42.564      | -1.759<br>(1.616)        |
| Digitspan   | 5.618          | -0.149<br>(0.169)          | 5.036          | 0.239<br>(0.170)          | 5.021       | 0.016<br>(0.207)         |
| Monthly Sales Change 2014   | 663.983        | 36.859<br>(179.374)        | 523.669        | 93.840<br>(327.044)       | 513.889     | -104.485<br>(227.575)    |
| Business Employed in 5 Yrs  | 0.822          | 0.065<br>(0.035)           | 0.822          | 0.039<br>(0.036)          | 0.843       | -0.038<br>(0.047)        |
| Wage Exit Self-Employment   | 12906.780      | 992.482<br>(877.500)       | 11433.994      | 76.612<br>(653.682)       | 10431.330   | 920.272<br>(905.304)     |
| <i>Panel B: Sector of Ranked Entrepreneur</i>                     |                |                            |                |                           |             |                          |
| Manufacturing   | 0.337          | -0.065<br>(0.046)          | 0.292          | 0.076<br>(0.044)          | 0.335       | -0.046<br>(0.054)        |
| Retail  | 0.357          | -0.002<br>(0.046)          | 0.356          | -0.103<br>(0.046)         | 0.309       | 0.045<br>(0.057)         |
| Service   | 0.293          | 0.047<br>(0.045)           | 0.303          | 0.057<br>(0.049)          | 0.297       | 0.032<br>(0.056)         |
| Agriculture   | 0.013          | 0.019<br>(0.016)           | 0.050          | -0.030<br>(0.014)         | 0.064       | -0.033<br>(0.022)        |
| <i>Panel C: Household Characteristics</i>                         |                |                            |                |                           |             |                          |
| Household Size  | 3.714          | 0.228<br>(0.137)           | 3.964          | -0.162<br>(0.144)         | 3.653       | -0.161<br>(0.184)        |
| No. Children 0-5  | 0.384          | -0.007<br>(0.072)          | 0.472          | -0.084<br>(0.072)         | 0.407       | -0.044<br>(0.081)        |
| No. Children 6-12   | 0.613          | -0.184<br>(0.077)          | 0.586          | -0.248<br>(0.086)         | 0.487       | 0.116<br>(0.111)         |
| No. Salaried HH Members   | 0.444          | -0.046<br>(0.067)          | 0.444          | 0.008<br>(0.065)          | 0.470       | 0.059<br>(0.085)         |
| No. Daily Wage HH Members   | 0.152          | 0.001<br>(0.053)           | 0.319          | -0.059<br>(0.056)         | 0.390       | -0.101<br>(0.095)        |
| Total No. HH Businesses   | 1.114          | 0.041<br>(0.037)           | 1.147          | -0.016<br>(0.035)         | 1.106       | 0.011<br>(0.048)         |
| Baseline Avg Monthly Income in Past Year                          | 9036.364       | 534.753<br>(585.648)       | 8396.944       | 1139.602<br>(768.336)     | 8112.712    | -179.051<br>(772.311)    |
| Value HH Assets   | 508098.751     | -81914.548<br>(53020.349)  | 478080.917     | -42829.848<br>(72934.538) | 330667.097  | 75065.128<br>(54121.715) |
| <i>Panel D: Characteristics of Household Businesses</i>           |                |                            |                |                           |             |                          |
| Baseline Total Non-HH Labor                                       | 0.461          | -0.153<br>(0.104)          | 0.222          | 0.218<br>(0.246)          | 0.182       | -0.022<br>(0.114)        |
| Baseline Total HH Labor   | 0.337          | -0.026<br>(0.077)          | 0.256          | 0.066<br>(0.078)          | 0.305       | 0.038<br>(0.094)         |
| Baseline Total Hours Worked Past Week                             | 49.034         | -1.472<br>(3.053)          | 45.275         | 0.981<br>(3.384)          | 40.936      | 1.222<br>(3.702)         |
| Baseline Total Days Worked Past Month                             | 25.259         | 0.001<br>(1.106)           | 25.811         | -1.019<br>(1.119)         | 23.839      | 1.259<br>(1.517)         |
| Avg. Monthly Profits  | 6227.433       | -263.367<br>(738.749)      | 4847.584       | -9.105<br>(462.433)       | 4001.158    | 10.929<br>(521.729)      |
| Baseline Total Capital  | 446957.108     | -3.107e+05<br>(357916.125) | 46901.031      | 28959.511<br>(31942.484)  | 24960.975   | 24176.272<br>(15133.365) |

**Specification:** This table estimates Specification 1 in the paper in order to conduct a balance test of grant randomization by average marginal returns rank tercile. The even columns show the coefficient  $\tau_1$  from that regression model and the treatment Treatment, in this case grant winner. The odd columns show the mean for persons in the control group. To produce columns 1 and 2, we limit the sample to persons who were ranked in the top tercile of the average marginal returns rank distribution. As an example, the top row of column 1 shows the probability of being a male for persons who were ranked in the top tercile of the average marginal returns rank distribution and did not win the grant. The value in column 2 is the difference in the probability of being male for persons who were ranked in the top tercile of the average marginal returns rank distribution and did win the grant. Standard errors are clustered at group level. The model includes randomization strata fixed effects. Data in this table come from round 1 of data collection.

**Outcome variables:** The characteristics in Panels A and B are of the entrepreneur and her main businesses that was ranked in the elicitation exercise. The characteristics in Panel C are for the entrepreneur's household. In Panel D, we show business characteristics summed across all household businesses. If the household only has one business, then these are the summary statistics for that business. For details of how the outcome variables are constructed, see the Appendix D

Table A5: ANCOVA Average Returns to the Grant

|                    | (1)                  | (2)              | (3)                  | (4)              |
|--------------------|----------------------|------------------|----------------------|------------------|
|                    | Income               | Log<br>Income    | Profits              | Log<br>Profits   |
| Winner             | 687.275<br>(294.139) | 0.094<br>(0.055) | 489.519<br>(236.417) | 0.275<br>(0.109) |
| Mean of<br>Outcome | 8310.69<br>[6608.53] | 8.62<br>[1.39]   | 4587.00<br>[5172.82] | 7.35<br>[2.53]   |
| N                  | 3991                 | 4009             | 3985                 | 4003             |
| No. HHs            | 1337                 | 1337             | 1337                 | 1337             |

**Specification:** This table estimates Specification 5 in the paper, without interaction term Winner\*Rank. Winner indicates that the household is a grant recipient. We limit the regression to post-grant distribution data collection rounds (round 2-4) and we control for the baseline value of the outcome (from round 1). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include randomization strata, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1) and (3) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (2) and (4), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A6: Do Peer Reports Predict True Marginal Returns to the Grant? ANCOVA Specification

|   | (1)                   | (2)                   | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)             |
|---|-----------------------|-----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|-----------------|
|   | Income                | Income                | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>   |                       |                       |                 |                 |                      |                      |                 |                 |
| Winner*Rank                             | 740.78<br>(345.75)    | 643.12<br>(330.46)    | 0.16<br>(0.08)  | 0.16<br>(0.08)  | 768.51<br>(302.61)   | 574.74<br>(260.52)   | 0.24<br>(0.15)  | 0.23<br>(0.13)  |
| Winner                                  | -1801.98<br>(1061.44) | -1563.32<br>(1020.96) | -0.45<br>(0.29) | -0.44<br>(0.27) | -2103.92<br>(912.96) | -1627.07<br>(795.64) | -0.52<br>(0.53) | -0.57<br>(0.47) |
| Rank                                    | 493.12<br>(188.71)    | 451.79<br>(195.65)    | 0.06<br>(0.05)  | 0.06<br>(0.05)  | 568.14<br>(159.70)   | 403.52<br>(152.21)   | 0.33<br>(0.09)  | 0.22<br>(0.09)  |
| <i>Panel B: Average MR Rank Tercile</i> |                       |                       |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank                 | 1660.70<br>(662.18)   | 1409.44<br>(610.54)   | 0.21<br>(0.15)  | 0.18<br>(0.14)  | 1548.35<br>(576.16)  | 1259.17<br>(496.50)  | 0.34<br>(0.29)  | 0.35<br>(0.26)  |
| Winner*Middle Tercile Rank              | 885.14<br>(496.17)    | 766.68<br>(496.85)    | 0.12<br>(0.15)  | 0.12<br>(0.15)  | 329.43<br>(415.06)   | 390.95<br>(381.51)   | -0.01<br>(0.28) | 0.05<br>(0.27)  |
| Winner                                  | -283.87<br>(380.64)   | -236.68<br>(369.48)   | -0.03<br>(0.13) | -0.03<br>(0.12) | -246.20<br>(322.12)  | -336.02<br>(293.82)  | 0.14<br>(0.23)  | 0.05<br>(0.21)  |
| Top Tercile Rank                        | 694.00<br>(353.35)    | 637.08<br>(350.26)    | 0.15<br>(0.10)  | 0.13<br>(0.10)  | 844.86<br>(307.42)   | 568.73<br>(280.74)   | 0.53<br>(0.17)  | 0.34<br>(0.17)  |
| Middle Tercile Rank                     | 123.91<br>(326.50)    | -22.67<br>(306.82)    | 0.05<br>(0.09)  | 0.02<br>(0.09)  | 258.76<br>(275.19)   | -13.77<br>(247.90)   | 0.25<br>(0.16)  | 0.21<br>(0.15)  |
| <i>P-value from F-Test</i>              |                       |                       |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank=                | 0.260                 | 0.309                 | 0.495           | 0.625           | 0.029                | 0.077                | 0.162           | 0.185           |
| Winner*Middle Tercile Rank              |                       |                       |                 |                 |                      |                      |                 |                 |
| Mean of Outcome for Grant Losers        | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25]  | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23] | 4551.38<br>[5159.23] | 7.33<br>[2.55]  | 7.33<br>[2.55]  |
| Controls                                |                       | X                     |                 | X               |                      | X                    |                 | X               |
| N                                       | 3988                  | 3988                  | 4006            | 4006            | 3982                 | 3982                 | 4000            | 4000            |
| No. HHs                                 | 1336                  | 1336                  | 1336            | 1336            | 1336                 | 1336                 | 1336            | 1336            |

**Specification:** This table estimates Specification 5 in the paper. Winner indicates that the household is a grant recipient. We limit the regression to post-grant distribution data collection rounds (round 2-4) and we control for the baseline value of the outcome (from round 1). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include randomization strata, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection. **Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A7: How Does the Number of Peer Reports Affect Accuracy?

|                                  | (1)                    | (2)                   | (3)                   | (4)                  |
|----------------------------------|------------------------|-----------------------|-----------------------|----------------------|
|                                  | Profits                | Profits               | Profits               | Profits              |
| Winner*Rank (Avg 4 Ranks)        | 673.157<br>(325.755)   |                       |                       |                      |
| Winner*Rank (Avg 3 Ranks)        |                        | 392.676<br>(188.181)  |                       |                      |
| Winner*Rank (Avg 2 Ranks)        |                        |                       | 214.188<br>(102.438)  |                      |
| Winner*Rank (1 Rank)             |                        |                       |                       | 90.618<br>(43.357)   |
| Winner                           | -1760.835<br>(991.339) | -821.299<br>(561.722) | -223.408<br>(339.112) | 190.518<br>(269.895) |
| <i>P-value from test</i>         |                        |                       |                       |                      |
| Winner*Rank (Avg 4 Ranks)=       |                        | 0.04                  | 0.04                  | 0.04                 |
| Winner*Rank (Avg X Ranks)        |                        |                       |                       |                      |
| Mean of Outcome for Grant Losers | 4485.58<br>[4761.43]   | 4485.58<br>[4761.43]  | 4485.58<br>[4761.43]  | 4485.58<br>[4761.43] |
| N                                | 4548                   | 18192                 | 27288                 | 18192                |
| No. HHs                          | 1141                   | 1141                  | 1141                  | 1141                 |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. Analysis is constrained to only groups of 5 members and always excludes the self rank before producing the average ranking. So there are 4 peer reports per group. In column (1), the rank is averaged over 4 peer reports. There is one observation per rankee since there are 4 total reports. In column (2), all combinations of 3 peer reports are averaged; so there are 4 averaged ranks reports per rankee. In column (3), all pairs of peer reports are averaged, so there are 6 ranks reports per rankee. In column (4), all reports are individually analyzed; so there are 4 reports peer rankee. At the bottom of the table, we show the p-value from an f-test of the coefficient for Winner\*Rank (averaged over 4 reports) and Winner\*Rank in each subsequent column. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(4) we show the *trimmed* distributions of profits. For a description of the data that produced the outcome variables, see the Appendix D.



