

Damned If You Do and Damned If You Don't: Competing Networks"

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Abstract:

We study how two competing networks provide incentives to an agent who belongs to both. The agent chooses a costly action which gives networks/principals different payoffs. Action is imperfectly observed and the agent can be punished. We find a mixed equilibrium similar to an all-pay auction in which the agent is punished by both networks.

Keywords: Collusion; Coalition Formation; Organization; All-pay Auction

JEL codes: C72, D85