Symbolic Awards at Work: A Regression Discontinuity Design

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Abstract

This paper studies the effects of a non-pecuniary symbolic award on winners, losers, and their peers, using a regression discontinuity design. We use a proprietary dataset from a large insurance company that identifies newly recruited insurance salespeople who barely won the quarterly "Best Rookie" award and their counterparts who barely missed it. Our main finding is that barely winners perform worse in life insurance commission than barely losers in the quarter following the award designation. Surprisingly, the performance difference is almost entirely driven by winners earning less than last quarter, while losers' earnings remain unchanged on average. We show that the negative peer pressure triggered by the award designation may be one possible mechanism at work. We further provide evidence against alternative mechanisms, such as mean reversion, income targeting, belief update about own ability, signaling and early exiting, effort reallocation on observable tasks, and effort reallocation on unobservable tasks. In addition, we examine the effects of the award designation on the peers of barely winners versus barely losers. We find suggestive evidence for spillovers on junior teammates led by lower level managers, but not on general teammates.

Keywords: Symbolic award, peer pressure, new recruits, regression discontinuity

JEL classification: D23, J33, M12, M52

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1. INTRODUCTION

Non-pecuniary symbolic awards are prevalent in labor markets. One reason firms establish these awards is to reward top performers and motivate them to keep performing well. Even without monetary incentives, symbolic awards can lead to increased performance on the part of the recipients by providing them with other benefits.[1] Much to the satisfaction of these firms, a burgeoning literature has documented the positive effect of symbolic awards on winners' subsequent performance in various organizational contexts.[2]

However, there can be downsides to symbolic awards. Theories on conformity (Akerlof, 1997; Bernheim, 1994) indicate that winners may reduce their subsequent performance to avoid standing out and being socially ostracized by their peers. Theories on multi-tasking (Holmstrom and Milgrom, 1991) suggest that incentivizing a particular task can lead to negative spillovers on other un-incentivized tasks. However, the causal evidence needed to determine whether and when symbolic awards pose unanticipated costs on organizations and their workers is still scarce. This paper presents the causal evidence on the magnitude and mechanisms of the negative effect of a symbolic award on its winners relative to its losers, as well as its effect on the peers of winners relative to losers.

Our testing ground is the largest branch of a leading insurance firm in China (hereafter, we refer to this branch of the firm as "the company"). In the company, salespeople sell both life insurance and short-term insurance. Their main income is the commission from insurance sales with no base salaries. For this study, we obtained proprietary individual-

[1] Winning awards can facilitate access to resources (Chan et al., 2014). It can also improve the winners' career prospects in the current organization or signal their qualities to the internal labor market (Spence, 1973; Dewatripont, Jewitt, and Tirole, 1999; Neckermann and Frey, 2013). It may provide positive feedbacks on their relative performance and enhances their self-image (Bénabou and Tirole, 2002; Breza et al., 2017). It may also heighten the recipient's desire for social status and for living up to such status (Neckermann et al., 2014; Kosfeld and Neckermann, 2011). Generally, recipients of awards feel a stronger identification with their company (Akerlof and Kranton, 2005; Gallus, 2016) and are more inclined to reciprocate their company with high effort (Fehr and Schmidt, 1999; Kube et al., 2012).

[2] For example, Neckermann et al. (2014) and Bradler et al. (2016) show that winners work harder subsequently, and Gallus (2016) finds that the recipients of a randomly bestowed award choose to remain longer in the organization.

level personnel and monthly performance data between January 2013 and December 2016. During this period, the company on average employed 6,000 salespeople and recruited 800 new salespeople (rookies) in each quarter.

To assess the impacts of symbolic awards as identified above, we focus on the quarterly "Best Rookie" award, which recognizes the top ten out of all newly recruited salespeople in a quarter, based on their life insurance commission in that quarter in the company (hereafter, first quarter life insurance commission). At a company-wide meeting held at the beginning of each quarter, the top ten rookies from last quarter are invited to the stage to receive public recognition of their achievements. Their rank and the amount of their first quarter life insurance commission is posted on the board during the award ceremony. In contrast, the ranking and the amount of life insurance commission of rookies below the top ten remain unknown.[3]

Several features of this setting make it well suited to examine the effect of symbolic awards. First, the award is purely symbolic. The only formal reward for being a "Best Rookie" is the public recognition at the company-wide meeting. No pecuniary prize or special treatment in terms of promotion is associated with the award. Second, a salesperson can be a rookie once and thus be eligible for the award once. The effect of winning the award relative to losing it on rookies' subsequent performance is the ex-post effect of the award in the absence of desire for winning again in further awards. Most of the empirical papers considering the effect of awards deal with repeated award schemes. Third, the social group for each rookie can be easily defined as the team in which the rookie works. A team in the company is a group of salespeople led by one manager. Although salespeople largely work alone when selling insurance, those in the same team attend the team meeting directed by their manager frequently, during which outperformers are invited to share their selling experiences. The close interaction among teammates provide a necessary condition for the

[3]This feature of the award sets itself apart from public rank feedback, which makes public the full ranking of all participants, and not just the top performing ones.

effect of awards to spillover to non-awarded teammates. Fourth, award eligibility (i.e., rookie status) makes it clear that non-rookie teammates are not eligible for the award. If there are any spillovers to the non-rookie teammates, the spillovers should be induced by witnessing the rookies' success or failure rather than by losing the award themselves. Finally, the award scheme has been running for years before the start of our sample period, which can shed light on the functioning of awards in an established field setting.

To capture the parameter of interest, we employ a regression discontinuity (RD) design. The ideal experiment requires observing two equally accomplished rookies, only one of whom got the award; our empirical design approximates this. Specifically, we compare the subsequent performance of two rookies whose first quarter life insurance commission was close to the award threshold—one narrowly winning (barely winner), the other narrowly losing (barely loser). Barely losers may be able to infer that they barely missed the award. Therefore, the effect of award estimated with the RD design is the behavioral responses of winners *relative to* the behavioral responses of losers. However, as later findings indicate, barely losers do not change their performance much in response to losing the award designation; most of the effect occur among barely winners. To examine the spillover effect of awards on non-awarded teammates, we compare the post-award performance of teammates of barely winners and barely losers.

The validity of our identification strategy hinges on the comparability between barely winners and barely losers, as well as the comparability between their teammates. One threat to our identification is perfect manipulation by a rookie of her life insurance sales such that the commission is certain to be the top ten among all rookies in a certain quarter. Given that there were on average 800 rookies in a single quarter during our sample period, and that it was almost impossible to know others' performance precisely, perfect manipulation is unlikely to occur. To reassure, we examine baseline demographics of rookies on different sides of the cutoff. All examined outcomes change smoothly across the threshold. Another threat to our identification is differential attrition due to exit between barely winners and

barely losers in the quarter after the award designation. We examine the change in the exit rate in the quarter after the award designation, and find no discontinuity across the award threshold.

Our analysis of the effect of the symbolic award on the post-award performance of barely winners relative to barely losers yields two main findings. First, barely winners earn 1,720 CNY less in life insurance commission than barely losers in the quarter after the award designation. The difference amounts to over 27 percent of the average first quarter life insurance commission among the top 20 rookies, and implies a loss in revenue of 12,200 CNY per winner per quarter to the company (the average commission rate is 14 percent). Surprisingly, the performance difference is almost entirely driven by winners earning less than last quarter, while losers earning similar to last quarter.

Second, the data allow us to distinguish between different hypotheses that could theoretically explain the performance decrease among barely winners. One possible mechanism consistent with the above findings is the negative peer pressure on winners consequent on the award designation. According to theories on conformity (Akerlof, 1997; Bernheim, 1994), rookies who stand out from their peers by winning the award may be at risk of being socially ostracized by their peers. As a result, winners may reduce their subsequent performance to blend in with others.[4] In our case, a condition for the negative peer pressure to induce different behavioral responses right across the cutoff is performance observability within a team. If a rookie's performance is *always* observed by her teammates both before and after the award designation, winning or losing the award should not materially affect the way in which the rookie chooses to perform afterward. This is because if peer pressure is the main mechanism at work, rookies around the cutoff will give in to it regardless of the winning status, since they are similar in ability, performance, and observability. In contrast, if a rookie's performance is *not* observed by her teammates *before* the award designation, but

[4]Traditional conformity theories suggest a convergence to the norm from both above *and* below. Here, we focus on the convergence from above *to* below and call this "peer pressure", because winners in our case are always in the upper percentile of performance distribution.

only becomes observable *after* she won the award, then winning versus losing the award would affect the extent to which the rookie chooses to exert effort in later periods.

We use a rookie's rank within her team in the first quarter to proxy her initial observability in the team.[5] The rationale is as follows. If a rookie ranked top in her team in the first quarter, she probably already enjoyed a lot of mentioning by her manager in team meetings, intense attention from teammates, and high observability in her team. Winning the award does not add to the observability much. However, suppose a rookie ranked low in her team and no one cared who she was to begin with. Then, the managers' mentioning and teammates' attention induced by the award designation is likely to increase substantially for winners than for losers, and the observability will also increase substantially for winners than for losers. Consistent with this conjecture, we find that the difference in the post-award performance between barely winners and barely losers is larger among rookies who ranked low within a team in the first quarter. In contrast, no significant difference exists in subsequent performance between barely winners and barely losers among rookies who ranked high within a team before the award designation.

We propose and find evidence against several alternative explanations for the above findings. We first provide evidence that is inconsistent with the learning story in which winners positively update their belief about own ability and adjust effort downward, while losers do not. We then present results against the signaling story in which winners use the award to signal high ability to outside firms and leave the job for better outside options. Barely winners do not drop out earlier than barely losers after the award designation. In addition, effort reallocation on observable tasks does not seem to be at work. Barely winners who slack on selling life insurance do not perform better on other main tasks, such as selling short-term insurance and referring new salespeople to the company. Moreover, effort reallocation on unobservable tasks, such as human capital accumulation for better future performance, does

[5] A team includes both rookies and non-rookies. So even a rookie is top ten among all rookies in a quarter, she does not necessarily rank top in her own team.

not seem to be operative either. If anything, winners' highest rung reached on the job ladder is lower than losers', which suggests that winners have worse future performance than losers. The above findings are also hard to reconcile with simple mean reversion and income targeting, given the RD design. It is unlikely that barely winners just above the award threshold reverse back to mean and have income target, while barely losers right below the threshold do not. Finally, there are other alternatives which cannot be tested with the data at hand. We resort to qualitative survey to shed light on them.

Our analysis of the effect of symbolic awards on the peers of winners and losers yield the following findings. First, no spillover effect is found among general teammates. The role model effect of winners on teammates, as the management would hope for, does not seem to exist. Second, we find that junior salespeople in teams led by low-level managers perform better subsequently when they have winning rookies in their team than when they do not, whereas more experienced salespeople or those in teams directed by high-level managers are not affected. The disparity may be due to two reasons. The first is that the sense of belonging to a social group may affect the realization and magnitude of peer effect (Gioia, 2017; Lewis et al., 2012). As junior salespeople and rookies are all relatively new to a team, they are perceived as a reference group for one another. The second reason is that low-level managers organize team meetings more often than high-level managers, thus providing more opportunities for award winners and non-awarded teammates to interact.

The present paper aims to make several contributions. First, it contributes to the literature on non-pecuniary symbolic awards by empirically demonstrating the first negative ex-post effect of symbolic awards on the *incentivized* behaviors among winners relative to losers. Most of the literature records positive ex-ante incentive effect (Kosfeld and Neckermann, 2011; Ashraf et al., 2014; Gubler et al., 2016) and positive ex-post effect on workers' productivity (Neckermann et al., 2014; Bradler et al., 2016) and on the retention rate (Gallus, 2016). To our knowledge, Gubler et al. (2016) is the only paper that touches on the negative ex-ante effect of symbolic awards in the workplace. They find that an attendance

award induced strategic gaming behavior centered on the eligibility criteria and negative spillovers on *un-incentivized* behaviors.[6][7]

Our findings are closely related to the negative effect of public rank feedback.[8] Blader et al. (2016) speculates that negative peer pressure may be the explanation for their findings that a public rank feedback induces negative effect in work sites encouraging teamwork and collective effort but positive effect in places without the encouragement. Asharf (2017) explicitly examines negative peer pressure as one mechanism causing negative effect on workers who outperform their friends in a factory setting. A major difference between our settings and theirs, also more generally a major difference between symbolic award and public rank feedback, is that public rank feedback makes public the ranking for all participants whereas symbolic award only reveals the ranking and performance of the very top performers. The information set available to individuals and the degree of social recognition in the two schemes can be very different.

This paper also contributes to the literature on peer effect in the workplace. Empirical evidence on whether symbolic awards for one worker affect her peers in a firm setting is scarce. One reason is that data on hierarchical relationships are hard to obtain (Smeets, Waldman, and Warzynski, 2017) and that "peer group" can be difficult to define. Another reason is that symbolic awards usually do not have eligibility requirements other than those regarding performance. In the absence of such a clear eligibility requirement, the peer effect is a mixture of behavioral changes from losing the award *and* from witnessing other workers' success, which have different implications. In this paper, we exploit a dataset with a clear definition of "peer group" and award eligibility, and document a nil effect on average and a

[6]In the study by Gubler et al., award winners had a chance of getting a small amount of cash reward, so the award might not be categorized as strictly symbolic.

[7]There is much more evidence on the negative effect of monetary awards. Findings in Lepper and Green (1978) and Gneezy et al. (2011) suggest that monetary awards can lead to dysfunctional consequences. Workers' strategic gaming of monetary reward systems to increase their chance of winning monetary awards can harm the organization (Kerr, 1975; Obloj and Sengul, 2012; Larkin, 2014). Moreover, monetary awards, more than symbolic awards, may crowd out intrinsic and other non-reward-based motivation (Frey and Gallus, 2017).

[8]Please refer to Ashaf (2017) for a review of recent papers on public rank feedback.

positive effect on non-awarded teammates who are more susceptible to the success of others in the same team.

The remainder of the paper is organized as follows. Section 2 describes the organizational background and the data structure. Section 3 outlines the empirical strategy and identifying assumptions. Section 4 demonstrates how the non-pecuniary symbolic award affects winners and losers. Section 5 presents the effect of awards on the teammates of winners and losers. Section 6 concludes.