Table A8: Do Peer Reports Predict True Marginal Returns to the Grant? (Includes Self Rank)

|   | (1)       | (2)       | (3)           | (4)           | (5)       | (6)       | (7)            | (8)            |
|---|-----------|-----------|---------------|---------------|-----------|-----------|----------------|----------------|
|   | Income    | Income    | Log<br>Income | Log<br>Income | Profits   | Profits   | Log<br>Profits | Log<br>Profits |
| <i>Panel A: Average MR Rank Value</i>   |           |           |               |               |           |           |                |                |
| Winner*Rank                             | 1141.87   | 1109.35   | 0.21          | 0.17          | 464.65    | 573.66    | 0.38           | 0.37           |
|   | (451.17)  | (365.12)  | (0.10)        | (0.10)        | (276.02)  | (253.39)  | (0.18)         | (0.18)         |
| Winner                                  | -3400.63  |           | -0.61         |               | -933.23   |           | -1.01          |                |
|   | (1650.40) |           | (0.36)        |               | (926.37)  |           | (0.63)         |                |
| <i>Panel B: Average MR Rank Tercile</i> |           |           |               |               |           |           |                |                |
| Winner*Top Tercile Rank                 | 2110.93   | 2157.50   | 0.48          | 0.40          | 1388.53   | 1469.43   | 0.78           | 0.73           |
|   | (760.22)  | (624.30)  | (0.20)        | (0.20)        | (530.99)  | (437.42)  | (0.29)         | (0.28)         |
| Winner*Middle Tercile Rank              | 222.79    | 417.81    | 0.07          | 0.03          | -20.61    | 131.44    | 0.06           | -0.03          |
|   | (779.07)  | (532.92)  | (0.16)        | (0.16)        | (392.49)  | (339.94)  | (0.28)         | (0.29)         |
| Winner                                  | -300.25   |           | -0.06         |               | 165.07    |           | -0.00          |                |
|   | (569.60)  |           | (0.15)        |               | (347.18)  |           | (0.22)         |                |
| <i>P-value from F-Test</i>              |           |           |               |               |           |           |                |                |
| Winner*Top Tercile Rank=                | 0.022     | 0.007     | 0.020         | 0.028         | 0.009     | 0.004     | 0.006          | 0.004          |
| Winner*Middle Tercile Rank              |           |           |               |               |           |           |                |                |
| Mean of Outcome for Grant Losers        | 8197.37   | 8197.37   | 8.62          | 8.62          | 4551.38   | 4551.38   | 7.33           | 7.33           |
|   | [6412.25] | [6412.25] | [1.35]        | [1.35]        | [5159.23] | [5159.23] | [2.55]         | [2.55]         |
| Controls                                |           | X         |               | X             |           | X         |                | X              |
| N                                       | 5328      | 5328      | 5346          | 5346          | 5324      | 5324      | 5342           | 5342           |
| No. HHs                                 | 1337      | 1337      | 1337          | 1337          | 1337      | 1337      | 1337           | 1337           |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. Unlike Table 2, average rank includes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A9: Do Peer Reports Predict True Marginal Returns to the Grant? Relative (Zero-Sum Ranking)

|   | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)            |
|---|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|----------------|
|   | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits |
| <i>Panel A: Average MR Rank Value</i>   |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Relative Rank                    | 712.82<br>(392.74)    | 692.26<br>(313.75)   | 0.08<br>(0.09)  | 0.04<br>(0.09)  | 327.06<br>(279.96)   | 372.82<br>(246.88)   | 0.24<br>(0.13)  | 0.28<br>(0.12) |
| Winner                                  | -1405.21<br>(1101.46) |                      | -0.08<br>(0.26) |                 | -220.66<br>(733.75)  |                      | -0.35<br>(0.37) |                |
| <i>Panel B: Average MR Rank Tercile</i> |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Top Tercile Relative Rank        | 1965.56<br>(890.91)   | 1879.45<br>(657.98)  | 0.24<br>(0.22)  | 0.13<br>(0.20)  | 700.27<br>(560.79)   | 771.39<br>(466.91)   | 0.37<br>(0.30)  | 0.39<br>(0.29) |
| Winner*Middle Tercile Relative Rank     | 1444.72<br>(705.53)   | 1199.82<br>(517.52)  | -0.09<br>(0.16) | -0.16<br>(0.16) | 753.07<br>(387.14)   | 902.48<br>(368.23)   | 0.45<br>(0.25)  | 0.52<br>(0.25) |
| Winner                                  | -564.44<br>(640.39)   |                      | 0.09<br>(0.15)  |                 | 199.97<br>(348.92)   |                      | 0.04<br>(0.20)  |                |
| <i>P-value from F-Test</i>              |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Top Tercile Rank=                | 0.493                 | 0.354                | 0.087           | 0.129           | 0.930                | 0.821                | 0.798           | 0.646          |
| Winner*Middle Tercile Rank              |                       |                      |                 |                 |                      |                      |                 |                |
| Mean of Outcome for Grant Losers        | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25] | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23] | 4551.38<br>[5159.23] | 7.33<br>[2.55]  | 7.33<br>[2.55] |
| Controls                                |                       | X                    |                 | X               |                      | X                    |                 | X              |
| N                                       | 5324                  | 5324                 | 5342            | 5342            | 5320                 | 5320                 | 5338            | 5338           |
| No. HHs                                 | 1336                  | 1336                 | 1336            | 1336            | 1336                 | 1336                 | 1336            | 1336           |

**Specification:** This table estimates Specification 4 in the paper. Unlike in Table 2 Rank indicates the average ranking the entrepreneur was given by her peers for the marginal returns to grant *relative* ranking (zero sum) question. It excludes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A10: Do Peer Reports Predict True Marginal Returns to the Grant? Median Rank

|   | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)             |
|---|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|-----------------|
|   | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>   |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Median Rank                      | 708.21<br>(336.58)    | 685.20<br>(264.56)   | 0.12<br>(0.09)  | 0.10<br>(0.08)  | 245.58<br>(206.98)   | 344.08<br>(181.39)   | 0.26<br>(0.14)  | 0.26<br>(0.14)  |
| Winner                                  | -1911.81<br>(1248.51) |                      | -0.28<br>(0.30) |                 | -178.31<br>(707.54)  |                      | -0.59<br>(0.50) |                 |
| <i>Panel B: Average MR Rank Tercile</i> |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Median Rank          | 1992.47<br>(1131.57)  | 2068.21<br>(782.27)  | 0.12<br>(0.31)  | 0.13<br>(0.28)  | 429.77<br>(527.98)   | 844.70<br>(464.13)   | 0.46<br>(0.44)  | 0.47<br>(0.46)  |
| Winner*Middle Tercile Median Rank       | 679.99<br>(1113.75)   | 846.32<br>(756.86)   | -0.24<br>(0.30) | -0.16<br>(0.25) | -526.75<br>(423.11)  | -114.99<br>(429.51)  | -0.07<br>(0.43) | -0.02<br>(0.44) |
| Winner                                  | -625.45<br>(1034.94)  |                      | 0.18<br>(0.29)  |                 | 706.25<br>(419.83)   |                      | 0.13<br>(0.41)  |                 |
| <i>P-value from F-Test</i>              |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank=                | 0.063                 | 0.031                | 0.019           | 0.045           | 0.050                | 0.016                | 0.026           | 0.026           |
| Winner*Middle Tercile Rank              |                       |                      |                 |                 |                      |                      |                 |                 |
| Mean of Outcome for Grant Losers        | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25] | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23] | 4551.38<br>[5159.23] | 7.33<br>[2.55]  | 7.33<br>[2.55]  |
| Controls                                |                       | X                    |                 | X               |                      | X                    |                 | X               |
| N                                       | 5328                  | 5328                 | 5346            | 5346            | 5324                 | 5324                 | 5342            | 5342            |
| No. HHs                                 | 1337                  | 1337                 | 1337            | 1337            | 1337                 | 1337                 | 1337            | 1337            |

**Specification:** This table estimates Specification 4 in the paper. Unlike in Table 2 Median Rank indicates the *median* (rather than average) ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the median marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A11: Are More Variable Rankings Less Predictive?

|   | (1)                   | (2)             | (3)                   | (4)             |
|---|-----------------------|-----------------|-----------------------|-----------------|
|   | Income                | Log<br>Income   | Profits               | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>   |                       |                 |                       |                 |
| Winner*Std Rank*Rank                    | -2329.16<br>(2867.99) | -0.32<br>(0.51) | 55.99<br>(1687.07)    | -0.30<br>(0.89) |
| Winner*Std Rank                         | 476.01<br>(871.60)    | 0.11<br>(0.16)  | -10.34<br>(540.45)    | 0.08<br>(0.26)  |
| Winner*Rank                             | 768.22<br>(811.86)    | 0.14<br>(0.11)  | 618.64<br>(546.15)    | 0.33<br>(0.25)  |
| Winner                                  | -1226.11<br>(2827.65) | -0.35<br>(0.40) | -1411.97<br>(1738.86) | -0.75<br>(0.98) |
| <i>Panel B: Average MR Rank Tercile</i> |                       |                 |                       |                 |
| Winner*Top Tercile Rank*Std Rank        | -171.78<br>(252.52)   | 0.11<br>(0.08)  | 44.56<br>(148.86)     | 0.11<br>(0.10)  |
| Winner*Middle Tercile Rank*Std Rank     | -463.57<br>(229.37)   | -0.00<br>(0.05) | -151.44<br>(114.41)   | -0.04<br>(0.07) |
| Winner*Top Tercile Rank                 | 2878.46<br>(1097.14)  | 0.02<br>(0.28)  | 1157.15<br>(705.01)   | 0.36<br>(0.41)  |
| Winner*Middle Tercile Rank              | 1612.75<br>(841.50)   | -0.01<br>(0.18) | 414.32<br>(437.41)    | 0.14<br>(0.31)  |
| Winner*Std Rank                         | 35.89<br>(228.37)     | -0.02<br>(0.05) | 45.70<br>(130.78)     | -0.03<br>(0.09) |
| Winner                                  | -457.70<br>(949.94)   | 0.06<br>(0.17)  | 62.06<br>(492.97)     | 0.12<br>(0.35)  |
| Mean of Outcome for Grant Losers        | 8197.37<br>[6412.25]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23]  | 7.33<br>[2.55]  |
| N                                       | 5324                  | 5342            | 5320                  | 5338            |
| No. HHs                                 | 1336                  | 1336            | 1336                  | 1336            |

