Clerks (joint with Kfir Eliaz and Daniel Fershtman)

Abstract:

We study optimal dynamic scheduling of workers to tasks when task completion is privately observed —so that workers can delay the release of finished tasks — and idle time is the only available incentive instrument. We characterize a scheduling rule, and its induced equilibrium, that maximizes expected discounted output. Unless workers are inherently slow, production alternates between efficient phases and delays. Our analysis reveals a trade-off between the quality and the size of the workforce. We also present several extensions, illustrating the versatility of the framework.