2. ORGANIZATIONAL BACKGROUND AND DATA

2.1. Organization Background

The organization. The setting for our quasi-experimental design is the largest branch of a leading insurance firm in China (hereafter, we use "the company" to refer to the branch of this insurance firm). During the sample period, January 2013 to December 2016, the company made a total of 23 million CNY in insurance commission and employed more than 20,000 salespeople in total (at least had 4,000 salespeople in a single quarter).

The salary scheme in the company is such that salespeople have no basic salary and earn income mainly from their own insurance commission and bonuses. Salespeople can sell two types of insurance products: life insurance and short-term insurance. Life insurance covers the insured person for the whole of life and pays out to the beneficiary upon the death of the insured. Short-term insurance offers cover only for a short period of time and pays out for various prearranged contingencies. For life insurance, the insurance premium is paid annually according to an arranged schedule over a contract period; the responsible salesperson earns a predetermined percentage of the annual premium paid in each year. In the rest of the paper, "life insurance commission" refers specifically to the life insurance commission earned in the first year of a contract, rather than the recurring insurance commission earned in later years. For short-term insurance, the premium is paid in a lump sum when the contract is signed; the responsible salesperson earns a one-time commission as a predetermined percentage of

the lump-sum premium (hereafter, other insurance commission). There are various types of small bonuses in the company, such as a non-linear bonus based on the amount of new insurance sales and a bonus for referring new salespeople (referral) to the company.[9] For an average salesperson, 75 percent of the monthly salary is from insurance commission, of which life insurance commission accounts for more than 60 percent; the rest is from bonuses.

The company has a clearly stated and easily quantifiable promotion algorithm. For our purpose, there are mainly two rungs on the job ladder in the company – salesperson and manager.[10] Salespeople are assessed at the beginning of each quarter based on their performance in the previous quarter. For example, performance in January through March is evaluated at the beginning of April. The promotion algorithm is based on two metrics: the salesperson's life insurance commission and the number of new referrals. Salespeople will be promoted to the next rung on the job ladder if their last quarter life insurance commission and number of new referrals are both above the rung-specific threshold; they will be demoted if their last quarter performance is below certain basic requirement. Salespeople invariably make every effort to understand the promotion algorithm, as this is the only way they can be promoted. Out-of-algorithm promotion is strongly discouraged and rarely occurred during the sample period.

Managers are responsible not only for selling insurance but also for managing subordinates in their teams. The group of salespeople directly overseen by a manager is referred to as the manager's team. A team is formed by referring new salespeople.[11][12] Although salespeople mainly work alone when selling insurance outside of their offices, they regularly interact with their teammates in the team meetings. In a typical meeting, managers will praise the

[9]To ensure confidentiality, the actual bonus scheme and insurance commission scheme are not disclosed in this paper.

[10]There are multiple sub-rungs within the job title "salesperson" and the job title "manager".

[11]For instance, salesperson A referred salesperson B into the company. If A is already a manager leading a team, B joins A's team and is supervised by A. If A is not a manager yet, B also joins A's team and is supervised by A's manager. When A later becomes a manager, B will switch to the team directly led by A.

[12]Such non-random assignment of teams does not invalidate our RD design to examine the effect of awards, as long as the winning status of the award is quasi-randomly assigned around the award threshold and no differential attrition rate across the threshold.

salespeople who made large deals in the previous week or so and invite them to share their experience. This close interaction provides a necessary environment for one salesperson's success to affect her teammates.[13]

The "Best-Rookie" award. The company implemented a quarterly award program to recognize newly recruited salespeople (rookies) during each quarter, starting from the early 2000s. Based on conversations with the management, the award was set up to encourage outstanding new recruits to keep working hard and to act as role models for their peers. The company ranks the rookies based on their life insurance commission in their first quarter in the company. At the beginning of the second quarter after their entry, the top ten among all rookies are presented with the "Best Rookie" award at a company-wide meeting in front of all employees. In contrast, the ranking of rookies who are not among the top ten remain unknown. From here on, *quarter t* represents the first quarter when a rookie is in the company, and *quarter t+*τ represents the τth quarter after the rookie's first quarter in the company. Since the award is based on the performance in *quarter t*, we assign *quarter t* as the timing for variables associated with the award designation, even though the award is physically handed out in the beginning of *quarter t+1*.

The award is purely symbolic. It does not come with monetary prizes and it does not factor into the promotion algorithm in the company. The award is also non-repeated, since only rookies are eligible for the award and one salesperson can only be rookie once.

2.2. Data Source and Sample Construction

The company provided us with the proprietary data used in this study. The data include all the salespeople ever employed in the company between January 2013 and December 2016. The data consist of four key parts:

1. Individual monthly performance, including insurance commission (by detailed cate-

[13]While salespeople may have a rough idea of who the premier performers in their teams are, they typically do not know the exact amount of one another's insurance commission. Asking other's income is publicly discouraged in the company.

gories), total income, and the number of new referrals. Since the award is given on a quarterly basis, all performance was aggregated to the quarterly level.

2. Personal information, including a unique identifier for each salesperson, her gender, age, years of education, urban status, home address, contract start date, and contract end date. Urban status is one if a salesperson mainly sells insurance in urban areas, and a zero if she mainly sells in rural areas. The contract end date for a salesperson is the last day of the month after which she does not appear in the data anymore.[14]
3. Hierarchical information, including the unique identifier for salespeople's direct managers, referrers, teammates, and subordinates. Salespeople are defined to be in a particular team in a quarter if they share the same direct manager in that quarter.
4. A list of the winners of the "Best Rookie" award in each quarter. The list matches up perfectly with a list generated by the authors based on the ranking of raw data on the quarterly life insurance commission.

Two samples are used for our analysis. The first sample is for analyzing the effect of the award designation on the subsequent performance of the winners and losers. For rookies hired in each quarter, we merged them with their personal information, hierarchical information, performance and rank in that quarter, and performance in all subsequent quarters, by their unique identifiers. There were 13,163 quarterly rookies during our sample period. Since we are interested in the effect of award on subsequent performance, we excluded all rookies entering the company in the fourth quarter of 2016 (the end of our sample period). We were left with 11,194 rookies and 151 winners in 15 award periods.[15] For the same reason, we further required the rookies to stay in the company for at least two quarters. This left us with 10,996 rookies and 151 winners. We then calculated the optimal IK bandwidth (Imbens and Kalyanaraman, 2012), using the running variable based on standardized first

[14]We cannot identify the contract end date for a salesperson who leaves the company after the end of our sample period.

[15]The additional one rookie is due to a tied rank in the fourth quarter of 2014.

quarter life insurance commission. For the RD regression, we focus on the rookies who are within the optimal IK bandwidth (the main RD sample).[16] The main RD sample consists of 1,837 rookies and 115 winners. Table 1 Panel A displays the summary statistics for the main RD sample. One thing worth pointing out is that 67 percent of rookies are female in this company, which is a norm in insurance industry in China. Another thing to be noted is that the average highest education level attained is some college. Selling insurance is a job with no requirement on post-secondary education, and salespeople with college degree selected into this industry should not be viewed as similar to general college graduates. On average, the rookies earn 2,470 CNY in life insurance commission in their first quarter in the company and 2,110 CNY in the second quarter.[17]

The second sample in our paper is for examining the effect of the award designation on the subsequent performance of winners' and losers' teammates. We first identified the rookies who earned the highest life insurance commission of all the rookies in a team in their first quarter, and who are also within the IK bandwidth used for the main RD sample. We consider these rookies' winning or losing the award designation as the source of impact, and refer to these rookies as "participants". The rationale is that the peer effects, if any, should come from the best rookie within each team. We then identified the *non-rookie* teammates of these participants in the participants' first quarter in the company. This process yielded 14,661 unique salespeople. We further restricted the sample to be salespeople who remained in the company in the quarter after the award designation of their rookie teammates. This left us with 8,214 unique salespeople in 391 teams (the peer sample). As shown in Table 1 Panel B, around 60 percent of the salespeople in the peer sample are female, and the average education is some college. On average, they earned 2,210 CNY in life insurance commission

[16] Standardized Commission$_{i,t} = \frac{commission_{i,t} - avg(commission_t)}{se(commission_t)}$. Running variable = standardized commission - standardized commission at 10th rank. The findings are robust to using discrete rank as the running variable. Results based on discrete rank are available upon request.

[17] Table A1 Panel A reports the summary statistics for the full rookie sample without the bandwidth restriction.

in their first quarter in the company and 2,320 CNY in the second. These averages are not significantly different from those calculated from the main RD sample.[18]

3. EMPIRICAL STRATEGY

In this section, our empirical strategies and their identifying assumptions are explained. We first employ an RD design to study the impacts of the symbolic award on the subsequent performance of winners and losers, using the main RD sample. The specification is as follows:

$$\begin{aligned} Y_{i,t+\tau} = \beta_0 + \beta_1 Win_{i,t} + \beta_2 f(StdCommission_{i,t} - Cut_t) \\ + \beta_3 Win_{i,t} \times f(StdCommission_{i,t} - Cut_t) + \beta_4 X_{i,t+\tau} + \alpha_{t+\tau} + \epsilon_{i,t+\tau}, \end{aligned} \tag{1}$$

where $Y_{i,t+\tau}$ is the outcome of interest for rookie i in the τth quarter after her first quarter in the company (quarter t), such as life insurance commission, other insurance commission, the number of new referrals, and so on. τ equals 1 for our main regressions, as we are most interested in the immediate effect of the award designation on rookies' performance in the next quarter. We extended τ when we analyzed the performance dynamics. $Win_{i,t}$ equals 1 if i's life insurance commission in t is in the top ten among all rookies, and 0 otherwise. $StdCommission_{i,t}$ is the standardized life insurance commission in quarter t, calculated by subtracting a rookie's raw life insurance commission by the average life insurance commission of all rookies in quarter t and dividing the difference by the standard deviation of life insurance commission of all rookies in quarter t. The running variable is $StdCommission_{i,t} - Cut_t$, namely the difference between a rookie's standardized life insurance commission and the standardized life insurance commission at the award threshold (rank tenth) in quarter t. We use the standardized commission for running variable construction, so that we could compare rankings across quarters. We also include the interaction between

[18] Table A1 Panel B presents the summary statistics for the full teammate sample without the IK bandwidth restriction.

$Wint_{i,t}$ and $StdCommission_{i,t} - Cut_t$ to allow different slopes of $StdCommission_{i,t} - Cut_t$ on the two sides of the award threshold. $X_{i,t+\tau}$ is a vector of control variables for i measured in $t+\tau$, including gender, age, age squared, urban status, and years of education. $\alpha_{t+\tau}$ is the quarter-by-year fixed effects, controlling for time-varying common shocks to the company in each quarter of each year. $\epsilon_{i,t+\tau}$ is the error term. The regression is estimated using local linear regression with triangular weights and IK bandwidths (Lee and Lemieux, 2010). All standard errors are clustered at the team level, defined by having same direct manager. β_1 is the coefficient of interest. It measures the impact of the non-pecuniary symbolic award in quarter t on the performance of barely winners relative to barely losers in quarter $t+\tau$.

One threat to our identification is perfect manipulation, a situation in which a rookie can perfectly manipulate her life insurance sales so that the commission is certain to rank in the top ten among all rookies. Given that there are on average 800 rookies recruited in a single quarter and that there is no systematic way to know other salespeople' performance in the company, perfect manipulation is unlikely to occur. In addition, since subsequent performance data are not available for rookies who leave the company immediately after the award designation, a similar threat to validity is that the designation causes a differential attrition around the award threshold. We provide evidence in the RD validity section that this is not the case.

Besides the above direct effect of the award designation on winners relative to losers, we also examine how the teammates of winners change their subsequent performance relative to those of losers. To conduct this analysis, we estimate the following regression using the peer sample:

$$\begin{aligned} Y_{j(i),t+\tau} = \gamma_0 + \gamma_1 Win_{i,t} + \gamma_2 f(StdCommission_{i,t} - Cut_t) \\ + \gamma_3 Win_{i,t} \times f(StdCommission_{i,t} - Cut_t) + \gamma_4 X_{j(i),t+\tau} + \alpha_{t+\tau} + \epsilon_{j(i),t+\tau}. \end{aligned} \tag{2}$$

where $Y_{j(i),t+\tau}$ is the outcome of interest for teammate j of participating rookie i in the τth quarter after the award designation for i in quarter t. $X_{j(i),t+\tau}$ is a set of control variables

for j measured in quarter $t+\tau$, including gender, age, age squared, urban status, years of education, job ladder, and tenure. Unless otherwise noted, all else remains the same as in regression (1). γ_1 is the coefficient of interest, which measures the impacts of award designation on participating rookies' teammates when the rookies won the award relative to when they did not. As long as rookies cannot manipulate their life insurance in such a way as to be certain of top ten and there is no differential exit rate for both rookies and their teammates around the award threshold, the RD design will identify the local average treatment effects for teammates. The non-random team formation does not affect the causality of our results, because teammates of participating rookies were determined before each award designation

4. EFFECT ON WINNERS AND LOSERS

4.1. Validity of RD

In this section, we test the identifying assumptions of our RD design. We show that the exit rate in the second quarter, the demographics, and the baseline performance all change smoothly across the award threshold of the "Best Rookie " award (i.e., the tenth rank's standardized life insurance commission).

First, the difference between barely winners and barely losers with regard to the probability of exiting the company in quarter t+1 is not significant and very small in magnitude (Table A2 column (1)). A differential exit rate due to the award designation does not seem to occur.

Next, we examine the baseline characteristics of the rookies, such as age, gender, education, urban status, and the number of working days in the first quarter. As is shown in Figure 1, all characteristics change smoothly across the award threshold. These results indicate that barely winners and barely losers are comparable to one another in terms of baseline characteristics. The corresponding regression results are reported in columns (2)-(6) of Table A2. The small and insignificant coefficients on Win dummy confirm the findings

from the RD graphs.

Finally, we run a placebo test using rookies' life insurance commission in their first quarter in the company as outcome. Since the running variable is an affine transformation of the outcome, the non-existence of discontinuity at the award threshold is almost mechanical. Nonetheless, we still present the RD plots and regression results in Figure A1 Panel A and Table A3 column (1), respectively. The slope of the fitted line in the RD plot differs slightly across the award threshold. This is because we winsorized all pecuniary outcomes at the 1 percent level to reduce the influence of outliers. The key takeaway is that there is no discontinuous jump or dip in outcome across the cutoff. We also use other performance in rookies' first quarter in the company as outcomes, such as other insurance commission, the number of referrals, and total income. Figure A1 and Table A3 show that none of the placebo outcomes exhibits a significant discontinuity at the award threshold.