**Specification:** Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). It excludes the self rank before producing the average ranking. Std Rank is the standard deviation of Rank. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). In Panel A, we interact Std Rank with the linear rank. In Panel B, the same measure is interacted with top and middle tercile. The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1) and (3) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (2) and (4), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A12: Do Peer Reports Predict True Marginal Returns to the Grant? Client Level Regressions

|  | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)            |
|--|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|----------------|
|  | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits |
| <i>Panel A: Average MR Rank Value</i>                  |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Rank  | 1275.73<br>(459.35)   | 1162.21<br>(335.31)  | 0.22<br>(0.09)  | 0.19<br>(0.09)  | 570.52<br>(280.15)   | 661.50<br>(231.94)   | 0.37<br>(0.16)  | 0.39<br>(0.17) |
| Winner   | -3711.24<br>(1610.54) |                      | -0.61<br>(0.31) |                 | -1156.38<br>(865.58) |                      | -0.95<br>(0.56) |                |
| <i>Panel B: Average MR Rank Tercile</i>                |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Top Tercile Rank                                | 2262.48<br>(803.14)   | 2251.64<br>(619.17)  | 0.34<br>(0.21)  | 0.24<br>(0.19)  | 1171.83<br>(526.00)  | 1200.78<br>(384.50)  | 0.60<br>(0.31)  | 0.54<br>(0.31) |
| Winner*Middle Tercile Rank                             | 461.11<br>(785.86)    | 811.46<br>(589.22)   | 0.02<br>(0.18)  | -0.00<br>(0.18) | 94.92<br>(338.06)    | 174.77<br>(323.76)   | 0.11<br>(0.29)  | 0.01<br>(0.30) |
| Winner   | -453.74<br>(622.62)   |                      | 0.00<br>(0.16)  |                 | 281.20<br>(335.24)   |                      | 0.01<br>(0.24)  |                |
| <i>P-value from F-Test</i>                             |                       |                      |                 |                 |                      |                      |                 |                |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.027                 | 0.026                | 0.062           | 0.145           | 0.040                | 0.019                | 0.067           | 0.046          |
| Mean of Outcome for Grant Losers                       | 8197.65<br>[6409.65]  | 8197.65<br>[6409.65] | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4168.84<br>[4893.83] | 4168.84<br>[4893.83] | 7.16<br>[2.65]  | 7.16<br>[2.65] |
| Controls   |                       | X                    |                 | X               |                      | X                    |                 | X              |
| N  | 5324                  | 5324                 | 5341            | 5341            | 5320                 | 5320                 | 5337            | 5337           |
| No. HHs  | 1336                  | 1336                 | 1336            | 1336            | 1336                 | 1336                 | 1336            | 1336           |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). Unlike in Table 2, the unit of observation is the entrepreneur that was ranked during the ranking exercise (rather than the household). We aggregate across all of the businesses owned by that entrepreneur (as opposed to in previous tables where we aggregate across all businesses owned by the household). Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A13: Do Peer Reports Predict True Marginal Returns to the Grant? Adjusted Profits

|  | (1)                   | (2)                  | (3)                  | (4)                 |
|--|-----------------------|----------------------|----------------------|---------------------|
|  | Adjusted<br>Income    | Adjusted<br>Income   | Adjusted<br>Profits  | Adjusted<br>Profits |
| <i>Panel A: Average MR Rank Value</i>                  |                       |                      |                      |                     |
| Winner*Rank  | 1235.42<br>(458.84)   | 1117.51<br>(333.61)  | 523.23<br>(280.54)   | 616.89<br>(232.91)  |
| Winner   | -3661.73<br>(1607.98) |                      | -1078.16<br>(866.13) |                     |
| <i>Panel B: Average MR Rank Tercile</i>                |                       |                      |                      |                     |
| Winner*Top Tercile Rank                                | 2185.60<br>(809.83)   | 2199.00<br>(622.41)  | 1067.75<br>(535.53)  | 1148.73<br>(391.99) |
| Winner*Middle Tercile Rank                             | 369.44<br>(787.82)    | 739.56<br>(584.35)   | -23.39<br>(350.05)   | 101.96<br>(327.10)  |
| Winner   | -476.96<br>(628.29)   |                      | 283.26<br>(342.97)   |                     |
| <i>P-value from F-Test</i>                             |                       |                      |                      |                     |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.026                 | 0.024                | 0.036                | 0.018               |
| Mean of Outcome for Grant Losers                       | 4590.88<br>[6619.68]  | 4590.88<br>[6619.68] | 562.43<br>[4546.39]  | 562.43<br>[4546.39] |
| Controls   |                       | X                    |                      | X                   |
| N  | 5324                  | 5324                 | 5320                 | 5320                |
| No. HHs  | 1336                  | 1336                 | 1336                 | 1336                |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). Unlike in Table 2, the unit of observation is the entrepreneur that was ranked during the ranking exercise (rather than the household). We aggregate across all of the businesses owned by that entrepreneur (as opposed to in previous tables where we aggregate across all businesses owned by the household). Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (3)-(4) we show the trimmed distributions of income and profits adjusted for the owner's own labor costs. To compute the value of the owner's own labor, we first create an estimated daily wage value for each entrepreneur by the entrepreneur's education and gender. This daily wage is multiple by each entrepreneur's days worked over the previous 30 days. This value is then subtracted from the profits of the entrepreneur's business (columns 3 and 4) or from total household income (columns 1 and 2). For a description of the data that produced the outcome variables, see the Appendix D.

Table A14: Do Peer Reports Predict True Marginal Returns to the Grant? Includes Demonitization Survey Wave (Survey Wave 5)

|  | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)             |
|--|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|-----------------|
|  | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>                  |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Rank  | 963.24<br>(400.76)    | 878.29<br>(296.83)   | 0.15<br>(0.09)  | 0.09<br>(0.09)  | 414.33<br>(262.26)   | 413.77<br>(217.90)   | 0.32<br>(0.16)  | 0.27<br>(0.17)  |
| Winner   | -2732.30<br>(1425.56) |                      | -0.41<br>(0.30) |                 | -810.14<br>(846.84)  |                      | -0.86<br>(0.56) |                 |
| <i>Panel B: Average MR Rank Tercile</i>                |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank                                | 1663.57<br>(703.02)   | 1605.99<br>(552.63)  | 0.20<br>(0.20)  | 0.03<br>(0.19)  | 904.70<br>(493.49)   | 733.66<br>(372.75)   | 0.49<br>(0.31)  | 0.27<br>(0.31)  |
| Winner*Middle Tercile Rank                             | 282.92<br>(722.80)    | 585.28<br>(530.22)   | -0.05<br>(0.18) | -0.10<br>(0.17) | 22.84<br>(376.80)    | 44.43<br>(328.46)    | -0.06<br>(0.29) | -0.19<br>(0.30) |
| Winner   | -231.75<br>(568.62)   |                      | 0.04<br>(0.16)  |                 | 230.74<br>(371.02)   |                      | 0.06<br>(0.25)  |                 |
| <i>P-value from F-Test</i>                             |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.059                 | 0.074                | 0.115           | 0.411           | 0.052                | 0.068                | 0.030           | 0.071           |
| Mean of Outcome for Grant Losers                       | 8164.11<br>[6432.71]  | 8164.11<br>[6432.71] | 8.60<br>[1.42]  | 8.60<br>[1.42]  | 4472.64<br>[4989.91] | 4472.64<br>[4989.91] | 7.23<br>[2.68]  | 7.23<br>[2.68]  |
| Controls   |                       | X                    |                 | X               |                      | X                    |                 | X               |
| N  | 6654                  | 6654                 | 6677            | 6677            | 6650                 | 6650                 | 6673            | 6673            |
| No. HHs  | 1336                  | 1336                 | 1336            | 1336            | 1336                 | 1336                 | 1336            | 1336            |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. See Figure 1 for a distribution of average rank. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Unlike in Table 2, data in this table come from rounds 1-5 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A15: Do Peer Reports Predict True Marginal Returns to the Grant (Only Groups of 5)?

|  | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)             |
|--|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|-----------------|
|  | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>                  |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Rank  | 1397.46<br>(501.74)   | 1072.93<br>(361.18)  | 0.27<br>(0.10)  | 0.21<br>(0.10)  | 643.97<br>(319.39)   | 650.55<br>(254.98)   | 0.35<br>(0.17)  | 0.35<br>(0.18)  |
| Winner   | -3986.00<br>(1718.60) |                      | -0.78<br>(0.34) |                 | -1616.33<br>(967.27) |                      | -0.92<br>(0.60) |                 |
| <i>Panel B: Average MR Rank Tercile</i>                |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank                                | 2633.76<br>(885.54)   | 2047.17<br>(647.18)  | 0.41<br>(0.23)  | 0.24<br>(0.21)  | 1429.15<br>(608.27)  | 1303.65<br>(437.40)  | 0.53<br>(0.33)  | 0.43<br>(0.33)  |
| Winner*Middle Tercile Rank                             | 1120.66<br>(755.04)   | 872.04<br>(592.97)   | -0.02<br>(0.20) | -0.09<br>(0.19) | 268.66<br>(426.06)   | 282.11<br>(370.35)   | -0.06<br>(0.32) | -0.20<br>(0.32) |
| Winner   | -720.80<br>(685.76)   |                      | -0.03<br>(0.18) |                 | -105.30<br>(360.11)  |                      | 0.08<br>(0.27)  |                 |
| <i>P-value from F-Test</i>                             |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.051                 | 0.071                | 0.022           | 0.059           | 0.048                | 0.031                | 0.030           | 0.023           |
| Mean of Outcome for Grant Losers                       | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25] | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23] | 4551.38<br>[5159.23] | 7.33<br>[2.55]  | 7.33<br>[2.55]  |
| Controls   |                       | X                    |                 | X               |                      | X                    |                 | X               |
| N  | 4674                  | 4674                 | 4687            | 4687            | 4671                 | 4671                 | 4684            | 4684            |
| No. HHs  | 1172                  | 1172                 | 1172            | 1172            | 1172                 | 1172                 | 1172            | 1172            |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. Unlike in Table 2, analysis in this table is limited to only groups of 5 entrepreneurs. For a distribution of the number of entrepreneurs per group, see Figure A1. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.



Table A16: How Did the Treatment Group Invest their Grants?

|  | (1)                          | (2)                      | (3)                  | (4)                  | (5)                 | (6)                            | (7)                       | (8)                  | (9)                             | (10)                | (11)                  |
|--|------------------------------|--------------------------|----------------------|----------------------|---------------------|--------------------------------|---------------------------|----------------------|---------------------------------|---------------------|-----------------------|
|  | Rs. Added to<br>Grant Amount | Business<br>Expenditures | Inventory            | Equipment            | Labor               | Other Business<br>Expenditures | Household<br>Expenditures | Household<br>Repairs | Other Household<br>Expenditures | Loan<br>Repayment   | Amt of Grant<br>Saved |
| <i>Panel A: Average MR Rank Value</i>                  |                              |                          |                      |                      |                     |                                |                           |                      |                                 |                     |                       |
| Rank   | 198.447<br>(201.472)         | 429.212<br>(150.479)     | 374.532<br>(172.255) | 71.140<br>(165.841)  | -1.961<br>(7.113)   | -14.499<br>(44.623)            | -314.546<br>(127.535)     | 42.289<br>(27.392)   | -350.708<br>(107.086)           | -6.128<br>(56.483)  | -114.666<br>(97.822)  |
| <i>Panel B: Average MR Rank Tercile</i>                |                              |                          |                      |                      |                     |                                |                           |                      |                                 |                     |                       |
| Top Tercile Rank                                       | 340.885<br>(333.416)         | 755.888<br>(306.553)     | 481.628<br>(349.506) | 235.533<br>(321.527) | -2.653<br>(16.983)  | 41.379<br>(84.632)             | -511.899<br>(247.345)     | 52.310<br>(36.886)   | -570.559<br>(222.546)           | 6.350<br>(101.209)  | -243.989<br>(204.809) |
| Middle Tercile Rank                                    | 22.421<br>(252.095)          | 305.001<br>(309.945)     | 123.416<br>(365.873) | 38.828<br>(319.562)  | -22.190<br>(17.550) | 164.946<br>(89.649)            | -543.520<br>(227.868)     | 10.462<br>(15.787)   | -501.313<br>(207.575)           | -52.669<br>(95.905) | 238.519<br>(222.953)  |
| <i>P-value from F-Test</i>                             |                              |                          |                      |                      |                     |                                |                           |                      |                                 |                     |                       |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.457                        | 0.075                    | 0.260                | 0.521                | 0.425               | 0.211                          | 0.852                     | 0.175                | 0.658                           | 0.360               | 0.021                 |
| Mean of Outcome for Grant Losers                       | 913.96<br>[3439.10]          | 4704.05<br>[2133.83]     | 2681.23<br>[2589.36] | 1834.83<br>[2504.80] | 12.91<br>[150.48]   | 175.08<br>[758.63]             | 584.08<br>[1438.39]       | 36.04<br>[401.23]    | 480.48<br>[1304.13]             | 67.57<br>[558.33]   | 711.86<br>[1723.26]   |
| N  | 445                          | 445                      | 445                  | 445                  | 445                 | 445                            | 445                       | 445                  | 445                             | 445                 | 445                   |
| No. HHs  | 445                          | 445                      | 445                  | 445                  | 445                 | 445                            | 445                       | 445                  | 445                             | 445                 | 445                   |

**Specification:** The sample is limited to households that received the grant. In Panel A, we regress amount of the Rs. 6000 grant that the household spent in a particular category on the Rank. Rank indicates the average ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. It excludes the self rank before producing the average ranking. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the quintile (non-zero sum) average marginal return rank distribution. Robust standard errors clustered at the group level in parentheses. All regressions include randomization strata, survey month, survey round, and surveyor fixed effects. Households were asked how they invested the grant every survey round. Households who say the grant was saved (column 10) are households that by the last survey round still had not spent the grant amount.

