

Thomas Giebe

Presentation Title

A General Framework for Studying Contests

(with Spencer Bastani and Oliver Gürtler)

Abstract

We develop a general framework for studying contests, including the well-known models of Tullock (1980) and Lazear & Rosen (1981) as special cases. The contest outcome depends on players' efforts and skills, the latter being subject to symmetric uncertainty. The model is tractable, because a symmetric equilibrium exists under general assumptions regarding production technologies and skill distributions. Using a link between our contest model and expected utility theory, we are able to derive new comparative statics results regarding how the size and composition of contests affect equilibrium effort, showing how standard results can be overturned. We also discuss the robustness of our results to changes in the information structure and the implications of our findings for the optimal design of teams.

Keywords

Contest theory; symmetric equilibrium; heterogeneity; risk; stochastic dominance

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