4.2. Main Results

We next discuss the effects of the award on the subsequent performance of barely winners relative to barely losers. Figure 2 displays the life insurance commission earned by barely winners versus barely losers in the quarter following the award designation.

The slope of the fitted lines on both sides of the award threshold is positive. This observation corresponds to the fact that rookies with higher ability in selling life insurance are ranked higher during their first quarter in the company. However, in the proximity of the award threshold, barely winners' subsequent life insurance commission is, surprisingly, lower than barely losers'. Table 2 reports the corresponding regression results. Our preferred specification in column (3) shows that barely winners' life insurance commission in the quarter following the award designation is CNY 1,720 lower than barely losers', which amounts to more than 27 percent of the baseline mean among the top 20 rookies. Given the average commission rate of 14 percent, this difference also implies a loss in revenue of CNY 12,200 per winner per quarter. The estimate decreases only slightly as we change the controls from column (1) to (3). In Tables A4 and A5, we report results estimated with

various bandwidths and local polynomial with degree two, respectively. The magnitude of RD estimates varies from -2 to approximately -1.5 as the bandwidth increases from 2 to 3.5. By using local quadratic regression, we find that our conclusions remain unchanged.

However, the above results are relative between barely losers and barely winners in a cross-sectional sense. The discontinuity may result from winners slacking, losers working harder, or both. To interpret the results and to shed light on the underlying mechanisms, it is crucial to know whose behavioral changes are the driving force for the discontinuity. We thus plot the level of change and the percentage change in the life insurance commission from rookies' first quarter to the following quarter in Figure 3 Panels A and B, respectively. The change in life insurance commission among barely winners is large and negative in both the level and the percentage.[19] In contrast, the change among barely losers centers tightly around zero. We further regress the change in life insurance commission on a constant without any controls in sub-sample with only barely winners or barely losers, with triangular kernel and standard errors clustered at the team level. The estimated constants can be understood as the average change in life insurance commission in each sub-sample. Table 3 shows that both the level and the percentage change in life insurance commission among barely winners are significantly more negative than those among barely losers. The average change among barely losers are not significantly different from zero.[20] These findings suggest that the discontinuity in the post-award life insurance commission between barely winners and barely losers is mostly driven by winners slacking off, not by losers working harder! In other words, barely winners respond by lowering their life insurance commission, while barely losers do not seem to respond to the loss of the award title.

What could be the mechanisms underlying the surprising drop in barely winners' subsequent performance? One possible mechanism consistent with the above findings is the

[19]Note that some dots on the far right (namely, winners who earned very high life insurance commission in their first quarter) are above zero. However, since the sample size on the far right is very small and the precision is low, we restrain from over-interpreting this positive change in life insurance commission.

[20]As we did not control for running variables in these regressions, the estimates should not be interpreted as causal.

negative peer pressure on winners triggered by the award designation. According to theories on conformity (Akerlof, 1997; Bernheim, 1994), rookies who stand out from their peers by winning the award may be at risk of being socially ostracized by their peers. As a result, winners may reduce their subsequent performance to blend in with others.

In our case, a condition for the negative peer pressure to induce different behavioral responses right across the cutoff is performance observability within a team. If a rookie's performance is *always* observed by her teammates both before and after the award designation, winning or losing the award should not materially affect the way in which the rookie chooses to perform afterward. This is because if peer pressure is the main mechanism at work, rookies around the cutoff will give in to it regardless of the winning status, since they are similar in ability, performance, and observability. In contrast, if a rookie's performance is *not* observed by her teammates *before* the award designation, but only becomes observable *after* she won the award, then winning versus losing the award would affect the extent to which the rookie chooses to exert effort in later periods. We use a rookie's rank within her team in the first quarter to proxy her initial observability in the team.[21] The rationale is as follows. If a rookie ranked top in her team in the first quarter, she probably already enjoyed a lot of mentioning by her manager in team meetings, intense attention from teammates, and high observability in her team. Winning the award does not add to the observability much. However, if a rookie ranked low in her team and no one cared who she was to begin with. Then, the managers' mentioning and teammates' attention induced by the award designation is likely to change her observability substantially compared to losers'.

We thus split our sample into rookies who ranked top three in first quarter life insurance commission within their teams (high-rank) and those who ranked fourth and below (low-rank). In Figure 4, we plot the RD graphs using the subsequent life insurance commission as outcome for the high-rank sample and the low-rank sample separately. Consistent with

[21] A team includes both rookies and non-rookies. So even a rookie is top ten among all rookies in a quarter, she does not necessarily rank top in her own team.

our conjecture, the graph using the high-rank sample does not have discontinuity at the award threshold (Panel A), whereas the graph using the low-rank sample does display a visually observable discontinuity at the threshold (Panel B). Table 4 reports the corresponding regression results. High-rank barely winners do not perform differently from high-rank barely losers (column (1)). On the other hand, low-rank barely winners earn 2,970 CNY lower in subsequent life insurance commission than low-rank barely losers (column (2)). The difference in the RD estimates between the two sub-samples is statistically significant at convention level (column (3)). In Table A6, we split the regression sample using various cutoff ranks, and the results remain qualitatively similar to those in Table 4.[22]

We then run a placebo test using the first quarter life insurance commission as outcome in the two sub-samples. As shown in Table 5, no significant discontinuity exists at the award threshold in either sample.[23] We further examine whether the baseline demographics and the probability of being in one sub-sample versus the other change discontinuously across the award threshold in each sub-sample. None of the above variables show discontinuous changes in either sample (Table A7).

The above findings are in the same spirit as the negative peer pressure documented in Bursztyn and Jensen (2015), though we focus on the ex-post effect of awards, whereas they focus on ex-ante incentive effects. One finding in their paper is that top-performing students decreased their efforts in an online school course when the list of top students became public information. Their setting features relatively immature students whose cost of low investment in education will not realize until many years later. Our setting features mature adult workers whose cost of reducing performance is immediate in a real firm setting. It is a priori unclear whether it is ever possible for mature workers to reduce performance to avoid social penalties. Our findings appear to indicate that even mature adults may give in

[22]One point worth mentioning is that the fact that no discontinuity between barely winners and barely losers exists in the high-rank sample does not mean that their performance remained unchanged from their first quarter to the subsequent quarter. It only means that the change, if any, is not significantly different between the barely winners and barely losers.

[23]Figure A2 is the corresponding RD graph.

to negative peer pressure and when the cost of doing so is immediate.

A natural question that follows is why there are still rookies whose first quarter life insurance commission ranks top within a team. In other words, if rookies really care about not standing out, why do they not adjust their performance down so as not to rank top within a team? Our explanation is that rookies' ability to adjust their performance depends on when they earn most of the life insurance commission. Rookies whose life insurance commission is mainly concentrated in the first two months of their first quarter may have time to lower their performance before the first quarter ends. In contrast, rookies who earn most of their life insurance commission in the third month of their first quarter do not have enough time to do the same. In Table 6, we split the high-rank sample into two groups. Column (1) includes salespeople whose third-month life insurance commission accounts for more than one-third (one-half) of the total commission in the first quarter if they join the company in the first (second) month of the quarter. The other salespeople are included in column (2). Consistent with the above conjecture, barely winners perform worse than losers among the rookies who earned most of their life insurance commission in the third month of their first quarter. It is not, however, the case for top-rank rookies who were already outperforming their teammates at the beginning of the first quarter.[24]

We also examine other heterogeneities in the negative impact of award designation on winners relative to losers. In Table A8, we show that barely winners who stayed in the company for less than 50 days in their first quarter earn over 4,000 CNY less in quarter t+1 life insurance commission than barely losers with similar first quarter duration. This difference is significantly larger than the difference between barely winners and barely losers who stayed in the company for more than 50 days in their first quarter.[25] One explanation is that teammates' disutility and thus peer pressure from rookies winning the award, if anything, might be stronger for rookies who just entered the company than rookies who have

[24]In untabulated results, we show that the probability of being in one sub-sample versus the other does not change discontinuously across the award threshold.

[25]50 days is the median duration of all rookies in their first quarter in the company.

stayed in the company for several months. In Table A9, we also show that the difference in quarter t+1 life insurance commission between barely winners and barely losers who live close to their teammates (average distance $\leq$ 5 miles – the median distance in the sample) is triple the size of the difference between the two groups who live farther from their teammates. The rationale is that teammates' disutility from rookies winning the award might be stronger for rookies who live closer to their teammates than those who live farther.

In Table A10, we present the heterogeneity by rookies' gender and the gender composition of their teams. Table A10 column (1) and (2) show that the difference between quarter t+1 life insurance commission for female winners and female losers is not significantly different from that between male winners and male losers, though the magnitude of the former is larger than the latter. Table A10 column (3) and (6) further show that winners earn over 2,000 CNY lower than losers in quarter t+1 life insurance commission among rookies whose gender is different from the dominating gender of their teams. This performance difference is larger in magnitude than the performance difference between winners and losers with same gender as the dominating gender of their teams (columns (4) and (5)). But again, the two estimates are not statistically different due to small sample size. In sum, the relationship between rookies' gender and the gender composition in their teams seems to matter more than rookies' gender per se for winners' decrease in performance.

4.3. Alternative Mechanisms

Although we do not have a clean and tailored experiment to isolate negative peer pressure as the underlying driving mechanism, we can provide evidence against several alternative explanations.

Learning. Learning is one salient alternative to explain the above results. Comparing oneself with one's teammates is an easy way to gauge one's ability in the whole company without knowing the company-wide rankings. Suppose there is a rookie (A) who ranks low in her team in the first quarter. She may wrongly perceive her ability to be low not only in the team but also among all rookies, and work harder than what she would have done had

she known her true relative ability. After winning the award, she may update her ability positively and adjust down her effort. On the other hand, for a rookie (B) who ranks high in her team in the first quarter, she is likely to perceive her ability to be higher among all rookies than what A perceives. Therefore, winning the award induces a smaller belief update about ability and hence smaller change (decrease in this case) in effort for B than for A.[26]

If adjusting effort due to belief update is the main mechanism at work, winners who are better at estimating their ability among all rookies should have smaller belief update from winning, and hence smaller change in effort. One way to proxy the ability of estimation is whether the rookie has teammates who were past winners of "Best Rookie Award". Therefore, we split the regression sample by whether the rookie is in a team with at least one teammate who was "Best Rookie" in the previous two quarters, three quarters, or four quarters, and repeat the main RD regression separately in each sub-sample. Results in Table 7 indicate that barely winning rookies in teams *with* previous winners slack at a similar magnitude as those in teams *without* previous winners, compared to their barely losing counterparts.[27] This finding is inconsistent with what learning would have predicted.

Signaling. Barely winners may use the certificate from the "Best Rookie" award to signal their high ability to outsiders in the hope of landing a better job. Since searching for external options takes time, these winners scale back the time they spend on selling life insurance and thus earn less commission. If this is indeed the case, the exit rate for barely winners should be higher in the quarters immediately following the award designation. However, Table 8 columns (1) through (6) show that no significant difference exists in the cumulative exit rate between barely winners and barely losers by each quarter during the one and a half years after the award designation. Barely winners and barely losers do not differ in total tenure

[26]Since the rankings among losers are unknown and losing the award is expected among most rookies, it is hard to predict ex-ante how much and in what direction losers will update their belief about ability and adjust their effort. However, given the empirical findings that losers do not change their performance much after the award designation, their belief update and change in effort might be small.

[27]Note that the total number of winners during our sample period is small. Therefore, the number of rookies with previous winners is also small, and the precision of estimates in these sub-samples is low.

in the company either (Table 8 column (7)).[28]

Effort reallocation on observable tasks. Salespeople have three main tasks in the company: selling life insurance, selling short-term insurance, and referring new salespeople (referral) to the company. They have incentives to do well in all three tasks.[29] It is possible that winning the award signals to winners that they are overshooting their target in selling life insurance. They may increase their efforts in other aspects of the job by lowering their efforts in selling life insurance, if an effort trade off exists between different tasks. If such effects were present, we might expect barely winners to earn more in short-term insurance commission or refer more new salespeople to the company in the subsequent quarter. However, as shown in Table 9 and Figure 5, this is not the case. Not only do barely winners perform no better in selling short-term insurance or referring new salespeople, but they also make significantly less income in the subsequent quarter.

Effort reallocation on unobservable tasks. While barely winners may not do better in the observable job perspectives, they may invest time in unobservable tasks, such as on-the-job training, for better future performance. Since the turnover rate in the company is quite high, endogenous drop-out may bias our results if performance in a certain period long after the award is used as outcome. Therefore, we use salespeople's highest rung on the job ladder reached before leaving the company and the probability of ever being promoted to manager level as indicators for their future overall performance in the company. The implicit assumption is that salespeople who perform well, in a fairly general sense, are more likely to stay in the company and get promoted, and thus end up higher up on the job ladder. If multi-tasking on unobservable tasks were to be the underlying mechanism, we might expect

[28] We cannot observe the salespeople once they leave the company, so we are unable to examine how they fare in the external labor market. And also we are not able to pin down the tenure for salespeople who leave the company after the end of our sample period.

[29] First, the promotion system in the company is such that salespeople need to make a certain amount of life insurance commission as well as notch up a certain number of referrals to be promoted to the manager level. Second, although the company prefers sales of life insurance for its high total premium, it is notably harder and takes longer for salespeople to sell life insurance than to sell short-term insurance. If a salesperson wishes to make quicker and easier cash, she may prefer selling short-term insurance to life insurance.

to see barely winners perform better than barely losers in the above indicators. However, Figure 6 shows that barely winners perform no better, if not worse, in both outcomes, as indicated by the always lower intercept on the right than on the left of the award threshold. Corresponding regression results in Table 10 confirm that barely winners' highest rung on the job ladder reached before leaving is significantly lower than barely losers' (column (1)). Such lower rung cannot be explained by barely winners dropping out earlier, as barely winners and barely losers stay in the company for similar amount of time (Table 7 column (7)).

Manager attention. Managers may push rookies hard in the first quarter to increase the chance of having a "Best Rookie" in their teams. Once the award is announced, managers may stop pushing the winners, but may keep pushing the losers. As a result of the decreased monitor, winners slack. However, since part of managers' income depends on their subordinates' performance, and winners are likely to be strong earners and "cash cow" for the managers, managers will hurt their own take home income by decreasing their monitor on winners.