**Outcome variables:** Respondents were asked to report how they spent the grant they received. In column (1), we report the results from the question Did you add any of your own money to the grant amount to make a purchase? Column (2) is the sum of columns (3)-(6). Column (7) is the sum of columns (8)-(9). For a description of the data that produced the outcome variables, see the Appendix D

Table A17: Demographic Characteristics by Tercile of Marginal Return Rank

|   | (1)<br>Bottom<br>Tercile<br>Rank<br>Mean | (2)<br>Middle<br>Tercile<br>Rank<br>Difference | (3)<br>Top<br>Tercile<br>Rank<br>Difference |
|---|--|--|---|
| <i>Panel A: Individual Characteristics of Ranked Entrepreneur</i> |  |  |   |
| Male  | 0.583                                    | 0.010<br>(0.036)                               | 0.107<br>(0.033)                            |
| Education   | 6.223                                    | 0.956<br>(0.271)                               | 2.004<br>(0.257)                            |
| Married   | 0.817                                    | 0.007<br>(0.027)                               | 0.053<br>(0.026)                            |
| Age   | 42.169                                   | -1.260<br>(0.860)                              | -1.631<br>(0.859)                           |
| Digitspan   | 5.000                                    | 0.101<br>(0.121)                               | 0.586<br>(0.118)                            |
| Monthly Sales Change 2014   | 464.769                                  | 136.707<br>(145.613)                           | 194.598<br>(134.837)                        |
| Business Employed in 5 Yrs  | 0.829                                    | -0.001<br>(0.026)                              | 0.009<br>(0.027)                            |
| Wage Exit Self-Employment   | 10643.478                                | 775.560<br>(498.758)                           | 2477.356<br>(517.464)                       |
| <i>Panel B: Sector of Ranked Entrepreneur</i>                     |  |  |   |
| Manufacturing   | 0.314                                    | 0.003<br>(0.031)                               | -0.005<br>(0.035)                           |
| Retail  | 0.331                                    | -0.008<br>(0.033)                              | 0.014<br>(0.033)                            |
| Service   | 0.306                                    | 0.014<br>(0.031)                               | 0.020<br>(0.034)                            |
| Agriculture   | 0.051                                    | -0.012<br>(0.013)                              | -0.031<br>(0.013)                           |
| <i>Panel C: Household Characteristics</i>                         |  |  |   |
| Household Size  | 3.614                                    | 0.251<br>(0.094)                               | 0.186<br>(0.105)                            |
| No. Children 0-5  | 0.391                                    | 0.064<br>(0.051)                               | -0.012<br>(0.050)                           |
| No. Children 6-12   | 0.517                                    | -0.017<br>(0.065)                              | 0.034<br>(0.067)                            |
| No. Salaried HH Members   | 0.491                                    | -0.047<br>(0.046)                              | -0.072<br>(0.046)                           |
| No. Daily Wage HH Members   | 0.360                                    | -0.060<br>(0.047)                              | -0.199<br>(0.043)                           |
| Total No. HH Businesses   | 1.114                                    | 0.034<br>(0.025)                               | 0.018<br>(0.026)                            |
| Baseline Avg Monthly Income in Past Year                          | 8092.571                                 | 742.464<br>(467.366)                           | 1137.215<br>(462.934)                       |
| Value HH Assets   | 347686.871                               | 109136.005<br>(43430.271)                      | 125264.421<br>(39115.798)                   |
| <i>Panel D: Characteristics of Household Businesses</i>           |  |  |   |
| Baseline Total Non-HH Labor                                       | 0.169                                    | 0.115<br>(0.089)                               | 0.204<br>(0.111)                            |
| Baseline Total HH Labor   | 0.314                                    | -0.035<br>(0.048)                              | 0.016<br>(0.055)                            |
| Baseline Total Hours Worked Past Week                             | 41.714                                   | 4.600<br>(2.262)                               | 7.250<br>(2.178)                            |
| Baseline Total Days Worked Past Month                             | 24.174                                   | 1.673<br>(0.820)                               | 1.310<br>(0.900)                            |
| Avg. Monthly Profits  | 4034.838                                 | 806.876<br>(315.809)                           | 2037.238<br>(485.287)                       |
| Baseline Total Capital  | 34214.063                                | 40086.575<br>(37323.148)                       | 262265.231<br>(230426.575)                  |

Table A18: Do Peer Reports Predict True Marginal Returns to the Grant? (Psychmetric Controls)

|  | (1)                   | (2)                  | (3)             | (4)             | (5)                  | (6)                  | (7)             | (8)             |
|--|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------------|-----------------|-----------------|
|  | Income                | Income               | Log<br>Income   | Log<br>Income   | Profits              | Profits              | Log<br>Profits  | Log<br>Profits  |
| <i>Panel A: Average MR Rank Value</i>                  |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Rank  | 1275.64<br>(459.30)   | 1272.91<br>(352.63)  | 0.22<br>(0.09)  | 0.20<br>(0.08)  | 606.86<br>(290.24)   | 713.77<br>(248.18)   | 0.40<br>(0.16)  | 0.42<br>(0.15)  |
| Winner   | -3709.32<br>(1609.98) |                      | -0.62<br>(0.31) |                 | -1350.02<br>(909.10) |                      | -1.04<br>(0.56) |                 |
| <i>Panel B: Average MR Rank Tercile</i>                |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank                                | 2261.13<br>(802.98)   | 2603.80<br>(684.29)  | 0.34<br>(0.21)  | 0.32<br>(0.18)  | 1301.83<br>(557.19)  | 1427.16<br>(456.85)  | 0.67<br>(0.31)  | 0.65<br>(0.30)  |
| Winner*Middle Tercile Rank                             | 453.22<br>(785.55)    | 1053.91<br>(599.31)  | 0.02<br>(0.18)  | -0.01<br>(0.17) | 118.19<br>(388.99)   | 288.69<br>(348.25)   | 0.07<br>(0.29)  | -0.03<br>(0.29) |
| Winner   | -448.84<br>(622.35)   |                      | 0.00<br>(0.16)  |                 | 151.96<br>(374.89)   |                      | 0.03<br>(0.25)  |                 |
| <i>P-value from F-Test</i>                             |                       |                      |                 |                 |                      |                      |                 |                 |
| Winner*Top Tercile Rank=<br>Winner*Middle Tercile Rank | 0.026                 | 0.024                | 0.062           | 0.040           | 0.027                | 0.022                | 0.023           | 0.009           |
| Mean of Outcome for Grant Losers                       | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25] | 8.62<br>[1.35]  | 8.62<br>[1.35]  | 4551.38<br>[5159.23] | 4551.38<br>[5159.23] | 7.33<br>[2.55]  | 7.33<br>[2.55]  |
| Controls   |                       | X                    |                 | X               |                      | X                    |                 | X               |
| N  | 5324                  | 5324                 | 5342            | 5342            | 5320                 | 5320                 | 5338            | 5338            |
| No. HHs  | 1336                  | 1336                 | 1336            | 1336            | 1336                 | 1336                 | 1336            | 1336            |

**Specification:** This table estimates Specification 4 in the paper. Rank indicates the *average* ranking the entrepreneur was given by her peers for the marginal returns to grant quintile ranking (non-zero sum) question. Top (Middle) Tercile Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of the average marginal return rank distribution. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include baseline controls interacted with Winner. They also include Winner interacted with each of the 17 psychometric questions elicited at baseline (see Appendix D). Specifically, Winner is interacted with a dummy for each of the 17 questions if the response to the question was Strongly Agree. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A19: Do Respondents Distort Responses? Includes Self Rank

|                     | (1)                 | (2)                   | (3)                   | (4)                 | (5)                   | (6)                   |
|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|
|                     | Pooled<br>Questions | Quintile<br>Questions | Relative<br>Questions | Pooled<br>Questions | Quintile<br>Questions | Relative<br>Questions |
| Rank                | 0.165<br>(0.019)    | 0.151<br>(0.019)      | 0.178<br>(0.022)      |                     |                       |                       |
| Rank*Stakes         | -0.055<br>(0.026)   | -0.053<br>(0.027)     | -0.056<br>(0.030)     |                     |                       |                       |
| Average Rank        |                     |                       |                       | 0.255<br>(0.024)    | 0.254<br>(0.028)      | 0.260<br>(0.026)      |
| Average Rank*Stakes |                     |                       |                       | -0.068<br>(0.035)   | -0.077<br>(0.041)     | -0.061<br>(0.038)     |
| N                   | 22526               | 10514                 | 12012                 | 5748                | 2685                  | 3063                  |
| No. HHs             | 1345                | 1345                  | 1345                  | 1345                | 1345                  | 1345                  |

**Specification:** This table estimates Specification 9 in the paper. The regressions include Stakes, but the coefficient is not reported in the table. In columns (1)-(3), Rank is the percentile corresponding to the rank that person  $i$  in the group assigned to entrepreneur  $j$  in the group. So the unit of observation in these 3 columns is the ranker-rankee pair. Rank *includes* the self rank. In columns (4)-(6), Average Rank indicates the percentile of the *average* ranking the entrepreneur was given by her peers for a particular question. So the unit of observation is the rankee. Average Rank excludes the self rank. Robust standard errors clustered at the group level in parentheses. All regressions include ranking question, randomization strata, survey month, and surveyor fixed effects.

**Outcome variables:** In columns (1) and (4), we pool across questions (1)-(3) in Panel A of Table 1 (in order to be comparable across questions, the outcome variable is percentilized). In columns (2) and (5), we limit the analysis the quintile (non-zero sum) questions. In columns (3) and (6), we limit the analysis to the relative (zero-sum) questions. So column (1) pools columns (2) and (3) together. Column (4) pools columns (5) and (6) together. The number of observations varies between columns (2) and (3) because because each respondent answered only a subset of the questions as explained in Section II.A. For a description of the data that produced the outcome variables, see the Appendix D.

