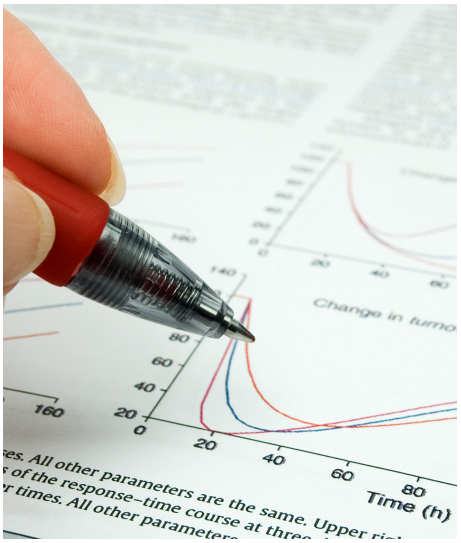
UNIVERSIDAD DE GRANADA

Departamento de
Teoría e Historia
Económica

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Seminarios 2024-2025



Título: Effort provision in peer groups

Sala: E22

Hora: 12:30

Resumen: We study a model in which individuals, that are heterogeneous along a single dimension capturing productivity, choose which of two available groups to join and how much costly effort to exert within their chosen group. On the one hand, individuals like to be in groups in which others' average performance is high (global quality). On the other hand, individuals are concerned with their ranking with respect to their peers' average performance (local standing). Nash equilibrium efforts are such that the higher the individual's productivity the higher her private outcome. In contrast, it is not necessarily the case that highly productive individuals exert more effort. Nash equilibrium efforts are never efficient and whether they are higher or lower than efficient efforts, depends on the strength of global quality versus local standing concerns. Stable partitions of the society into groups may either resemble grouping by productivity or productivity mixing. In contrast, efficient partitions must always exhibit grouping by productivity.

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