Mean reversion and similar mechanisms. Mean reversion is unlikely to explain our results. First, there is no explicit protocol in the company that assigns harder-to-sell regions to good performers. Second, the rank is based on three months of performance, so any randomness or luck is likely to have balanced out, and statistical or incidental mean reversion is unlikely. Third and most importantly, given the RD design, mean reversion has to be a very specific type to explain our findings – only rookies who are right above the cutoff reverse to mean while those right below do not, which is not so plausible. Similarly, income targeting and any other mechanisms that should apply to rookies equally on both sides of the award threshold will be also be ruled out by the RD design.

Finally, the decrease in the performance among barely winners can still be consistent with explanations other than negative peer pressure. For example, once the award has been designated, coworkers may tend to help winners less or even begin to sabotage winners, which result in winners' decreased performance. Also, winners may just rest on their laurels

and slacken their efforts (Neckermann et al., 2014). Unfortunately, owing to the limitations of our data and the lack of a tailored experimental design, we are not able to rule out these alternative explanations. We plan to survey the salespeople in the company to shed light on these alternatives.[30]

4.4. Performance Dynamics

So far, we have shown that barely winners perform significantly worse than barely losers in life insurance commission in the quarter after the award designation. We now explore how the difference between the two groups changes across time.

First, we examine the dynamics of monthly performance in the first quarter after the award designation. Table 11 reports the cumulative earnings by month in the quarter. Barely winners' life insurance commission is already 965 CNY lower than barely losers in the first month after the designation (column (1)), which amounts to over 55% of the total difference between the two groups in the first quarter. The difference between the two groups keeps increasing in the subsequent months but at a lower rate (columns (2)-(3)). The results suggest that barely winners respond to the award designation fairly quickly, and the level of response decreases later on. This observation is consistent with the conjecture that negative peer pressure, if any, should be the strongest right after the award designation and wanes as time goes on.

Second, we study the dynamics of quarterly performance in a longer period of time after the award designation. Table 12 reports the difference between the life insurance commission of barely winners and barely losers in the first (t+1) to fourth quarter (t+4) after the award designation. The difference in performance between the two groups is no longer significant after quarter t+2, although the estimates remain negative throughout (Table 12 columns (3)-(5)). One caveat of the above analysis is the shrinking sample size from quarter t+1 to

[30]In untabulated results, we repeat all the above regressions with the optimal IK bandwidth selected using the actual outcome of each regression, rather than the 2.75 selected using the life insurance commission in quarter t+1 as outcome. The results are similar to the above. All the above conclusions remain unchanged.

quarter t+4 due to salespeople's endogenous drop out. This self selection of dropping out may bias our estimates, so we do not interpret the above estimates as the causal effect of barely winning relative to barely losing on the subsequent performance.[31]

5. EFFECT ON PEERS

In this section, we first examine the identifying assumptions regarding the RD design among the peer sample. Then, we will discuss the spillover effect and its heterogeneity among peers with different characteristics.

To test the identifying assumptions of the RD design, we examine the baseline characteristics of the teammates of the participating rookies, such as age, gender, education, urban status, rung on the job ladder, and firm tenure in the rookies' first quarter in the company. As Figure 7 shows, all characteristics change smoothly across the award threshold. The corresponding regression results are reported in Table A11. None of the coefficients is statistically significant at the conventional level. Teammates of participating rookies do not seem to be different in baseline characteristics on the two sides of the award threshold. We also use the performance in quarter t as outcomes. No significant difference is found between teammates of winning rookies and those of losing rookies (Table A12).

Figure 8 displays the RD plots using the life insurance commission of participating rookies' teammates in the quarter after the award designation as outcome. The fitted lines on the two sides of the award threshold connect tightly to each other at the threshold. Table 13 reports the corresponding regression estimates. All the coefficients are very small in magnitude and not statistically different from zero. Teammates of barely winning participants do not seem to perform significantly differently in life insurance commission from those of barely losing participants in the quarter after the award designation. Table A13 reports the results on other performance measures, such as other insurance commission and number of

[31] In untabulated results, we show that the RD estimates from sample with only rookies who remain in the company till quarter t+4 are quantitatively similar to above.

new referrals. Again, the RD estimates are small and insignificant.

In all, we do not find a spillover effect of award designation for participating rookies on their teammates. The role model effect of winners on teammates, which is what the management of the company evidently hope for, does not appear to exist.

Next, we discuss the heterogeneity of spillover effect to teammates in different types of teams. As barely winning and barely losing participants are all rookies, junior salespeople within the same team may be more likely to respond to the rookies' success and failure. This is because the sense of belonging to a social group may affect the realization and magnitude of peer effects (Gioia, 2017; Lewis et al., 2012). Since junior salespeople and rookies are all relatively new to a team, they may be perceived as the reference group for one another. In contrast, senior salespeople in a team may be less affected by the rookies' success and failure, as they may be perceived to be very different from the rookies. In addition, according to the management of the company, low-level team managers organize team meetings more frequently than high-level ones. Therefore, teammates directed by low-level managers may interact with one another more frequently than those directed by high-level ones. As a result, peer effects may be more salient in the teams led by low-level managers.

We thus split the peer sample into two sub-samples: one consisting of salespeople with tenure lower than two years and directed by low-level managers, and the other consisting of salespeople with longer tenure or directed by high-level managers. Table 14 presents the RD estimates by sub-group.[32] Junior salespeople directed by low-level managers in teams with a barely winning participant perform better in quarter $t+1$ than their counterparts in teams with a barely losing participant, whereas senior salespeople or those directed by high-level managers do not. Figure A3 and Table A14 present corresponding placebo tests using life insurance commission in quarter t as the outcome. The coefficients on win dummies are not significantly different from zero.

[32]Figure 9 is the corresponding RD graph.

6. CONCLUSIONS

In this paper, we study the effects of a non-pecuniary symbolic award on winners, losers, and their peers, using a RD design. The main finding is that barely winners perform worse in life insurance commission than barely losers in the quarter after the award designation. The performance difference is almost entirely driven by winners earning less than in the previous quarter, while losers' earnings remain unchanged. One mechanism consistent with our findings and cannot be ruled out is the negative peer pressure triggered by the award designation.

We then examine the spillover effects of the award designation on the teammates of barely winners and barely losers. Overall, there is no spillover effect of award designation on general teammates. The role model effect of winners, as the management of the company would desire, does not appear to exist. However, junior salespeople in teams directed by lower-level managers seem to perform better in teams with barely winning participants than in teams with barely losing participants, whereas other salespeople do not seem to respond to the success or failure of the participating rookies in their teams.

The form the non-pecuniary symbolic award takes may be specific to this setting, but the essence of the results is of general interest. Our findings shed light on the potential mechanisms through which symbolic awards may fail to deliver the intended results, which is useful for economic theory and for practical application in firms. The negative ex-post effect of symbolic awards documented in the paper can be costly to the long-term development of a firm. Top performers who could have been more likely to excel in the firm and contribute to the long-term growth of the firm are exactly the ones subject to negative peer pressure and the ones who reduce effort and performance. Moreover, these top performers do not seem to outperform others in later periods. The results thus encourage firms to pay attention to the micro-environment and the firm culture when implementing symbolic awards, so as to prevent them from backfiring on the winners. Although it has not been possible to evaluate the ex-ante effect of the award, as the data to hand cover only those periods when it is

in effect, the negative ex-post effects of the award identified in this paper are nonetheless important for the above reasons.

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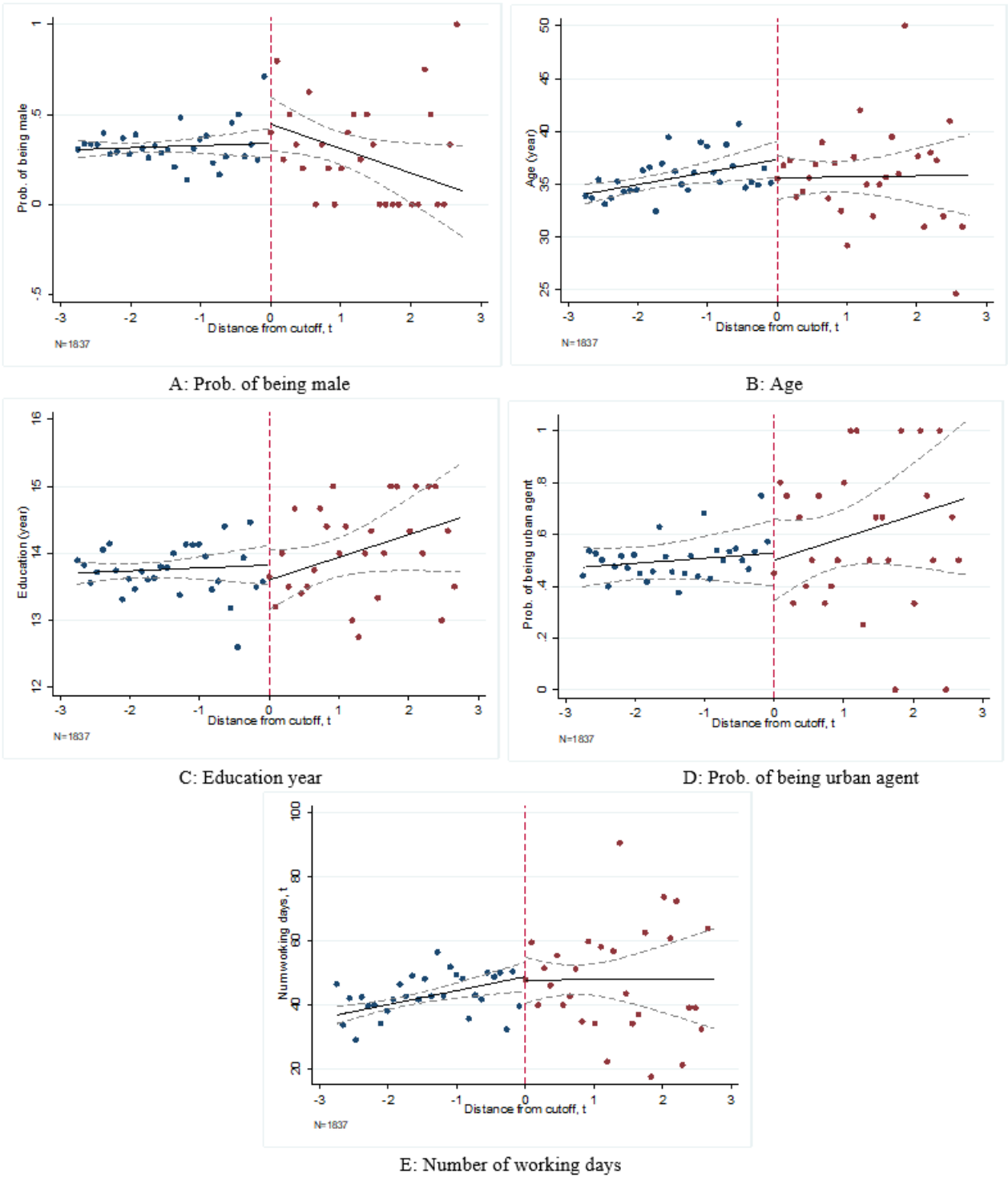


Figure 1: Validity of RD - Predetermined Characteristics (Rookie)

Notes: This figure plots rookies' predetermined characteristics as a function of the running variable. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean characteristics in a 0.09 bin. Each data point is the mean characteristics in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.

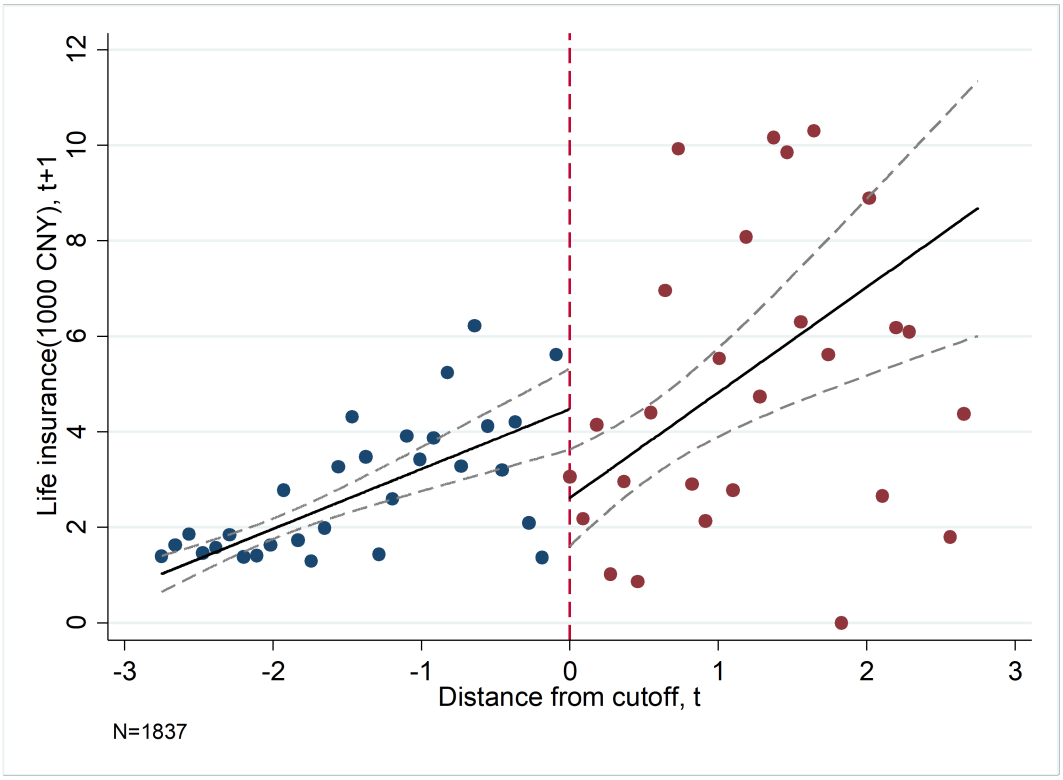
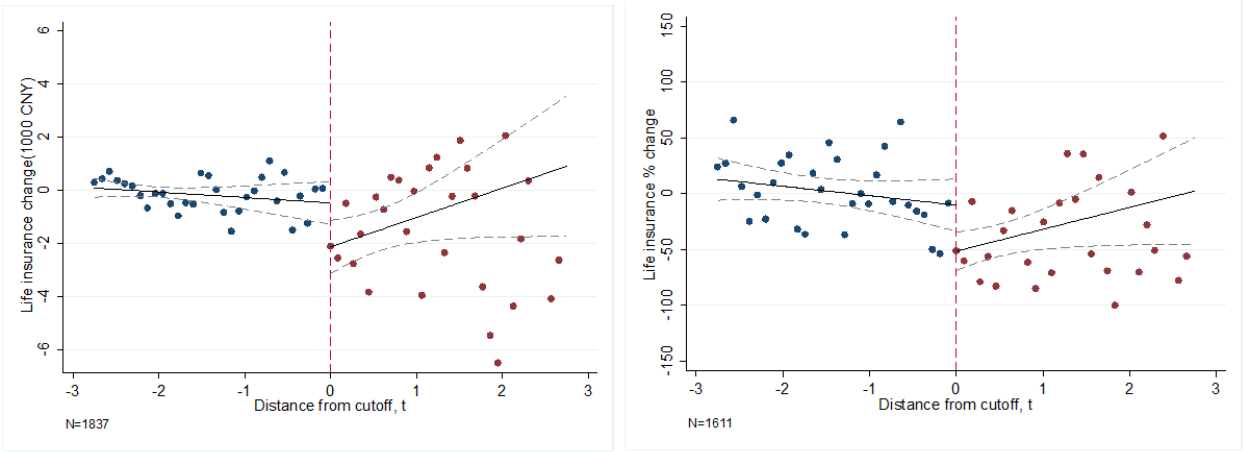