Table A20: How Do Incentives and Public Reporting Affect Responses?

|                             | (1)                     | (2)                  | (3)                     | (4)                  |
|-----------------------------|-------------------------|----------------------|-------------------------|----------------------|
|                             | Pooled<br>Questions     | Pooled<br>Questions  | Pooled<br>Questions     | Pooled<br>Questions  |
| Average Rank                | 0.191<br>(0.032)        | 0.128<br>(0.036)     | 0.243<br>(0.040)        | 0.129<br>(0.035)     |
| Average Rank*Public         | -0.004<br>(0.047)       | -0.002<br>(0.050)    |                         |                      |
| Average Rank*Incentives     |                         |                      | -0.001<br>(0.055)       | 0.087<br>(0.054)     |
| Who is Ranked?<br>Treatment | Not Self<br>[No Stakes] | Not Self<br>[Stakes] | Not Self<br>[No Stakes] | Not Self<br>[Stakes] |
| N                           | 2834                    | 2893                 | 2846                    | 2902                 |
| No. HHs                     | 1339                    | 1339                 | 1345                    | 1345                 |

**Specification:** This table estimates Specification 10 in the paper, but excludes the interaction Average Rank\*Public\*Incentive as well as Public\*Incentive. The regressions include Incentives and Public, but the coefficients are not reported in the table. Average Rank in columns (1) and (2) is the percentile of the rank that an entrepreneur assigns to herself on a particular question. In columns (3) and (4), Average Rank is the percentile of the *average* ranking the entrepreneur was given by her peers for a particular question (excluding the rank she assigned to herself). The unit of observation is the rankee by question. In columns (1) and (3), we limit the analysis to the *No Stakes* treatment group. In columns (2) and (4), we limit the analysis to the *Stakes* group. All regressions include ranking question, randomization strata, survey month, and surveyor fixed effects.

**Outcome variables:** We pool across questions (1)-(3) in Panel A of Table 1 (in order to be comparable across questions, the outcome variable is percentilized) and that is the outcome across all columns of the table. For a description of the data that produced the outcome variables, see the Appendix D.

Table A21: In Whose Favor Do Respondents Manipulate Ranks?

|                                  | (1)               | (2)               | (3)               | (4)               | (5)               | (6)               |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | Rank              | Rank              | Rank              | Rank              | Rank              | Rank              |
| Characteristic                   | 0.388<br>(0.097)  | 0.315<br>(0.137)  | 0.471<br>(0.138)  | 0.199<br>(0.056)  | 0.056<br>(0.076)  | 0.341<br>(0.072)  |
| Characteristic*Public            | -0.322<br>(0.129) | -0.101<br>(0.202) | -0.454<br>(0.170) | -0.031<br>(0.086) | 0.034<br>(0.121)  | -0.089<br>(0.116) |
| Characteristic*Incentives        | -0.132<br>(0.134) | -0.083<br>(0.195) | -0.157<br>(0.194) | -0.146<br>(0.088) | -0.027<br>(0.119) | -0.265<br>(0.128) |
| Characteristic*Public*Incentives | 0.225<br>(0.183)  | 0.029<br>(0.266)  | 0.420<br>(0.258)  | 0.215<br>(0.129)  | 0.117<br>(0.177)  | 0.314<br>(0.185)  |
| Mean of Outcome                  | 3.15<br>[1.37]    | 3.15<br>[1.37]    | 3.15<br>[1.37]    | 3.15<br>[1.37]    | 3.15<br>[1.37]    | 3.15<br>[1.37]    |
| Characteristic Treatment         | Family Pooled     | Family Stakes     | Family No Stakes  | CR Peer Pooled    | CR Peer Stakes    | CR Peer No Stakes |
| N                                | 22506             | 11413             | 11093             | 28253             | 14306             | 13947             |
| No. HHs                          | 1345              | 1345              | 1345              | 1345              | 1345              | 1345              |

**Specification:** We interact the treatment status (incentives, public) with the member indicated in the row Characteristic at the top of the table. The regressions include Incentives, Public, and Incentives\*Public, but the coefficients are not reported in the table. In columns (1)-(3), the interaction is with a dummy for whether the ranker is a family member of the rankee. In columns (4)-(6), the interaction is with a dummy for whether the ranker is close peer of the rankee (as reported by other members of the group). In columns (2) and (5), we limit the analysis to the *Stakes* treatment group. In columns (3) and (6), we limit the analysis to the *No Stakes* group. In columns (1) and (3), we pool across the two. The unit of observation is the ranker-rankee pair. Robust standard errors clustered at the group level in parentheses. All regressions include ranking question, randomization strata, survey month, and surveyor fixed effects.

**Outcome variables:** The outcome variable is the rank that that person  $i$  in the group assigned to entrepreneur  $j$  in the group. For a description of the data that produced the outcome variables, see the Appendix D.

Table A22: Cross-Reports: Can Respondents Identify Who Has the Best Information?

|                    | (1)               | (2)                | (3)                |
|--------------------|-------------------|--------------------|--------------------|
|                    | Pooled Questions  | Quintile Questions | Relative Questions |
| Rank*Most Informed | -0.013<br>(0.029) | -0.013<br>(0.041)  | -0.012<br>(0.034)  |
| Rank               | 0.131<br>(0.012)  | 0.124<br>(0.014)   | 0.136<br>(0.014)   |
| N                  | 25703             | 10514              | 15189              |
| No. HHs            | 1345              | 1345               | 1345               |

**Specification:** This table estimates Specification 12 in the paper. The regressor (Rank) is the percentile corresponding to the rank that person  $i$  in the group assigned to entrepreneur  $j$  in the group (it excludes entrepreneurs' rank about themselves). The regressions include Most Informed, but the coefficients are not reported in the table. So the unit of observation is the ranker-rankee pair. Rank is interacted with Most Informed, which is a dummy variable that indicates whether at least 3 group members agree that the ranker has the most information to answer a particular ranking question. Robust standard errors clustered at the group level in parentheses. All regressions include ranking question, randomization strata, survey month, and surveyor fixed effects.

**Outcome variables:** We pool across all questions in Panel A of Table 1 (in order to be comparable across questions, the outcome variable is percentilized) and that is the outcome across all columns of the table. For a description of the data that produced the outcome variables, see the Appendix D.

Table A23: Are Entrepreneurs that Share Characteristics Better at Predicting Each Other's Outcomes?

|                     | Pooled Questions  |                  |                   |                   |                  |
|---------------------|-------------------|------------------|-------------------|-------------------|------------------|
|                     | (1)               | (2)              | (3)               | (4)               | (5)              |
| Characteristic*Rank | -0.037<br>(0.031) | 0.055<br>(0.035) | -0.047<br>(0.052) | -0.011<br>(0.055) | 0.066<br>(0.096) |
| Rank                | 0.122<br>(0.029)  | 0.062<br>(0.028) | 0.084<br>(0.033)  | 0.099<br>(0.034)  | 0.003<br>(0.041) |
| Characteristic      | Male              | Female           | Tailor            | Vegetables        | Kirana           |
| N                   | 6050              | 3904             | 1826              | 1522              | 1080             |
| No. HHs             | 677               | 428              | 202               | 169               | 117              |

**Specification:** This table estimates Specification 13 in the paper. Rank is the percentile of the ranking the entrepreneur was given by her peers for a particular question (excluding the rank she assigned to herself). The unit of observation is the ranker by rankee by question. In column (1) the sample is restricted to male rankees, and Characteristic is a dummy for whether the ranker is male. In column (2) the sample is restricted to female rankees, and Characteristic is a dummy for whether the ranker is female. In column (3) the sample is restricted to tailor rankees, and Characteristic is a dummy for whether the ranker is a tailor. In column (4) the sample is restricted to vegetable vendor rankees, and Characteristic is a dummy for whether the ranker is a vegetable vendor. In column (5) the sample is restricted to kirana shop rankees, and Characteristic is a dummy for whether the ranker is a kirana shop owner. All regressions include ranking question, randomization strata, survey month, and surveyor fixed effects. Data in this table come from round 1 of data collection.

**Outcome variables:** We pool across questions in columns (2), (5), and (6) in Panel A of Table 1 (in order to be comparable across questions, the outcome variable is percentilized) - and that is the outcome across all columns of the table. We limit the responses to these questions as these are the ones measured at the level of the entrepreneur, rather than the household. For a description of the data that produced the outcome variables, see the Appendix D.



## B Discussion of Identification Assumption in the Presence of Boastfulness

This section formalizes the discussion at the end of Section III. Suppose profits  $y_{it}$  for entrepreneur  $i$  in period  $t$  are determined according to the model in Specification 3 or 4.

Further, suppose what we actually observe is  $\tilde{y}_{it} = y_{it} + b_{it}$ , where  $b_{it}$  is a randomly drawn “boastfulness” term. We allow for the possibility that  $b_{it}$  is determined after entrepreneur  $i$  observes  $y_{it}$ , so that  $b_{it}$  can be correlated with  $y_{it}$ .

Because we only observe  $\tilde{y}_{it}$ , the analogue of Specification 3 we actually estimate is

$$\tilde{y}_{it} = \alpha_0 + \alpha_1 \text{Winner}_{it} + \phi_i + \sum_{t=1}^3 \delta_t + \theta_m + \tau_s + \epsilon_{it} \quad (1)$$

The analogue to Specification 4 is similar. The above equation is equivalent to

$$y_{it} = \alpha_0 + \alpha_1 \text{Winner}_{it} + \phi_i + \sum_{t=1}^3 \delta_t + \theta_m + \tau_s + (\epsilon_{it} - b_{it}) \quad (2)$$

If conditional on person and time fixed effects,  $b_{it}$  is *iid* with respect to  $\text{Winner}_{it}$ , then it will not introduce any bias into our estimate of  $\alpha_1$ . Letting  $\hat{\alpha}_1$  be our OLS estimate of  $\alpha_1$ , we have  $\mathbb{E}[\hat{\alpha}_1] = \alpha_1$ .

The concern to identification arises when  $b_{it}$  is correlated with  $y_{it}$ , as this may introduce bias into our estimate of  $\alpha_1$ . Namely if  $b_{it}$  is correlated with  $y_{it}$  then our error term  $\epsilon_{it} - b_{it}$  will not be *iid* with respect to  $\text{Winner}_{it}$ , i.e.  $\mathbb{E}(\epsilon_{it} - b_{it} | \phi_i, \delta_t, \theta_m, \tau_s, \text{Winner}_{it}) \neq 0$ . Therefore, our estimate of  $\alpha_1$  will be biased, i.e.  $\mathbb{E}(\hat{\alpha}_1) \neq \alpha_1$ .

Hence, in the presence of boastfulness, our identification assumption is that  $b_{it} \perp y_{it}$ .

## C The Robust Bayesian Truth Serum

This discussion is based on Rigol and Roth (2017).

**Peer prediction mechanisms**, including Witkowski and Parkes (2012) *Robust Bayesian Truth Serum* (RBTS), incentivize truthful reporting of beliefs without reference to ex-post measures of accuracy.<sup>1</sup> Instead, these mechanisms determine payments as a function of the contemporaneous reports of several respondents.

We implemented a variant of RBTS, which requires elicitation of agents' first order beliefs (the ranking that an agent assigns to each of his peers) and second order beliefs (the probability distribution the agent assigns to each possible ranking his peers may give one another). RBTS rewards an agent's second order beliefs based on their proximity to the empirical distribution of stated first order beliefs. First order beliefs are evaluated based on how "surprisingly common" they are relative to other agents' stated second order beliefs. That is, agents are compensated for first order beliefs that have empirical frequencies higher than predicted by other agents' stated second order beliefs. Witkowski and Parkes (2012) show that under the assumption of a common and admissible prior, truthful reporting is a Bayesian Nash Equilibrium. Details on the mechanics of the payment rule are deferred to the following section.

