SUPPLEMENTAL DATA

Description of the investment task of the experiment

The main part of the experiment is the investment task which consists of two investment alternatives: A and B.[1] Investment alternative A is the safe investment option: each point allocated to this option is returned, but with zero interest. As a result, the return is 100 percent of the amount invested. Investment alternative B is the risky investment option and has a dyadic payoff structure: it either returns 250 percent of the amount invested with a probability of one third or it returns zero percent of the amount invested with a probability of two thirds. Consequently, the expected value of investment alternative B is $0.8\bar{3}$, i.e., below 100 percent of the sum of points invested (0.33*2.5+0.67*0). Note that 100 percent is the expected value for investment alternative A. Perfectly rational decision-makers would always allocate the full 100 points to the safe investment alternative regardless of the presence and type of the corporate giving program. Each unit of risk taken is excessive, so that the number of points allocated to investment alternative B is our measure for excessive risk-taking. Examining excessive risk-taking only allows unambiguous conclusions: taking less risk is better, taking no risk is optimal in terms of expected value maximization.

We conduct ten independent rounds in which investment alternatives A and B remain the same, to investigate excessive risk allocations over time. In each round participants are endowed with 100 points and must decide how much of their endowment to invest in the safe versus the risky investment option. There is no carry-over of points from one period to the next. Participants can choose to invest the full amount either to the safe or to the risky investment alternative or split the endowment. However, the 100 points must be fully allocated.

Our investment task is illustrated in Figure 1 and resembles that of Gneezy and Potters (1997), Schedlinsky et al. (2016), Schedlinsky et al. (2018), Eriksen and Kvaløy (2017) and

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[1] In experiments using risky choice framing tasks, participants usually choose between safe and risky options. For example, similar to our approach, in Martino et al. (2006) participants are endowed with an initial sum of money and then must select between a guaranteed safe option and a risky gamble option.

others. Charness et al. (2013) highlight the relative simplicity of the method which makes it substantially easier for participants to understand and thus is a useful instrument to elicit risk preferences and to capture treatment effects.
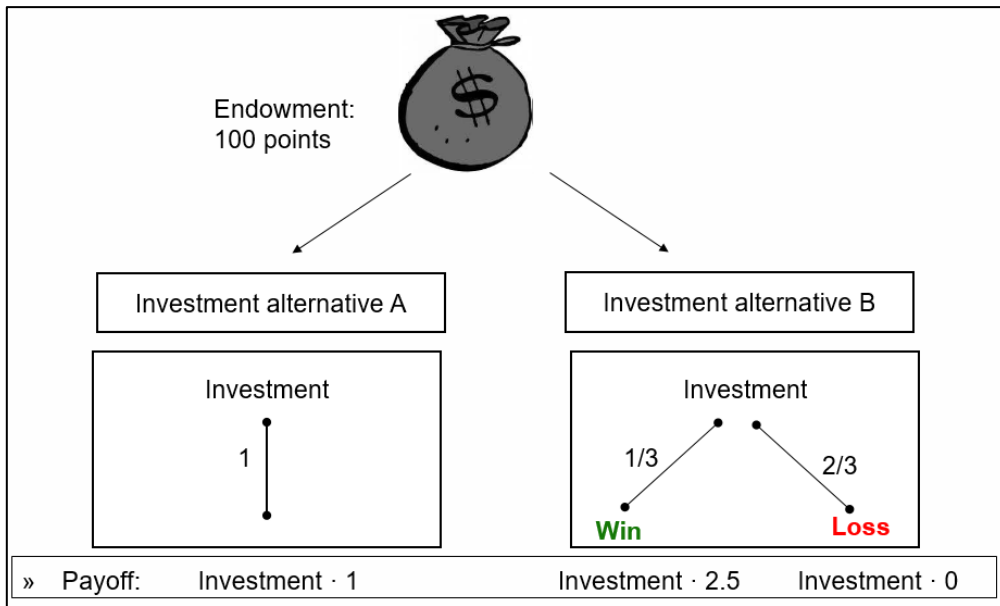
Fig. 1 Experimental investment task

TABLE 1

Expected value of the investment alternatives

Expected value of investment alternatives A and B		
	Expected value of investment alternative:	
	A	B
Payoff drawn condition 1 (probability 33.33 percent)	./.	250
Payoff drawn condition 2 (probability 66.67 percent)	./.	0
Expected value	100	$83.\overline{3}$

Note: Table 1 depicts the expected value calculation of the investment alternatives A and B. The payoff structure, as illustrated in the right column, ensues if the participant allocates 100 points (i.e., the full endowment) to the risky option and the drawn condition yields a win.
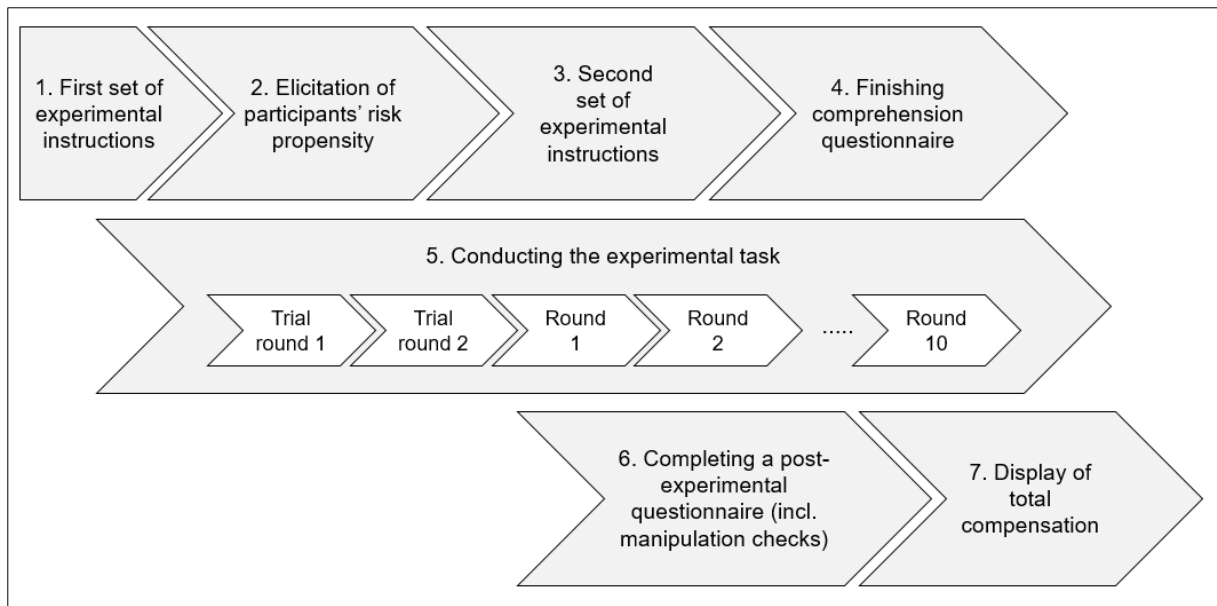
Fig. 2 Experimental procedure

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