Figure 2: Impact of Award on Life Insurance Commission in Quarter t+1 (Rookie)

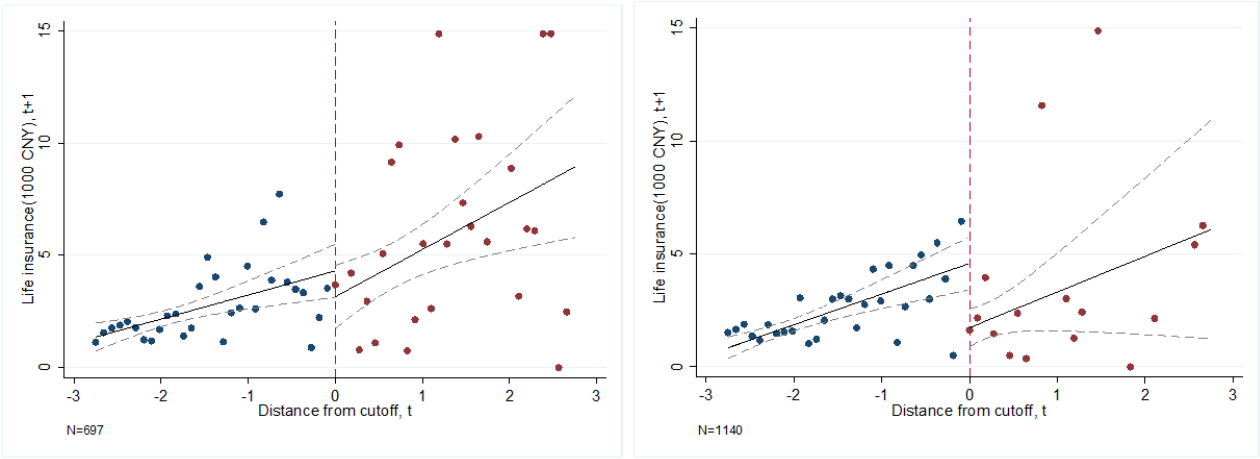
Notes: The figure plots rookies' life insurance commission in quarter t+1 against the running variable. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Level change B: Percentage change

Figure 3: Change in Life Insurance Commission from Quarter t to t+1 (Rookie)

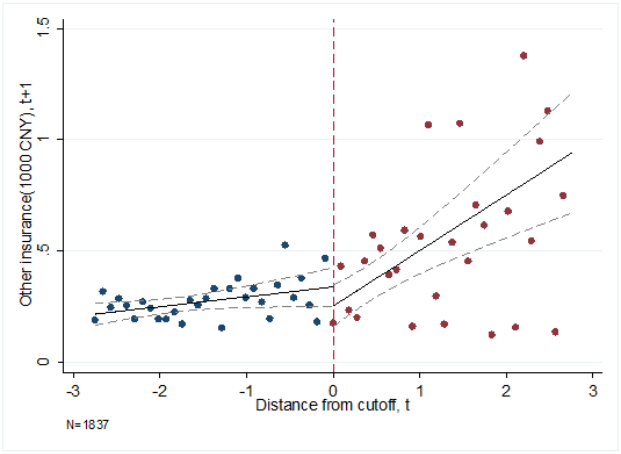
Notes: This figure plots the level of change (panel A) and the percentage of change (panel B) in rookies' life insurance commission from rookies' first quarter (t) to the following quarter (t+1). The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean change in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



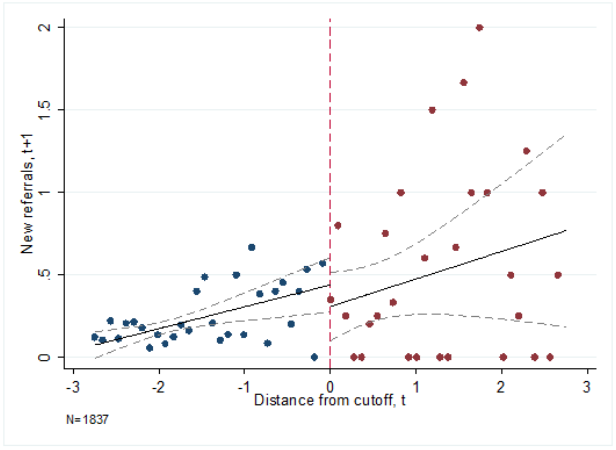
A: Rank=1-3 B: Rank=4+

Figure 4: Impact of Award on Life Insurance Commission in Quarter t+1 by Rank within Team in Quarter t (Rookie)

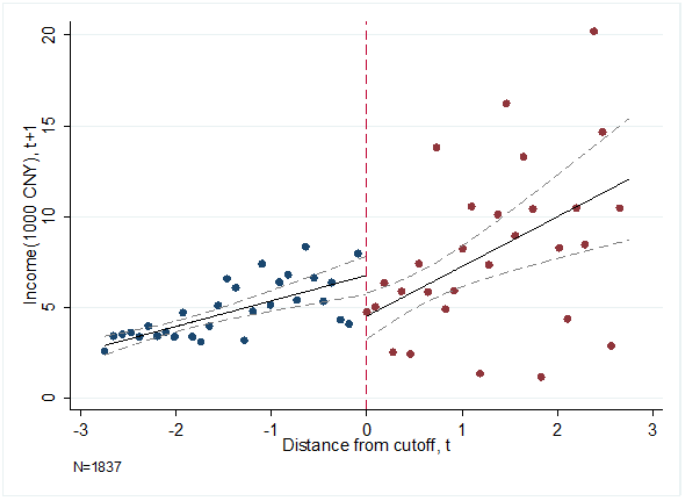
Notes: The figure plots rookies' life insurance commission in quarter t+1 against the running variable in high-rank (panel A) and low-rank (panel B) sub-sample separately. High-rank sample consists of the rookies who ranked top three in life insurance commission within their team in quarter t; low-rank sample consists of those who ranked fourth and below in life insurance commission within their team in quarter t. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Other insurance commission



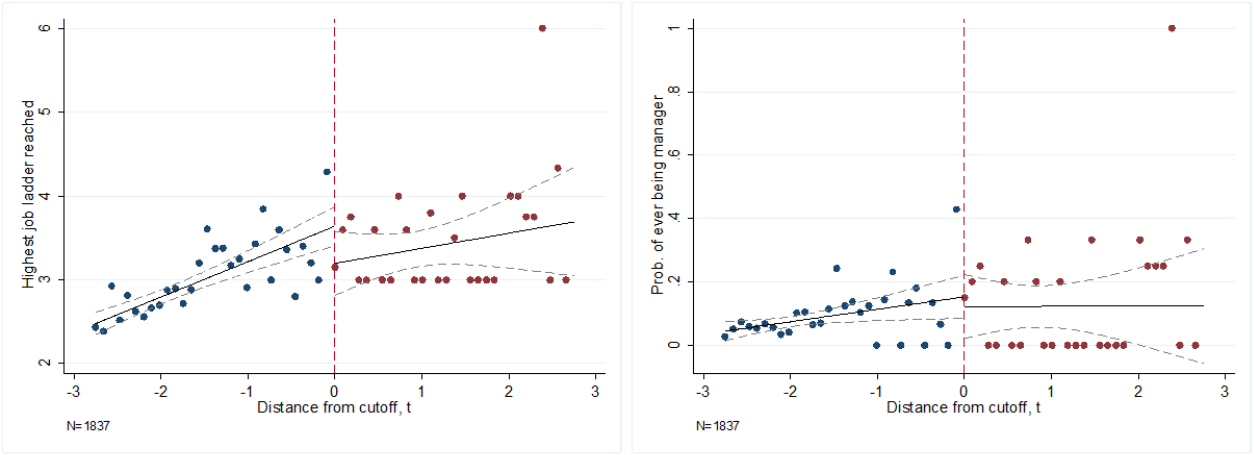
B: Number of New Referrals



C: Total income

Figure 5: Impact of Award on Other Performance in Quarter t+1 (Rookie)

Notes: This figure plots rookies' various performance outcomes in quarter t+1 against the running variable. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Highest job ladder reached

B: Prob. of ever being manager

Figure 6: Impact of Award on Indicators for Future Performance (Rookie)

Notes: This figure plots indicators for rookies' future overall performance against the running variable. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.

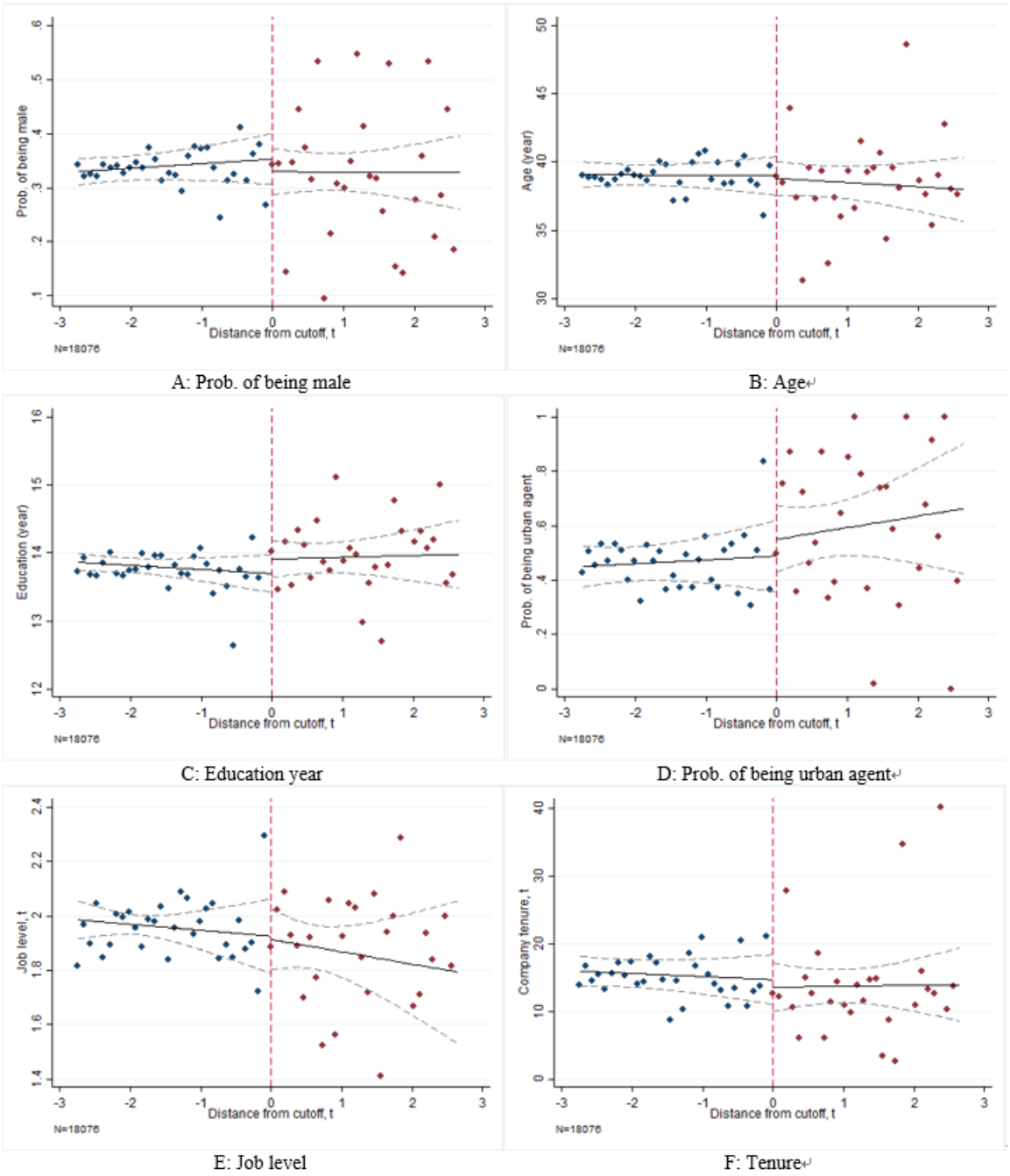


Figure 7: Validity of RD - Predetermined Characteristics (Teammate)

Notes: This figure plots the predetermined characteristic of participants' teammates as a function of the participants' running variable. The running variable is the distance between participants' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean characteristics in a 0.09 bin. Each data point is the mean characteristics in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.