**Implementation of the Robust Bayesian Truth Serum.** Peer prediction methods are attractive because they make truth-telling incentive compatible and circumvent the need for ex-post verification of outcomes. The principal challenge to implementation of RBTS is its complexity. It is infeasible to describe RBTS (and its incentive compatibility) to respondents in our setting who are largely innumerate. A common tactic, which we take in this study, is simply to assert to respondents that they can do no better than to tell the truth.

In Rigol and Roth (2017) we provide evidence that this is a reasonable tactic. We report on an experiment among a sample drawn from a very similar population to that of our current study, in which compare the accuracy of peer reports when paying agents for truthfulness using a straightforward payment rule based on ex-post accuracy and when paying agents using peer prediction mechanisms. Surveyors carefully and completely explained the ex-post payment rule to respondents. For the peer prediction method, surveyors simply asserted to respondents that they would maximize their incentive payments by telling the truth. We elicit information regarding borrower reliability and entrepreneurial ability and we find that the additional accuracy induced

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<sup>1</sup>See Prelec (2004) for a seminal contribution to this literature.

by the simple ex-post incentive is statistically and economically indistinguishable from that induced by the peer prediction method. Both payment methods led to significantly more accurate reports than elicitation without monetary payments.

That respondents believe our assertion that they should tell the truth is reassuring, but it may nevertheless be desirable to verify that RBTS’s theoretical properties hold in practice. While RBTS is incentive compatible in theory, it may be that given the empirical distribution of beliefs, respondents can indeed increase their payoff with deceptive reports. In Rigol and Roth (2017), we verify that the payment method is incentive compatible in practice. To do so, we estimate the higher order beliefs of respondents in the sample and used these beliefs to determine respondents’ subjective expected payments from RBTS.

That RBTS is incentive compatible in practice is encouraging for several reasons. First, we do not want to deceive respondents when we tell them they can do no better than to tell the truth. Second, that assertion will only be reinforced with repeated use — because RBTS is incentive compatible, agents will receive experiential feedback over time that truth-telling is the highest paying strategy.

### **Details: Theory and Intuition**

In this appendix section we discuss the details of the Robust Bayesian Truth Serum, an intuition for the underlying incentive properties, and our implementation of the payment rule in the field. The following discussion of the model is based on Witkowski and Parkes (2012).

Suppose there is a binary state of the world  $t \in (h, l)$  (high, low) representing the entrepreneurial quality of a community member. Agents get a binary signal, which is informative of the state of the world. That is each agent receives a signal  $s \in \{h, l\}$  which may represent what they observe about their peer (e.g. they appear responsible, smart etc). Suppose further that all agents share a common prior about the state of the world such that they all agree on the prior probability of a high state, and they all agree on the distribution of signals conditional on the state. Let  $p_h = P(s_j = h | s_i = h)$  be the probability an agent assigns to one of his peers receiving a high signal conditional on himself receiving a high signal, and analogously let  $p_l = P(s_j = h | s_i = l)$ . We say the common prior is *admissible* if  $p_h > p_l$ , which in English implies that the probability that one’s peer receives a high signal is higher if the agent himself receives a high signal. Many natural distributions satisfy this weak requirement.

In order to define the RBTS we must first define the quadratic scoring rule. Let

$$R_q(y, \omega) = \begin{cases} 2y - y^2 & \text{if } \omega = 1 \\ 1 - y^2 & \text{if } \omega = 0 \end{cases}$$

Imagine an agent trying to predict whether some true state  $\omega$  is 1 or 0. The quadratic scoring rule has the property that his expected score is maximized by reporting his true belief about the probability the state  $\omega$  is 1 (see e.g. Selten (1998)).

The RBTS is implemented as follows. Every agent states their first order belief (their signal), in a report  $x_i \in \{0, 1\}$  (imagine  $x_i = 1$  corresponding to  $s_i = h$ ). Further they report their second order belief  $y_i \in [0, 1]$  (this is the fraction of the population they believe will report a high signal,  $x_k = 1$ ). For each agent  $i$ , assign them a peer agent  $j$ , and a reference agent  $k$ , and calculate

$$y'_i = \begin{cases} y_j + \delta & \text{if } x_i = 1 \\ y_j - \delta & \text{if } x_i = 0 \end{cases}$$

for arbitrary  $\delta$ . The RBTS payment for agent  $i$  is

$$u_i = R_q(y'_i, x_k) + R_q(y_i, x_k)$$

The main theorem of Witkowski and Parkes (2012) is that under the assumption of an admissible prior and risk neutral agents, there is a Bayes' Nash Equilibrium in which all agents report their first and second order beliefs truthfully.

The intuition behind the payment rule is fairly straightforward. The payment rule has two components. The second component incentivizes the agent to be truthful about his second order beliefs. That is, the agent is paid via the quadratic scoring rule to predict what some reference agent  $k$  will announce as his signal. And by the discussion above, agent  $i$  maximizes his expected payment from this component of the scoring rule by truthfully announcing his belief  $y_i$  about the likelihood agent  $k$  will announce a high signal. In simpler terms, the payment rule rewards agent  $i$  for choosing a second order belief as close as possible to the truth (the realized distribution of first order beliefs).

The first component of the payment rule incentivizes the agent to be truthful about his first order beliefs. The term  $y'_i$  takes an arbitrary person  $j$ 's second order belief  $y_j$  and either raises or lowers it depending on  $i$ 's report  $x_i$ . RBTS pays agent  $i$   $R_q(y'_i, x_k)$ , and so  $i$  wants  $y'_i$  to be as near as possible to the true distribution of responses in

the population. The admissibility assumption guarantees that if person  $j$  were to know that person  $i$ 's signal were high, then person  $j$  would increase his assessment as to the number of people in the group who received high signals. Likewise, if  $j$  were to learn that  $i$ 's signal were low,  $j$  would lower his assessment about the number of people in the group who received high signals. In effect the mechanism raises or lowers  $j$ 's assessment based on  $i$ 's report, and then pays  $i$  based on the closeness of this modified report to the truth. Thus  $i$  can do no better than to tell the truth.

### **Practical Implementation**

We used this payment rule in the field to incentivize rank order responses about members of each group. The model and payment rule, however, were designed for binary responses. Thus while responses contain a rank ordering of 5 people, we treat each ranking as a composite response to 25 yes/no questions of the form “Is person  $i$  the highest ranking individual in the group?”, “Is he the second highest?” and so on. We elicited second order beliefs of the form “How many people will say person  $i$  is the highest ranking individual in the group?” “How many will say he is the second highest?” and so on. From there we directly applied the payment rule, calibrated so that the expected difference between payments arising from truthful and deceptive answers was large. Note that the accuracy of responses across various questions in a single ranking were correlated, but under the assumption of risk neutrality (which is maintained throughout the peer prediction literature and may be empirically reasonable with respect to moderate sums of money), these correlations are irrelevant.

## D Implementation Appendix

### Definitions of outcome variables and regressors

Table 1, A2

1. Income

Outcome (from Baseline) - What would you say was your average monthly income from all income-generating activities over the last year?

Regressor (from Ranking Exercise) - I would like you to think of your average monthly household income in the past year. Now I would like you to think about the average monthly household income in the past year of your neighbors in this group. Could you please rank your neighbors in this group in order of who you think had the highest average monthly household income in the past year?

We stack the quintile and relative rankings for these variables. The outcome variable is the same for both rankings.

2. Profits

Outcome (from Baseline) - Imagine that I came back to you 6 months from now. What do you think your monthly profits will be 6 months from now if we gave you an Rs.6000 grant to invest in your business?

Regressor (from Ranking Exercise) - If we give everyone in your group a Rs.6000 grant, who do you think would have the highest monthly profits in the next 6 months?

We stack the quintile and relative rankings for these variables. The outcome variable is the same for both rankings.

3. Assets

Outcome (from Baseline) - Our surveyors verified whether the household owned the following assets, how many of each, and then asked the respondents for their resale value. Radio/stereo, Bicycle, Auto, Rickshaw/ Van, Motorcycle/scooter, Motor car, Refrigerator or freezer, Washing machine, Fans, Heaters, Television, DVD player, Pressure lamps/ petromax, Sewing machine, Tubewell (for drinking water only), Cell phone, Clock, Own Home, Land

Regressor (from Ranking Exercise) - Consider everyone in your group. The total value of households assets we computed for your household was XX. Who in this group do you think has the highest total value of assets?

We stack the quintile and relative rankings for these variables. The outcome variable is the same for both rankings.

4. Medical Expenditures

Outcome (from Baseline) - Could you tell me how much you have spent on medical expenditures (such as medical treatments, medications, etc) over the past 30 days?

Regressor (from Ranking Exercise) - Most of us have monthly expenditures that are related to health, whether they are medications bills, doctor's visits. Some of us, for different reasons, face higher or lower health expenses from month to month. Can you tell me who you think has had the highest health expenditures in the past 30 days?

5. Digitspan

Outcome (from Baseline) - This was the outcome of a game played with the respondent. Investigator instruction: This is a number memory test. Please show the 3-digit number to respondent for 5 seconds. Turn the number away from the respondent and ask them to repeat the number back to you. Keep increasing the number of digits shown to the respondent (each time showing the respondent for 5 secs) until the respondent answers incorrectly. How many digits did the respondent correctly repeat back to you?

Regressor (from Ranking Exercise) - You were able to keep XX digits (investigator, please fill in the number of digits that the client remembered) in your memory before forgetting them. That is great. Now I would like you to think about the outcome of your exercise if your neighbors in this group conducted it. Could you tell me who you think would remember the most numbers?

6. Work Hours

Outcome (from Baseline) - How many hours would you estimate you work during the average week?

Regressor (from Ranking Exercise) - We know everyone works very hard in their business. But some households devote more time to their businesses than others. Could you tell me which of your neighbors' households devote the most time to their business?

All regressors are the average ranking provided by all of the entrepreneur's peers in her group. In Table 1, the self rank is excluded and in Table A2 the self rank is included.

Table 2, 4, A3, A5, A6, A7, A8, A9 , A10, A11 , A12, A14, A15, A18

1. Income, Log Income

Outcome (from all surveys) - What is your total household income over the

past 30 days from all income generating activities ?

2. Profits, Log Profits

Outcome (from all surveys) - Now that you have thought through your sales and your expenses from the past 30 days, I would like you to think about the profits of your business. By business profits, I mean taking the total income received from sales and subtracting all the cost of producing the items (raw material, wages to employees, fixed costs, etc). Can you tell me your business profits in the past 30 days?

3. Regressor (from Ranking Exercise) - The concept of a marginal return was explained view a video. The question at the end of the exercise was : could you please rank your group members in order of who you think had the highest marginal returns to the Rs.6000 grant? In other words, who would gain the most in monthly profits, or who would grow their business the most, from receiving a Rs.6000 grant today.

Table 3:

1. Business Inventory

Outcome (from all surveys) - I would like to ask you now about the total value of all times that you currently have but have not yet sold. These include any raw materials, resale goods, final products, and any other materials needed to operate the business but excludes assets. Could you tell me what is the total COST you paid of all of these materials that you currently own ?

2. Durable Business Assets

Outcome - at baseline, we asked business owners to enumerate all of their business assets, how many of each they owned, and their resale value. Business assets were classified between machines/equipment, furniture, business tools/utensils, vehicles and buildings used only for the business, livestock/animals. In each subsequent survey round, we asked households to tell us if they had purchased or sold any assets.

3. Total hours worked past week

Outcome (from all surveys) - How many hours did you work on your business in the past week?

4. Total days worked in the past month

Outcome (from all surveys) - How many days did you work on your business over the past month?



5. Household and Non-Household Labor

Outcome (from baseline and one followup round) - How many household/non-household laborers did they employ in the past week, how many hours each worked, and what was the total wage bill.

