

15.040, Spring 2004
Summary of Online Game 4
Courtesy of Mike Shor, Vanderbilt University

Game 4: A game without pure strategy equilibria demonstrating mixed strategies

In this timed game, you have been hired as a consultant to put together a strategy for a new product release. As a consultant, you get paid well before the company knows how hard you worked on the project. The company has a "random employee monitoring program", through which it randomly selects some consultants to check on whether or not they are actually working. If they are caught shirking, or not working, they don't get paid. However, if you choose to work, you have to give up a side job, and hence working has a "cost." Do you choose to work or to shirk?