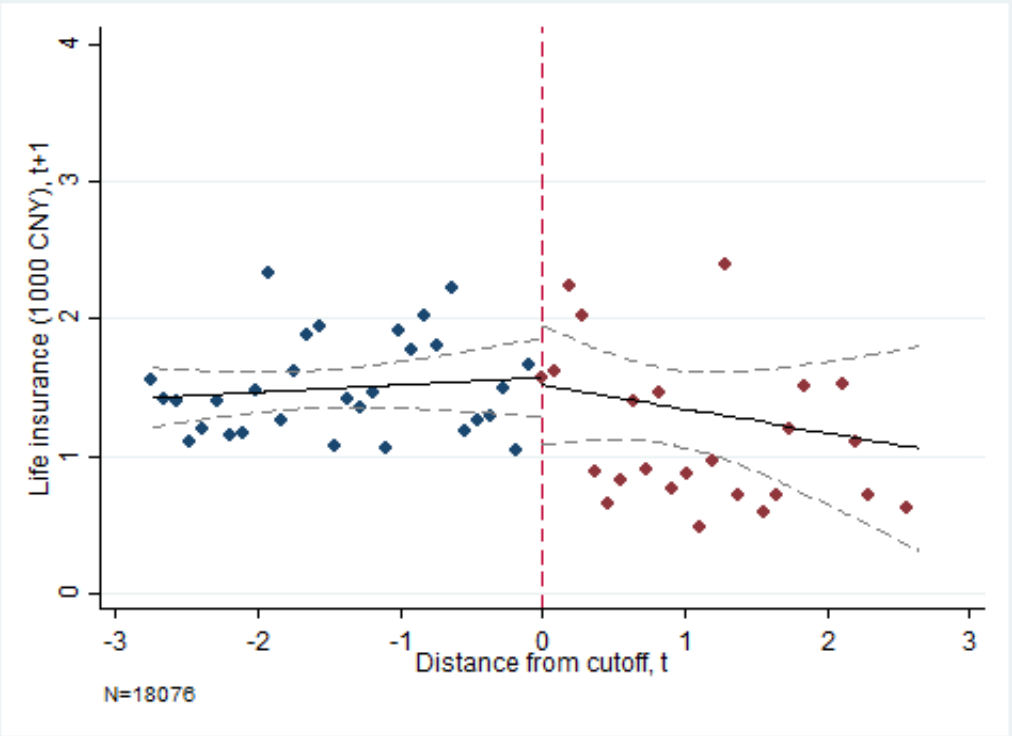
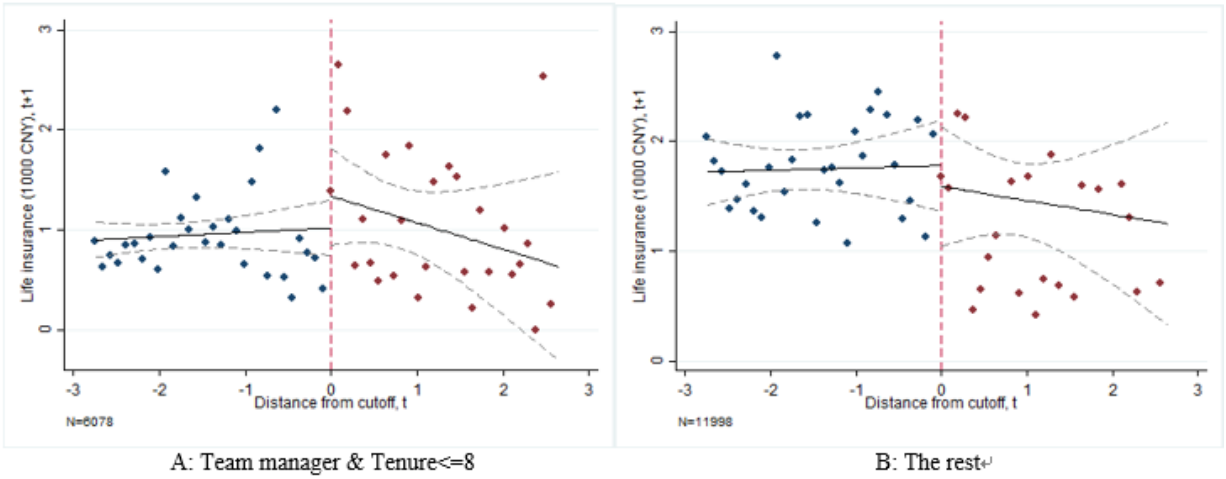


Figure 8: Impact of Award on Life Insurance Commission in Quarter t+1 (Teammate)

Notes: The figure plots the life insurance commission of participants' teammates in quarter t+1 against participants' running variable. The running variable is the distance between participants' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Team manager & Tenure<=8 B: The rest

Figure 9: Impact of Award on Life Insurance Commission in Quarter t+1 by Tenure and Manager Job Ladder (Teammate)

Notes: The figure plots the life insurance commission of participants' teammates in quarter t+1 against participants' running variable in two sub-samples by their direct managers' job ladder and by teammates' tenure in the company. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.

Table 1: Summary Statistics

Variable	N	Mean	Std. Dev.	Min.	Max.
Panel A: Winners and Losers Sample					
Life insurance commission (t+1, 1,000 CNY)	1,837	2.11	3.38	0.00	14.88
Other insurance commission (t+1, 1,000 CNY)	1,837	0.27	0.46	0.00	2.52
No. of Referrals (t+1)	1,837	0.19	0.65	0.00	6.00
Income (t+1, 1,000 CNY)	1,837	4.07	4.60	0.00	20.20
Leave the firm (t+1)	1,837	0.05	0.21	0.00	1.00
Life insurance commission (t, 1,000 CNY)	1,837	2.47	2.37	0.00	8.91
Other insurance commission (t, 1,000 CNY)	1,837	0.20	0.30	0.00	1.85
No. of Referrals (t)	1,837	0.07	0.36	0.00	6.00
Income (t, 1,000 CNY)	1,837	3.87	3.1	0.00	12.06
Male	1,837	0.33	0.47	0.00	1.00
Age	1,837	34.72	7.91	18.00	54.00
Education years	1,837	13.78	1.40	9.00	19.00
Urban status	1,837	0.49	0.50	0.00	1.00
No. of working months (t)	1,837	2.05	0.86	1.00	3.00
Panel B: Teammates Sample					
Life insurance commission (t+1, 1,000 CNY)	18,076	1.43	4.03	0.00	36.91
Other insurance commission (t+1, 1,000 CNY)	18,076	0.32	0.61	0.00	4.47
No. of Referrals (t+1)	18,076	0.08	0.41	0.00	14.00
Income (t+1, 1,000 CNY)	18,076	2.90	5.88	0.00	59.93
Leave the firm (t+1)	18,076	0.10	0.31	0.00	1.00
Life insurance commission (t, 1,000 CNY)	18,076	1.40	3.59	0.00	33.95
Other insurance commission (t, 1,000 CNY)	18,076	0.32	0.55	0.00	3.19
No. of Referrals (t)	18,076	0.10	0.64	0.00	46.00
Income (t, 1,000 CNY)	18,076	2.81	4.35	0.00	25.49
Male	18,076	0.34	0.47	0.00	1.00
Age	18,076	38.92	9.68	18.00	73.00
Education years	18,076	13.80	1.57	9.00	21.00
Urban status	18,076	0.49	0.50	0.00	1.00
Job level (t)	18,076	1.94	0.80	1.00	5.00
Company tenure (t, season)	18,076	15.26	17.89	1.00	80.00

Note: Panels A and B of this table provide descriptive statistics for the award program participants and their peers regression sample. t represents the assessment quarter, and $t+1$ denotes the quarter following the award designation. Award participants sample contains 1,837 unique rookie salespersons in 391 teams, out of which 115 are award-winners. each observation represents a rookie by quarter pair. For teammates sample, each observation denotes a rookie's teammate by quarter pair. 7,877 unique salespersons constitute this sample. All monetary variables are winsorized at 1% level in the full sample without bandwidth restriction.

Table 2: Impact of Award on Life Insurance Commission in Quarter t+1 (Rookie)

	(1)	(2)	(3)
VARIABLES	Life insurance	Life insurance	Life insurance
Win	-1.857***	-1.803***	-1.720***
	(0.688)	(0.638)	(0.649)
Observations	1,837	1,837	1,837
R-squared	0.078	0.214	0.229
Sample baseline mean	2.469	2.469	2.469
Top 20 baseline mean	6.209	6.209	6.209
Year*Season FE	No	Yes	Yes
Demographic Controls	No	No	Yes
Bandwidth	2.75	2.75	2.75

Notes: This table investigates the impact of award designation on the life insurance commission earned by the barely winners relative to that by barely losers in the quarter following the award designation (t+1). The dependent variable in columns (1)-(3) is the life insurance commission in the quarter t+1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from the main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 3: Change in Life Insurance Commission from Quarter t to t+1 (Rookie)

	(1)	(2)	(3)	(4)
	Change		% Change	
VARIABLES	Winner	Loser	Winner	Loser
Constant	-2.439***	0.054	-0.397***	0.022
	(0.394)	(0.398)	(0.075)	(0.058)
Observations	115	1,722	115	1,496
Baseline life insurance commission mean	2.469	2.469	2.469	2.469
Top 20 baseline mean	6.209	6.209	6.209	6.209
Year*Season FE	No	No	No	No
Demographic Controls	No	No	No	No
Bandwidth	2.75	2.75	2.75	2.75

Notes: This table examines the level of change and the percentage change in life insurance commission from rookies' first quarter (t) to the following quarter (t+1). The dependent variables in columns (1)-(2) are the level change and those in columns (3)-(4) are the percentage change in life insurance commission from quarter t to t+1. In column (4), we lost 226 observations due to zero life insurance commission in quarter t. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 4: Impact of Award on Life Insurance Commission in Quarter t+1 by Rank within Team in Quarter t (Rookie)

	(1) Rank=1-3	(2) Rank=4+	(3) Prob.>*chi2*
Win	-0.359	-2.970***	0.019
	(0.794)	(0.799)	
Observations	697	1,140	
R-squared	0.283	0.214	
No. of Winners	85	30	
Sample baseline mean	3.498	1.840	
Top 20 baseline mean	6.579	5.583	
Bandwidth	2.75	2.75	

Notes: This table reports the effect of the symbolic award on the life insurance commission earned by barely winners relative to that by barely losers in the quarter following the award designation (t+1) by their rank of life insurance commission within their team in quarter t. The dependent variable is the life insurance commission in quarter $t+1$. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value < 0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 5: Placebo – Impact of Award on Life Insurance Commission in Quarter t by Rank within Team in Quarter t (Rookie)

	(1) Rank=1-3	(2) Rank=4+	(3) Prob.>*chi2*
Win	-0.154	0.171	0.341
	(0.143)	(0.266)	
Observations	697	1,140	
R-squared	0.954	0.944	
No. of Winners	85	30	
Sample baseline mean	3.498	1.840	
Top 20 baseline mean	6.579	5.583	
Bandwidth	2.75	2.75	

Notes: This table reports the placebo results by rookies' rank of life insurance commission within their team in their first quarter in the company (t). The dependent variable is the life insurance commission in quarter t. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value < 0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 6: Impact of Award on Life Insurance Commission in Quarter t+1 by Distribution of Commission in Quarter t (Rookie)

	(1) 3rd month high proportion	(2) 3rd month low proportion	(3) Prob.>*chi2*
Win	-2.694**	1.561	0.011
	(1.038)	(1.275)	
Observations	301	396	
R-squared	0.355	0.307	
No. of Winners	39	46	
Sample baseline mean	3.706	3.340	
Top 20 baseline mean	6.514	6.641	
Bandwidth	2.75	2.75	

Notes: This table reports the effect of the symbolic award by the proportion of the third-month life insurance commission over the total life insurance commission in quarter t. Only rookies whose within-team rank was 1-3 in the first quarter are included in the regression. Column (1) includes the salespersons whose third-month life insurance commission accounts for more than one-third (one-half) of the total commission in the first quarter if they join the firm in the first (second) month of the first quarter. The dependent variable in columns (1)-(2) is the life insurance commission in quarter t+1. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value < 0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 7: Impact of Award on Life Insurance Commission in Quarter t+1 by Whether in Teams with Previous Winners (Rookie)

	1-2Q before		1-3Q before		1-4Q before	
VARIABLES	Winner in team	The rest	Winner in team	The rest	Winner in team	The rest
win	-1.983	-1.843***	-2.038	-1.801**	-1.589	-1.840**
	(1.400)	(0.707)	(1.290)	(0.712)	(1.418)	(0.724)
Observations	126	1,711	155	1,682	169	1,668
R-squared	0.381	0.232	0.348	0.228	0.293	0.230
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table split main rookie sample by whether the rookies are in team with previous winners, where previous winners are defined as all winners in previous 1-2 quarter (column 1-2), 1-3 quarter (column 3-4), and 1-4 quarter (column 5-6). All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 8: Cumulative Exit Rate (Rookie)

VARIABLES	(1) t+1	(2) t+2	(3) t+3	(4) t+4	(5) t+5	(6) t+6	(7) Tenure
Win	0.003	0.005	0.032	0.018	0.033	0.053	-0.192
	(0.011)	(0.011)	(0.042)	(0.052)	(0.069)	(0.081)	(0.498)
Observations	1,837	1,837	1,837	1,837	1,837	1,837	1,837
R-squared	0.353	0.383	0.346	0.323	0.358	0.350	0.313
Outcome mean	0.048	0.066	0.169	0.280	0.428	0.531	7.032
Top 20 outcome mean	0.007	0.059	0.160	0.268	0.383	0.472	7.230
Year*Season FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table examines the difference in the cumulative exit rate between barely winners and barely losers in the 1st to the 6th quarter after the award designation. The dependent variables in columns (1)-(6) is are dummies indicating whether a rookie has left the company by the end of the corresponding quarter. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 9: Impact of Award on Other Performance in Quarter t+1 (Rookie)

VARIABLES	(1) Other insurance	(2) Referral	(3) Income
Win	-0.091	-0.138	-2.032**
	(0.065)	(0.121)	(0.829)
Observations	1,837	1,837	1,837
R-squared	0.076	0.144	0.176
Sample baseline mean	0.272	0.192	4.067
Top 20 baseline mean	0.405	0.491	6.693
Year*Season FE	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75

Notes: This table presents the impact of award on barely winners' performance in various tasks relative to barely losers in the quarter following the award designation (t). The dependent variables in columns (1)-(3) are other short-term insurance commission, the number of new referrals, and total income in quarter t+1, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 10: Impact of Award on Indicators for Future Performance (Rookie)

VARIABLES	(1) Highest job ladder	(2) Ever manager
Win	-0.391*	-0.026
	(0.225)	(0.063)
Observations	1,837	1,837
R-squared	0.148	0.070
Sample baseline mean	2.783	0.073
Top 20 baseline mean	3.424	0.149
Year*Season FE	Yes	Yes
Demographic Controls	Yes	Yes
Bandwidth	2.75	2.75

Notes: This table presents the impact of award on barely winners' long-term outcomes relative to barely losers. The dependent variables in columns (1)-(3) are the highest job ladder reached before a rookie leaves the company, the probability of a rookie ever being promoted to the manager level, and a rookie's total tenure, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 11: Impact of Award on Life Insurance Commission in Quarter t+1 by Month (Rookie)

VARIABLES	(1) 1st month	(2) 1-2 month	(3) 1-3 month
Win	-0.965***	-1.220**	-1.720***
	(0.325)	(0.484)	(0.649)
Observations	1,837	1,837	1,837
R-squared	0.204	0.214	0.229
Sample mean	1.122	1.732	2.406
Top 20 mean	2.386	3.554	4.915
Year*Quarter FE	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75

Notes: This table investigates the impact of award designation on the cumulative monthly life insurance commission earned by the barely winners relative to that by barely losers in the quarter t+1. The dependent variable in columns (1)-(3) is the life insurance commission in the first month, first and second month, and all three months of quarter t+1, respectively. Note that column (3) is the same as column (3) in Table 2. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from the main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 12: Is the Effect of the Symbolic Award Persistent?