Table 5, A19 :

1. Questions Pooled

Outcome (from Baseline) - We stack columns 1-3 in Table 1 ( income, profits, and assets). Regressor (from Ranking Exercise) - We stack columns 1-3 in Table 1. In column 4, the regressor is the average ranking given to the entrepreneur by all of her peers in the group (note that the total number of observations is the same as the sum of observations in columns 1-3 of Table 1). In column 1, each ranking is an an observation.

2. Quintile Questions

Outcome (from Baseline) - The outcomes are the same as for pooled questions above. What changes are the regressors (only quintile ranks).

Regressor (from Ranking Exercise) - We limit the regressor to quintile rankings for income, profits, and assets.

3. Relative Questions

Outcome (from Baseline) - The outcomes are the same as for pooled questions above. What changes are the regressors (only relative ranks).

Regressor (from Ranking Exercise) - We limit the regressor to relative rankings for income, profits, and assets.

Table 6, A20:

1. Questions Pooled

Outcome (from Baseline) - We stack columns 1-3 in Table 1. Note that the total number of observations in columns 3+4 is the same as the sum of observations in columns 1-3 of Table 1. There are fewer observations in columns 1 and 2 because 6 households ranked only their peers and not themselves in these characteristics.

Regressor (from Ranking Exercise) - The regressor is the average ranking given to the entrepreneur by all of her peers in the group.

Table A22:

1. All Questions Pooled

Outcome (from Baseline) - We stack all of columns in Table 1.

Regressor (from Ranking Exercise) - The regressor is the each ranking given to the entrepreneur by each one of her peers in the group. It excludes the self rank.

Table A1, A4, A17

- Male - the entrepreneur who is ranked is male.
- Education - the number of years of education of the entrepreneur who is ranked.
- Married - the entrepreneur who is ranked is married.
- Age - the age of the entrepreneur who is ranked.
- Digitspan - the number of digits from a memory test that the entrepreneur being ranked can remember.
- Monthly Sales Change 2014 - from a question that asked respondents to report how much monthly sales had changed between the time of the baseline survey and 2014. The number can be positive or negative.
- Business Employed in 5 Yrs - we asked the ranked entrepreneur what she was likely to be doing for employment in 5 years. This variable is a dummy for whether she responded that she would be self-employed operating her business in 5 years.
- Wage Exit Self-Employment - the monthly wage that the entrepreneur being ranked would need to earn in a salaried job to exit self-employment.
- Business Type- the entrepreneurs' primary business is classified into manufacturing, retail, service, or agriculture.
- Household Size - the number of people who live in the entrepreneurs' household.
- No. Children 0-5 - the number of children aged 0 to 5 who live in the entrepreneurs' household.
- No. Children 6-12 - the number of children aged 6 to 12 who live in the entrepreneurs' household.
- No. Salaried HH Members - the number of household members who have a salaried job.
- No. Daily Wage HH Members - the number of household members who have a daily wage job.

- Total No. HH Businesses - the number of household businesses. This is not the same as No.Self-Employed HH Members because some household members could work in the same business.
- Avg Monthly Income - we asked households to report the average monthly income for the household for the previous year.
- Value of HH Assets Our surveyors verified whether the household owned the following assets, how many of each, and then asked the respondents for their resale value. Radio/stereo, Bicycle, Auto, Rickshaw/ Van, Motorcycle/ scooter, Motor car, Refrigerator or freezer, Washing machine, Fans, Heaters, Television, DVD player, Pressure lamps/ petromax, Sewing machine, Tubewell (for drinking water only), Cell phone, Clock, Own Home, Land. This is the sum value of all these assets.
- Total Non-HH Labor - the total number of non household workers employed by all household enterprises.
- Total HH Labor - the total number of household workers employed by all household enterprises.
- Total Hours Worked Past Week - the total number of hours that all entrepreneurs in the household worked at her business in the last week.
- Total Hours Worked Past Week - the total number of hours that all entrepreneurs in the household worked at her business in the last week.
- Total Days Worked Past Month - the total number of days that all entrepreneurs in the household worked at her business in the last month.
- Avg Monthly Profits - we asked each business owner to estimate the average monthly profits for each of her businesses for the previous year. This variable is the sum of these across the household businesses.
- Baseline Total Capital - we asked each business owner in the household to enumerate and value each asset of her business. We also asked her to value her inventory. This variable is the sum of the value of all business assets and inventories of all business owners.

#### Table A13

1. Owner-Labor Adjusted Profits  
Outcome (from all surveys)- First, we create an estimate of the value of the owners's labor. We do so by first taking baseline profits for all respondents and

dividing that by the number of hours that the owner reported working that previous month. This gives us an estimated daily wage for each entrepreneur. We then create 6 categories of entrepreneurs: for women and men, we labor each entrepreneur as having low, medium, or high education. This is computed by splitting the years of education distribution into terciles by gender. For each of these 6 categories, we compute the median daily wage and use this as the estimated daily wage for that category of entrepreneur. To compute the estimated value of an entrepreneur's labor, we multiply the number of days that she worked in the previous month in that period by her estimated daily wage. To compute the owner labor adjusted profits, we subtract the estimated value of the owner's monthly labor from her monthly profits. We use trim profits (as described above), although results are nearly identical if we used the untrimmed profits distribution.

Regressor (from Ranking Exercise) - The regressor is the average ranking given to the entrepreneur by all of her peers in the group.

#### Table A21

##### 1. Rank

Outcome (from Baseline) - The outcome is the rank that peer  $i$  assigned to group member  $j$ . This is the only table in the paper that puts the Rank as an outcome (in all other tables, the rank is a regressor in the regression model). We stack the rank for columns 1-3 in Table 1 (income, assets, profits)

Regressor (from Ranking Exercise) - The regressors are the different treatments interacted with the relationship between person  $i$  and her peer  $j$ .

#### Table A23:

##### 1. Pooled Questions

Outcome (from Baseline) - We stack columns 2, 5, and 6 in Table 1.

Regressor (from Ranking Exercise) - The regressor is the rank that individual  $i$  assigns to peer  $j$ .

## **Entrepreneurial Psychology**

### **Impulsiveness:**

- I plan tasks carefully.
- I make up my mind quickly
- I save regularly.

### **Optimism:**

- In uncertain times I usually expect the best.
- If something can go wrong for me, it will.
- I'm always optimistic about my future.
- Generally speaking, most people in this community are honest and can be trusted

### **Locus of Control**

- A person can get rich by taking risks.
- I only try things that I am sure of.

### **Tenacity**

- I can think of many times when I persisted with work when others quit
- I continue to work on hard projects even when others oppose me.

### **Polychronicity:**

- I like to juggle several activities at the same time
- I would rather complete an entire project every day than complete parts of several projects.
- I believe it is best to complete one task before beginning another.

### **Achievement**

- Part of my enjoyment in doing things is improving my past performance
- If given the chance, I would make a good leader of people.

### **Organized person:**

- My family and friends would say I am a very organized person

## Implementation of the Rankings Exercise

We asked respondents to rank their peers on a series of dimensions. We collected information about the following criteria: highest level of education attained, marginal returns of the peers' business if she were to receive an Rs.6000 grant, household average monthly income over the past year, projected monthly profits of the peers' business if she were to be given an Rs.6000 grant, total value of household assets, number of hours that their peers work, total household medical expenses in the previous 6 months, loan repayment trouble over the past year, and digitspan memory test. For marginal returns, income, profits, and assets, we asked respondents to rank their peers relative to one another as well as to place them in quintiles of the community distribution. For the remainder of the questions, respondents were asked to report only relative ranks. We also asked a subset of groups to report who they thought deserved to receive the grant. We did not provide any criteria for this ranking and asked respondents to choose based on what they themselves thought were important criteria.

To minimize respondent fatigue, each respondent answered only a subset of these questions. All members of the same group were asked the same ranking questions in the same order. In the figure below, we lay out the question randomization structure. Because incentivized groups also had to report second order beliefs in addition to ranks, they were only be asked to answer a total of 7 questions, while non-incentivized groups answered 10. The order of the first 3 questions was always the same and groups were cross-randomized between P0/P1 and I0/I1. The first question was always about education and we primarily intended it to be a practice round. We chose to elicit education quintiles as it allowed us to explain the quintile rankings early. The next two questions were always about marginal return quintiles and relative rankings. In the relevant groups we elicited marginal return information in public and with incentives but we never used marginal return information to affect the distribution of grants because we did not want reports in this dimension to be adulterated by strategic behavior. For questions 4-7, we randomly picked two of three questions: income, assets, and profits. These were cross-randomized with all 3 of our treatments and we elicited both relative rankings and quintiles. Lastly, we randomized questions 8-10 with the public and private treatments only so as to minimize the amount of time respondents spent doing the rankings exercise. Notice that because income, assets, and profits were also in the rotation for Q8-Q10, we have more data on relative rather than quintile rankings for these questions.

After all baseline surveys were completed in a particular neighborhood, groups were invited to a large community hall to conduct the ranking exercise. One group was

invited to conduct the exercise at a time. As soon as a respondent arrived in the hall, he or she was seated behind a privacy screen along with a surveyor. The screen was placed both to reassure the respondents in the privacy treatment that their responses would never be visible to others in the group, but also to avoid potential coordination. Respondents were given name cards with the names of all of the peers they would be ranking. To explain complicated concepts and to minimize variation across surveyors in implementation of the treatments, we created animated videos to guide respondents through the exercise. In the videos we explained the definition of a quintile and how to do a quintile ranking, and the definitions of marginal returns to capital, profits, income, and assets.

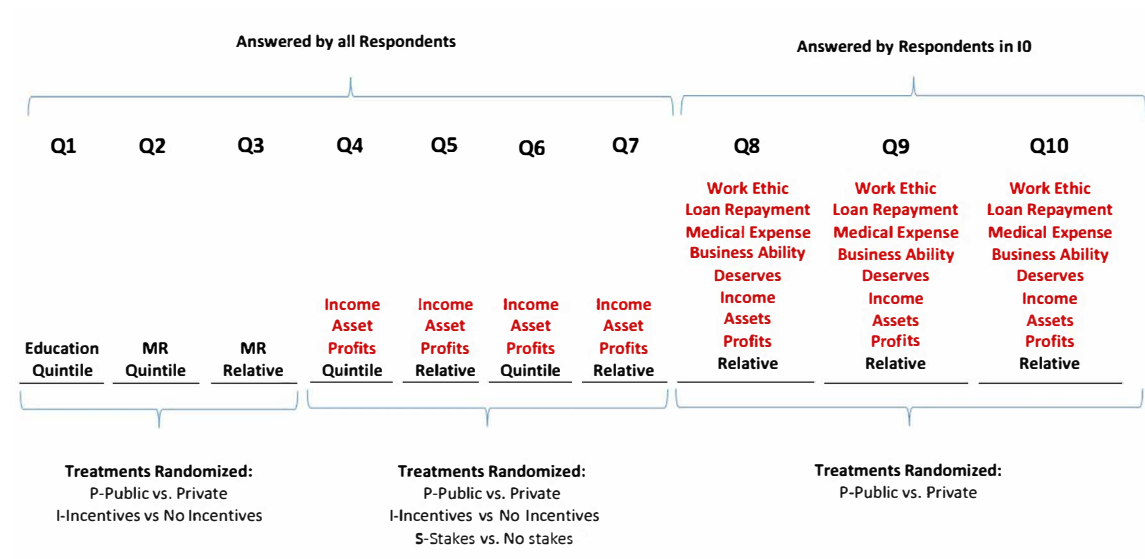
For groups in the Public treatment, although respondents gave their ranks behind their privacy screens, they were asked to move with their rankings to the center of the hall at the completion of each ranking. While the pretext of the move to the center was that the lead surveyor had to record everyone's answers, the purpose was actually that peers could clearly observe each others' rankings. Surveyors report that respondents were always able to look at their peers' rankings. In the privacy treatment, respondents never interacted with other people in the group until all of the rankings were completed.

