

Study Guide, Quiz 3: Definitions
Economics 685: Managerial Economics

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Business Strategy

27. **Dominant Strategy:** An action that is at least as good as all other actions regardless what the opposing player chooses.
28. **Nash Equilibrium:** A set of strategies such that each player accurately believes that he/she is acting optimally given the strategy of the other players.
29. **First Mover Advantage:** Advantage to the first mover in sequential games when the simultaneous game has multiple Nash Equilibria.
30. **Sub-Game Perfect Equilibrium:** requires each sub-tree to be a Nash Equilibrium.
31. **Credible Threat:** A threat made by a player is credible if it is in the player's best interest to carry out the threat.