VARIABLES	(1) t	(2) t+1	(3) t+2	(4) t+3	(5) t+4
Win	-0.079	-1.720***	-0.531	-0.737	-0.816
	(0.133)	(0.649)	(0.605)	(0.730)	(0.738)
Observations	1,837	1,837	1,716	1,526	1,322
R-squared	0.951	0.229	0.137	0.121	0.118
Sample baseline mean	2.469	2.469	2.469	2.469	2.469
Top 20 baseline mean	6.209	6.209	6.209	6.209	6.209
Year*Season FE	Yes	Yes	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75	2.75

Notes: This table reports the RD estimates from regressions using the life insurance commission in a rookie's first quarter in the company (t) all the way to that in a rookie's fourth quarter(t+4) in the company as outcomes. The dependent variable in columns (1)-(5) is the life insurance commission in the corresponding quarter. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 13: Impact of Award on Life Insurance Commission in Quarter t+1 (Teammate)

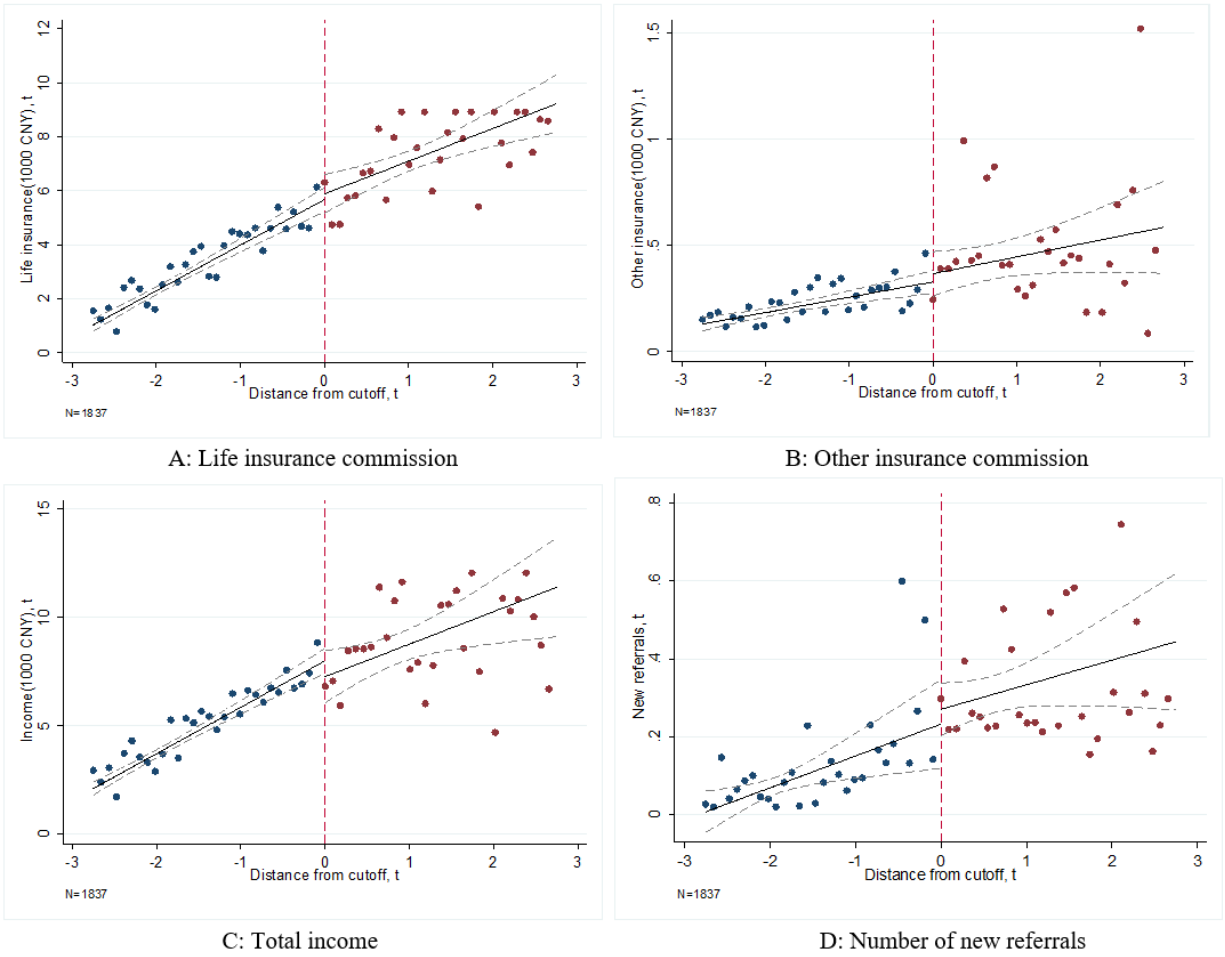
VARIABLES	(1) Life insurance	(2) Life insurance	(3) Life insurance
Win	-0.057	-0.022	-0.028
	(0.261)	(0.243)	(0.209)
Observations	18,076	18,076	18,076
R-squared	0.000	0.014	0.206
Sample baseline mean	1.398	1.398	1.398
Top 20's teammates sample mean	1.581	1.581	1.581
Year*Season FE	No	Yes	Yes
Demographic Controls	No	No	Yes
Bandwidth	2.75	2.75	2.75

Notes: This table investigates the impact of award designation on the life insurance commission earned by the barely winners' teammates relative to that by barely losers' teammates in the quarter following the award designation (t+1). The dependent variable is the life insurance commission in quarter t+1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table 14: Impact of Award on Life Insurance Commission in Quarter t+1 by Tenure and Manager Job Ladder (Teammate)

	(1)	(2)
VARIABLES	Life Insurance	Life Insurance
Win	0.438*	-0.228
	(0.231)	(0.268)
Observations	6,078	11,998
R-squared	0.059	0.233
Sample	Low-level manager & Tenure<=8Q	The rest
Sample baseline mean	0.953	1.616
Year*Season FE	Yes	Yes
Demographic Controls	Yes	Yes
Bandwidth	2.75	2.75

Notes: This table reports the effect on barely losers and winners' teammates by teammates' tenure and their direct manager's job ladder. The dependent variable is the life insurance commission in quarter t+1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.



A: Life insurance commission

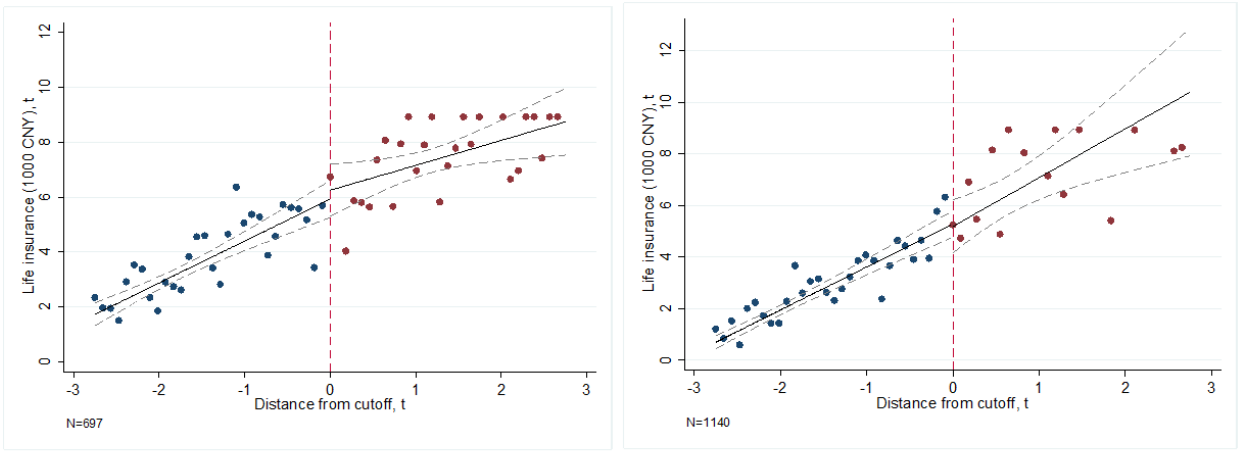
B: Other insurance commission

C: Total income

D: Number of new referrals

Figure A1: Placebo - Various Performances in Quarter t (Rookie)

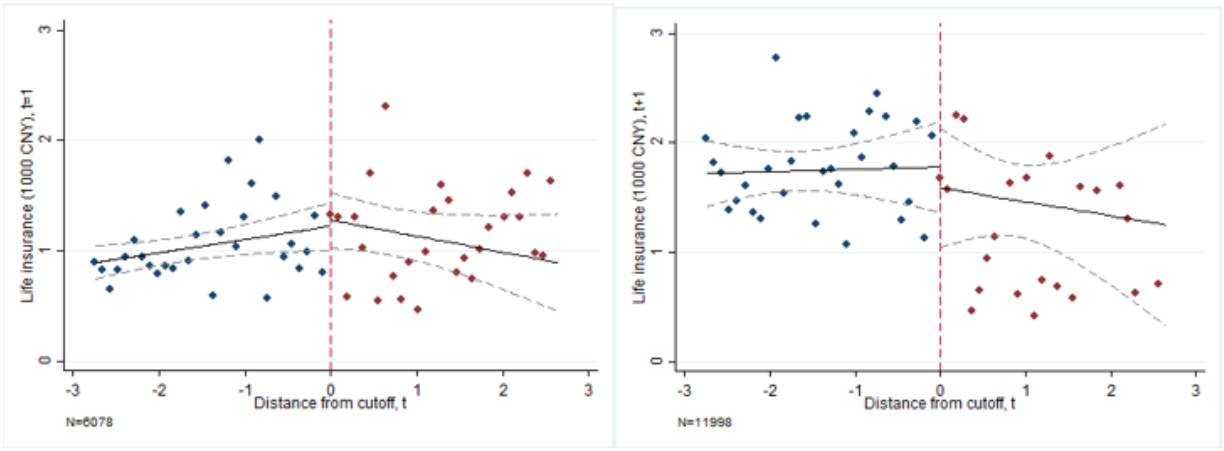
Notes: This figure plots rookies' pre-award various performance outcomes in quarter t against the running variable as placebo tests. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Rank=1-3 B: Rank=4+

Figure A2: Placebo – Impact of Award on Life Insurance Commission in Quarter t by Rank within Team in Quarter t (Rookie)

Notes: The figure plots rookies' life insurance commission in quarter t against the running variable in high-rank (panel A) and low-rank (panel B) sub-sample separately. High-rank sample consists of the rookies who ranked top three in life insurance commission within their team in quarter t; low-rank sample consists of those who ranked fourth and below in life insurance commission within their team in quarter t. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.



A: Team manager & Tenure<=8 B: The rest

Figure A3: Placebo - Life Insurance Commission in Quarter t by Tenure and Manager Job Ladder (Teammate)

Notes: The figure carries out placebo test by plotting the life insurance commission of participants' teammates in quarter t against participants' running variable in two sub-samples by their direct managers' job ladder and by teammates' tenure in the company. The running variable is the distance between rookies' standardized life insurance commission to the standardized life insurance at rank tenth in quarter t. Each data point is the mean performance in a 0.09 bin. The area between dashed black lines is the 95 percent confidence interval. Solid black lines are linear fit lines estimated with triangular weights and IK bandwidth of 2.75 on each side. Dashed vertical lines denote award threshold in each quarter in each year.

Table A1: Summary Statistics – without Bandwidth Restriction

Variable	N	Mean	Std. Dev.	Min.	Max.
Panel A: Winners and Losers Sample					
Life insurance commission (t+1, 1,000 CNY)	10,996	1.12	2.35	0.00	14.88
Other insurance commission (t+1, 1,000 CNY)	10,996	0.15	0.30	0.00	1.85
No. of Referrals (t+1)	10,996	0.11	0.58	0.00	28.00
Income (t+1, 1,000 CNY)	10,996	2.48	3.66	0.00	20.20
Leave the firm (t+1)	10,996	0.09	0.29	0.00	1.00
Life insurance commission (t, 1,000 CNY)	10,996	1.03	1.51	0.00	9.01
Other insurance commission (t, 1,000 CNY)	10,996	0.15	0.30	0.00	1.85
No. of Referrals (t)	10,996	0.04	0.51	0.00	46.00
Income (t, 1,000 CNY)	10,996	1.87	2.38	0.00	12.06
Male	10,996	0.36	0.48	0.00	1.00
Age	10,996	34.34	7.81	18.00	57.00
Education years	10,996	14.26	1.29	9.00	21.00
Urban status	10,996	0.48	0.50	0.00	1.00
No. of working months (t)	10,996	1.92	0.82	1.00	3.00
Panel B: Teammates Sample					
Life insurance commission (t+1, 1,000 CNY)	51,924	1.20	3.65	0.00	34.18
Other insurance commission (t+1, 1,000 CNY)	51,924	0.28	0.58	0.00	4.25
No. of Referrals (t+1)	51,924	0.08	0.43	0.00	28.00
Income (t+1, 1,000 CNY)	51,924	2.63	5.73	0.00	59.93
Leave the firm (t+1)	51,924	0.11	0.31	0.00	1.00
Life insurance commission (t, 1,000 CNY)	51,924	1.37	3.76	0.00	34.81
Other insurance commission (t, 1,000 CNY)	51,924	0.29	0.55	0.00	3.26
No. of Referrals (t)	51,924	0.10	0.55	0.00	46.00
Income (t, 1,000 CNY)	51,924	2.69	4.42	0.00	26.07
Male	51,924	0.33	0.47	0.00	1.00
Age	51,924	38.47	9.58	18.00	75.00
Education years	51,924	13.98	1.52	9.00	21.00
Urban status	51,924	0.48	0.50	0.00	1.00
Job level (t)	51,924	1.91	0.80	1.00	5.00
Company tenure (t, season)	51,924	14.07	17.98	1.00	82.00

Note: Panels A and B of this table provide descriptive statistics for the full sample, i.e., without the IK bandwidth restriction. t represents the assessment quarter, and $t+1$ denotes the quarter following the award designation. Award participants sample contains 10,996 unique rookie salespersons in 958 teams, out of which 151 are award-winners. Each observation represents a rookie by quarter pair. For teammates sample, each observation denotes a rookie's teammate by quarter pair. 14,419 unique salespersons constitute this sample. All monetary variables are winsorized at 1% level in the full sample.