For those who received the incentives treatment, the videos explained that incentives would be paid for truthfulness of the responses. Respondents were told that people who reported what they truly believed were more likely to receive higher incentive payments than those who did not report what they truly believed. Since RBTS incentive payments also required respondents to report their second order beliefs, the videos were used to explain what second order beliefs were. For each of her peers, each respondent was given 20 orange coins and was asked to place the coins in proportion to how she thought others would rank her peer. Payments were calculated and distributed in private by the surveyor at the end of each ranking question. Groups that did not receive incentive treatments were not asked to report second order beliefs and were not paid for their reports.

At arrival, respondents were told that at the end of the exercise, a lottery would be conducted to choose the grant winners. Each person was given 20 lottery tickets and was told that at the end, all people present in the room would put their lottery tickets inside a basket and the winner would be selected by picking out lottery tickets. For groups in the revealed treatment, after completion of the marginal returns relative rankings, the video explained that for the next 4 rankings they would be able to help determine the lottery winner. Respondents were told the person that was ranked the highest by the group for each round would receive extra lottery tickets. Since



we wanted, as much as possible, to keep the probability of selecting the winner balanced across the ranks, only 1 extra lottery ticket was awarded for winning a round. Respondents, however, did not know how many extra lottery tickets we were awarding each round until all of the ranking exercises were over. At that point, the winners were given their extra tickets and the lottery was conducted in the presence of all respondents.



## E Corrigendum (August 7, 2023)

The authors were made aware of a coding error on June 27, 2023, reported in Masetto and Ubfal (2023), which states that “we reproduce the paper’s main findings and uncover one minor coding error, which affects the estimates for one of the main tables but does not change the overall conclusions of the paper.”<sup>2</sup> Table A25 reports a corrected version of Table 4, the affected table, which is here reproduced as Table A24. None of the text in the abstract, or introduction needs modification. The only claims that require revision are in Section IV.D.

**Differences Between Table A25 (Corrected Table 4) and Table A24 (Original Table 4).** As can be seen from comparing Table A25 and Table A24, the primary consequence of correcting the coding error is that observables are better predictors of profits and especially income. Our conclusion that community information complements observable characteristics in predicting income and profits is unaffected by this correction. Specifically, with the exception of column 1 versus column 2, entrepreneurs that fall in the top tercile of the prediction based on both sources of information have statistically significantly higher marginal return to capital than those who fall in the top tercile of the prediction based on observables alone.

**Implications for the Text of the Paper** The only text in the paper that requires revision is in Section IV.D. Each piece of text that requires revision is first copied in its original form and then revised. For additional ease of tracking changes, new text is in bold.

1. Original Text: “The point estimates indicate that observables are useful for predicting marginal return to capital, though the coefficient on top tercile is only statistically significant for the profits outcome variable. Comparing these estimates to those in panel B of Table 2 suggests that observables are about as informative as community rank; community rank appears to be a better predictor of income while observables perform better at predicting profits.”

(a) Revision: The point estimates indicate that observables are useful for predicting marginal return to capital, though the coefficient on top tercile is only statistically significant for the **profits and income (but not log profits and log income) outcome variables. Comparing these estimates to those in panel B of Table 2 suggests that observables are more informative than community rank, if only one of these two sources of information were to be used.**

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<sup>2</sup>The authors are grateful to Isabella Masetto, Diego Ubfal, and the Institute for Replication for their work in replicating this paper.

2. Original Text: “The result is presented in the even columns of Table 4. For all outcome variables, the prediction based on both observables and community information is stronger than the corresponding prediction based only on observables. With the exception of column 5 versus column 6, entrepreneurs that fall in the top tercile of the prediction based on both sources of information have statistically significantly higher marginal return to capital than those who fall in the top tercile of the prediction based on observables alone. For instance, looking at column 1, entrepreneurs who fall in the top tercile of the prediction based on observables alone enjoy a marginal return to capital of 13.6 percent per month. The corresponding estimate for entrepreneurs who fall in the top tercile of the prediction based on observables and community ranks is 38.2 percent per month (and from column 1 of panel B of Table 2 we see that the corresponding estimate based on community information alone is 30.2 percent per month). Therefore, even if a policymaker had access to the wide array of observable characteristics listed in online Appendix Table A1, community information would remain valuable.”

(a) Revision: The result is presented in the even columns of Table 4. For all outcome variables, the prediction based on both observables and community information is stronger than the corresponding prediction based only on observables. With the exception of **column 1 versus column 2**, entrepreneurs that fall in the top tercile of the prediction based on both sources of information have statistically significantly higher marginal return to capital than those who fall in the top tercile of the prediction based on observables alone. For instance, looking at **column 5**, entrepreneurs who fall in the top tercile of the prediction based on observables alone enjoy a marginal return to capital of **25.8** percent per month. The corresponding estimate for entrepreneurs who fall in the top tercile of the prediction based on observables and community ranks is **37.8** percent per month (and from **column 5** of panel B of Table 2 we see that the corresponding estimate based on community information alone is **24.2** percent per month). Therefore, even if a policymaker had access to the wide array of observable characteristics listed in online Appendix Table A1, community information would remain valuable.

Table A24: Original Table 4 - Observable vs. Ranks Prediction

|                                  | (1)                   | (2)                    | (3)              | (4)               | (5)                   | (6)                   | (7)               | (8)               |
|----------------------------------|-----------------------|------------------------|------------------|-------------------|-----------------------|-----------------------|-------------------|-------------------|
|                                  | Income                | Income                 | Log<br>Income    | Log<br>Income     | Profits               | Profits               | Log<br>Profits    | Log<br>Profits    |
| Winner*Top Tercile Controls      | 1157.509<br>(752.152) |                        | 0.115<br>(0.202) |                   | 2377.487<br>(608.675) |                       | 0.093<br>(0.311)  |                   |
| Winner*Top Middle Controls       | 1576.349<br>(868.320) |                        | 0.206<br>(0.200) |                   | 1599.643<br>(498.874) |                       | -0.081<br>(0.276) |                   |
| Winner*Top Tercile Controls+Rank |                       | 3559.464<br>(725.716)  |                  | 0.632<br>(0.180)  |                       | 2752.701<br>(569.789) |                   | 0.798<br>(0.302)  |
| Winner*Top Middle Controls+Rank  |                       | 1867.939<br>(792.343)  |                  | 0.326<br>(0.164)  |                       | 1288.719<br>(423.688) |                   | 0.247<br>(0.246)  |
| Winner                           | -342.438<br>(538.084) | -1265.233<br>(575.034) | 0.031<br>(0.173) | -0.180<br>(0.088) | -652.922<br>(437.700) | -656.104<br>(412.129) | 0.309<br>(0.234)  | -0.031<br>(0.210) |
| <i>P-value from F-Test</i>       |                       |                        |                  |                   |                       |                       |                   |                   |
| Winner*Top Tercile=              | 0.625                 | 0.038                  | 0.571            | 0.156             | 0.209                 | 0.007                 | 0.524             | 0.045             |
| Winner*Middle Tercile            |                       |                        |                  |                   |                       |                       |                   |                   |
| Mean of Outcome for Grant Losers | 8197.37<br>[6412.25]  | 8197.37<br>[6412.25]   | 8.62<br>[1.35]   | 8.62<br>[1.35]    | 4551.38<br>[5159.23]  | 4551.38<br>[5159.23]  | 7.33<br>[2.55]    | 7.33<br>[2.55]    |
| N                                | 5324                  | 5324                   | 5342             | 5342              | 5320                  | 5320                  | 5338              | 5338              |
| No. HHs                          | 1336                  | 1336                   | 1336             | 1336              | 1336                  | 1336                  | 1336              | 1336              |

**Specification:** This table estimates Specification 8 in the paper. Top (middle) Tercile Controls is a dummy for whether the entrepreneur is in the top (middle) tercile of predicted marginal return to capital based on observables. Top (middle) Tercile Controls+Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of predicted marginal return to capital based on observables plus the average community ranking (excluding the entrepreneur's ranking of herself). Both predictive models were constructed using the process described in Section 4.4. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

Table A25: Corrected Table 4 - Observable vs. Ranks Prediction

|                                  | (1)                    | (2)                    | (3)              | (4)               | (5)                   | (6)                    | (7)              | (8)               |
|----------------------------------|------------------------|------------------------|------------------|-------------------|-----------------------|------------------------|------------------|-------------------|
|                                  | Income                 | Income                 | Log<br>Income    | Log<br>Income     | Profits               | Profits                | Log<br>Profits   | Log<br>Profits    |
| Winner*Top Tercile Controls      | 4426.341<br>(887.822)  |                        | 0.050<br>(0.208) |                   | 2247.798<br>(487.448) |                        | 0.087<br>(0.302) |                   |
| Winner*Top Middle Controls       | 3234.703<br>(755.940)  |                        | 0.161<br>(0.196) |                   | 1911.549<br>(670.607) |                        | 0.042<br>(0.282) |                   |
| Winner*Top Tercile Controls+Rank |                        | 4921.151<br>(841.090)  |                  | 0.773<br>(0.213)  |                       | 3291.618<br>(554.442)  |                  | 0.903<br>(0.283)  |
| Winner*Top Middle Controls+Rank  |                        | 3255.179<br>(719.769)  |                  | 0.291<br>(0.107)  |                       | 1775.345<br>(415.552)  |                  | 0.155<br>(0.251)  |
| Winner                           | -2005.837<br>(713.216) | -2117.368<br>(686.665) | 0.066<br>(0.173) | -0.210<br>(0.090) | -699.191<br>(497.904) | -1024.363<br>(401.116) | 0.267<br>(0.233) | -0.053<br>(0.195) |
| <i>P-value from F-Test</i>       |                        |                        |                  |                   |                       |                        |                  |                   |
| Winner*Top Tercile=              | 0.096                  | 0.007                  | 0.491            | 0.024             | 0.521                 | 0.005                  | 0.868            | 0.009             |
| Winner*Middle Tercile            |                        |                        |                  |                   |                       |                        |                  |                   |
| Mean of Outcome for Grant Losers | 8197.37<br>[6412.25]   | 8197.37<br>[6412.25]   | 8.62<br>[1.35]   | 8.62<br>[1.35]    | 4551.38<br>[5159.23]  | 4551.38<br>[5159.23]   | 7.33<br>[2.55]   | 7.33<br>[2.55]    |
| N                                | 5324                   | 5324                   | 5342             | 5342              | 5320                  | 5320                   | 5338             | 5338              |
| No. HHs                          | 1336                   | 1336                   | 1336             | 1336              | 1336                  | 1336                   | 1336             | 1336              |

**Specification:** This table estimates Specification 8 in the paper. Top (middle) Tercile Controls is a dummy for whether the entrepreneur is in the top (middle) tercile of predicted marginal return to capital based on observables. Top (middle) Tercile Controls+Rank is a dummy for whether the entrepreneur is in the top (middle) tercile of predicted marginal return to capital based on observables plus the average community ranking (excluding the entrepreneur's ranking of herself). Both predictive models were constructed using the process described in Section 4.4. Winner indicates that the household is a grant recipient after baseline (after round 1 of data collection). The unit of observation is the household. Robust standard errors clustered at the group level in parentheses. All regressions include household, survey month, survey round, and surveyor fixed effects. The even columns also include all of the baseline controls in Table A1 interacted with Winner. All regressions are weighed by the inverse propensity score described in Section IV.A. Data in this table come from rounds 1-4 of data collection.

**Outcome variables:** In columns (1)-(2) and (5)-(6) we show the *trimmed* distributions of income and profits, respectively, as described in Section IV.A. In columns (3)-(4) and (7)-(8), we show the natural log of the (outcome+1) of the *untrimmed* distribution (which is why the number of observations is greater than in the preceding column). For a description of the data that produced the outcome variables, see the Appendix D.

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