Table A2: Validity of RD - Predetermined Characteristics (Rookie)

VARIABLES	(1) Male	(2) Age	(3) Edu	(4) Urban	(5) 1st Duration	(6) Exit t+1
Win	0.103	-1.745	-0.282	-0.038	-0.774	0.003
	(0.086)	(1.376)	(0.253)	(0.085)	(3.700)	(0.011)
Observations	1,837	1,837	1,837	1,837	1,837	1,837
R-squared	0.026	0.066	0.132	0.029	0.155	0.353
Sample baseline mean	0.326	34.723	13.776	0.496	39.995	0.048
Top 20 baseline mean	0.349	36.572	13.937	0.532	45.665	0.007
Year×Season FE	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table examines the validity of the RD design by testing whether there is any significant discontinuity in the predetermined characteristics of barely winners and barely losers around the award threshold. The dependent variables in columns (1)-(6) are a dummy for being male, age, years of education, urban status, number of working days in quarter t, and indicator for exiting in t+1, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A3: Placebo - Various Performances in Quarter t (Rookie)

VARIABLES	(1) Life insurance	(2) Other insurance	(3) Referral	(4) Income
Win	-0.079	-0.001	-0.061	-0.907
	(0.133)	(0.049)	(0.060)	(0.577)
Observations	1,837	1,837	1,837	1,837
R-squared	0.951	0.209	0.079	0.590
Sample baseline mean	2.469	0.195	0.073	3.871
Top 20 baseline mean	6.209	0.405	0.491	6.693
Year*Season FE	Yes	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75

Notes: This table implements the placebo tests by checking whether there is any significant discontinuity in barely winners and barely losers' performance in quarter t around the award threshold. The dependent variables in columns (1)-(4) are life insurance commission, other short-term insurance commission, the number of referrals, and total income in the rookies' first quarter in the company (t), respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A4: Robustness Check - Impact of Award on Life Insurance Commission in Quarter t+1 (Rookie), Various Bandwidths

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Win	-2.058***	-2.022***	-1.938***	-1.720***	-1.609**	-1.544**	-1.495**
	(0.775)	(0.725)	(0.682)	(0.649)	(0.630)	(0.611)	(0.590)
Observations	671	918	1,383	1,837	2,507	3,169	3,755
R-squared	0.242	0.236	0.234	0.229	0.225	0.220	0.211
Sample baseline mean	3.826	3.424	2.789	2.469	2.033	1.843	1.766
Top 20 baseline mean	6.039	6.103	6.158	6.209	6.219	6.255	6.283
Year×Season FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2	2.25	2.5	2.75	3	3.25	3.5

Notes: This table examines the robustness of the RD design by using alternative bandwidths. The dependent variables in columns (1)-(7) is the life insurance commission in quarter t+1. All specifications are local linear regressions with triangular weights. Bandwidths changes from 2 to 3.5. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A5: Robustness Check - Impact of Award on Life Insurance Commission in Quarter t+1 (Rookie), Local Quadratic Fitted

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Win	-1.989	-2.026*	-2.155**	-2.370**	-2.338**	-2.278***	-2.224***
	(1.240)	(1.109)	(1.008)	(0.953)	(0.911)	(0.875)	(0.850)
Observations	670	917	1,384	1,838	2,510	3,172	3,758
R-squared	0.239	0.233	0.231	0.226	0.223	0.219	0.210
Sample baseline mean	3.826	3.424	2.789	2.469	2.033	1.843	1.766
Top 20 baseline mean	6.039	6.103	6.158	6.209	6.219	6.255	6.283
Year×Season FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2	2.25	2.5	2.75	3	3.25	3.5

Notes: This table examines the robustness of the RD design by using local **quadratic** regressions. The dependent variables in columns (1)-(7) is the life insurance commission in quarter t+1. All specifications are local **quadratic** regressions with triangular weights. For this specification, the IK bandwidth is 3.0. Bandwidths changes from 2 to 3.5. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A6: Robustness Check - Impact of Award on Life Insurance Commission in Quarter t+1 by Rank within Team in Quarter t (Rookie)

	(1)	(2)	(3)
VARIABLES	Rank=5+	Rank=1-4	Prob.>*chi2*
Win	-2.558***	-1.174	0.264
	(0.950)	(0.807)	
Observations	965	872	
R-squared	0.217	0.267	
No. of Winners	26	89	
VARIABLES	Rank=4+	Rank=1-3	Prob.>*chi2*
Win	-2.970***	-0.359	0.019
	(0.799)	(0.794)	
Observations	1,140	697	
R-squared	0.214	0.283	
No. of Winners	30	85	
VARIABLES	Rank=3+	Rank=1-2	Prob.>*chi2*
Win	-2.486***	0.357	0.021
	(0.731)	(0.992)	
Observations	1,333	504	
R-squared	0.244	0.284	
No. of Winners	44	71	
VARIABLES	Rank=2+	Rank=1	Prob.>*chi2*
Win	-2.124***	0.144	0.128
	(0.811)	(1.283)	
Observations	1,595	242	
R-squared	0.234	0.260	
No. of Winners	64	51	
Year*Season FE	Yes	Yes	
Demographic Controls	Yes	Yes	
Bandwidth	2.75	2.75	

Notes: This table reports the robustness tests for the estimates by rank within team. The dependent variable is the life insurance commission in quarter t+1. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value < 0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A7: Validity of RD - Predetermined Characteristics by Rank within Team (Rookie)

VARIABLES	(1) Ranking>=4	(2) Male	(3) Age	(4) Edu	(5) Urban	(6) Duration	(7) Male	(8) Age	(9) Edu	(10) Urban	(11) Duration
Win	-0.046	0.205	0.071	-0.298	-0.114	-0.309	0.114	-2.557	-0.285	0.073	0.117
	(0.0.91)	(0.135)	(2.307)	(0.428)	(0.131)	(0.291)	(0.094)	(1.646)	(0.295)	(0.115)	(0.174)
Observations	1,837	1,140	1,140	1,140	1,140	1,140	697	697	697	697	697
R-squared	0.170	0.060	0.083	0.121	0.036	0.207	0.032	0.092	0.172	0.043	0.140
Rank within Team	-	4+	4+	4+	4+	4+	1-3	1-3	1-3	1-3	1-3
No. of Winners	115	30	30	30	30	30	85	85	85	85	85
Sample baseline mean	0.621	0.340	34.402	13.702	0.500	1.969	0.301	35.250	13.900	0.491	2.179
Top 20 baseline mean	0.371	0.450	37.500	13.740	0.480	2.480	0.290	36.024	14.053	0.562	2.331
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table examines the validity of the RD design by testing whether there is any significant discontinuity in the predetermined characteristics of barely winners and barely losers around the award threshold, in each sub-sample by rookies' within team rank in quarter t. In column (1), the dependent variable is a dummy indicating whether a rookie's first quarter rank within team is lower than 4. Columns (2)-(6) are the estimates in the sub-sample of rookies whose within-team rank were 4th and lower. Columns (6)-(10) the estimates in the sub-sample of rookies whose within-team rank were top 3. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A8: Impact of Award on Life Insurance Commission in Quarter t+1 by Rookies' Number of Days Since Entrance in Quarter t

VARIABLES	(1) Long	(2) Short	(3) Prob.>*chi2*
Win	-0.855	-4.224***	0.015
	(0.731)	(1.200)	
Observations	921	916	
R-squared	0.253	0.303	
No. of winner	85	30	
Sample baseline mean	a	a	
Top 20 baseline mean	a	a	
Year*Season FE	Yes	Yes	
Demographic Controls	Yes	Yes	
Bandwidth	2.75	2.75	

Notes: This table reports the effect of the symbolic award by rookies' number of days since entrance in the company in quarter t. Long duration sub-sample consists of rookies who stay in the company for more than 50 days in quarter t. Short duration sub-sample consists of rookies who stay in the company for for less than 50 days quarter t. 50 days is the median duration among all rookies in the company in our sample period. The dependent variables are the life insurance commission in quarter t+1. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value<0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A9: Impact of Award on Life Insurance Commission in Quarter t+1 by the Distance between Rookies' and their Peers' Home Addresses

VARIABLES	(1) Close	(2) Far away	(3) Prob.>*chi2*
Win	-3.056***	-0.951	0.082
	(0.974)	(0.779)	
Observations	871	966	
R-squared	0.175	0.294	
No. of winner	25	90	
Sample baseline mean	1.790	2.407	
Top 20 baseline mean	3.828	4.385	
Year*Season FE	Yes	Yes	
Demographic Controls	Yes	Yes	
Bandwidth	2.75	2.75	

Notes: This table reports the effect of the symbolic award by the distances between rookies' and their peers' home addresses. The "Close" sub-sample consists of rookies whose live relatively closely to their teammates (average distance$\leq$ 5 miles). The "Far away" sub-sample consists of rookies who live relatively far away from their teammates (average distance>5 miles). 5 miles are the median distance in our sample. The dependent variables are the life insurance commission in quarter t+1. Column (3) reports the p-value for Chow test on null hypothesis that the coefficients in the first two columns are the same. We can reject null hypothesis at 10% level if p-value<0.1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A10: Impact of Award on Life Insurance Commission in Quarter t+1 by Rookies' Gender and Gender Composition of Their Teams

	All teams		Female-dominate team		Male-dominate team	
VARIABLES	Female	Male	Female	Male	Female	Male
Win	-1.794**	-1.303	-2.083**	-0.981	-1.681	-2.857
	(0.881)	(1.051)	(0.980)	(1.038)	(1.238)	(1.965)
Observations	1,239	598	519	397	720	201
R-squared	0.251	0.314	0.320	0.316	0.237	0.410
No. of winner	75	40	33	28	42	12
Sample baseline mean	a	a	a	a	a	a
Top 20 baseline mean	a	a	a	a	a	a
Year*Season FE	Yes	Yes	Yes	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table reports the effect of the symbolic award by rookies' gender and the gender composition of their teams. Female-dominate teams are teams with over 68% teammates as females, whereas male-dominate teams are the rest. 68% is the median female proportion among all teams in the company in our sample period. The dependent variables are the life insurance commission in quarter t+1. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A11: Validity of RD - Predetermined Characteristics (Teammate)

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Male	Age	Edu	Urban	Job ladder	Tenure
Win	-0.031	0.160	0.087	0.086	0.056	-0.089
	(0.029)	(0.860)	(0.157)	(0.084)	(0.052)	(2.260)
Observations	18,076	18,076	18,076	18,076	18,076	18,076
R-squared	0.003	0.010	0.042	0.020	0.058	0.030
Sample baseline mean	0.335	38.920	13.802	0.495	1.942	15.256
Top 20's teammates sample mean	0.339	38.679	13.886	0.525	1.896	14.483
Year*Season FE	Yes	Yes	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75	2.75	2.75

Notes: This table examines the validity of the RD design by testing whether there is any significant discontinuity in the predetermined characteristics of participants' teammates around the award threshold. The dependent variables in columns (1)-(6) are a dummy for being male, age, years of education, urban status, job ladder and tenure in quarter t, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A12: Placebo - Various Performances in Quarter t (Teammate)

VARIABLES	(1) Life insurance	(2) Other insurance	(3) Referral	(4) Income
Win	0.126	0.014	-0.047	0.198
	(0.184)	(0.035)	(0.038)	(0.248)
Observations	18,076	18,076	18,076	18,076
R-squared	0.257	0.325	0.013	0.242
Sample baseline mean	1.398	0.316	0.098	2.814
Top 20's teammates sample mean	1.581	0.329	0.116	3.069
Year*Season FE	Yes	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75	2.75

Notes: This table implements the placebo tests by checking whether there is any significant discontinuity in the participants' teammates performance in quarter t around the award threshold. The dependent variables in columns (1)-(4) are teammates' life insurance commission, other short-term insurance commission, the number of referrals, and total income in the participants' first quarter in the company, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A13: Impact of Award on Other Performance in Quarter t+1 (Teammate)

VARIABLES	(1) Other insurance	(2) Referral	(3) Income
Win	-0.006	-0.010	-0.361
	(0.037)	(0.017)	(0.390)
Observations	18,076	18,076	18,076
R-squared	0.319	0.036	0.233
Sample baseline variable	0.316	0.098	2.814
Top 20's teammates sample mean	0.329	0.116	3.069
Year*Season FE	Yes	Yes	Yes
Demographic Controls	Yes	Yes	Yes
Bandwidth	2.75	2.75	2.75

Notes: This table investigates the impact of award designation on various performances of the barely winners' teammates relative to that of barely losers' teammates in the quarter following the award designation (t+1). The dependent variables in columns (1)-(3) are other short-term insurance commission, the number of new referrals, and total income in quarter t+1, respectively. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.

Table A14: Placebo - Life Insurance Commission in Quarter t by Tenure and Manager Job Ladder (Teammate)

	(1)	(2)
VARIABLES	Life Insurance	Life Insurance
Win	-0.051	0.031
	(0.168)	(0.256)
Observations	6,078	11,998
R-squared	0.077	0.176
Sample	High-level manager & Tenure<=8Q	The rest
Sample baseline mean	0.953	1.616
Year*Season FE	Yes	Yes
Demographic Controls	Yes	Yes
Bandwidth	2.75	2.75

Notes: This table reports the placebo test for the effect of award designation on participants' teammates by teammates' tenure and their direct manager's job ladder. The dependent variable is teammates' life insurance commission in quarter t. All specifications are local linear regressions with triangular weights. Bandwidths are IK bandwidths from main RD regressions. Standard errors are clustered at the team level. ***Significant at 1%, **significant at 5%, *significant at 10%.