



सिद्धिमूलं प्रबन्धनम्
भा. प्र. सं. इन्दौर
IIM INDORE

Indian Institute of Management Indore

To Cooperate or Not to Cooperate

You are managing a company which produces a product which has one more competitor in the market. The revenue and hence profit that you generate would depend on not only on your decision but also on the competitor's decision.

The objective of the game is to **maximize your company's profit** (across all the groups in the class).

Rules and Administration of the Game

The class will be divided into groups – 1A, 1B, 2A, 2B and so on. Group 1A plays against Group 1B, 2A against 2B and so on.

- There are 4 rounds in the game.
- In each round, a group chooses Strategy X or Strategy Y. The strategy is to be communicated **in confidence** (without disclosing it to the other groups) to the instructor on the sheet of paper given.
- Depending on the choice of groups A and B, profit for each will be determined and announced by the instructor at the end of each round.

PROFIT MATRIX

Strategy of		Profit for	
Group A	Group B	Group A	Group B
X	X	1800	1800
X	Y	4000	2000
Y	X	2000	4000
Y	Y	2600	2600

Ganesh Kumar Nidugala, Indian Institute of Management Indore, prepared this game as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

How to interpret the profit matrix?

If group 1A chooses strategy X and group 1B chooses strategy Y, profits for group 1A and group 1B are 4000 and 2000 respectively. Profit outcomes for all such combinations are listed below:

- If both A and B choose X, profit for each is 1800
- If both A and B choose Y, profit for each is 2600
- If A chooses X, B chooses Y, profit for A 4000, for B 2000
- If A chooses Y, B chooses X, profit for A 2000, for B 4000

Instructor will declare the profits for each group after every round of the game. Players can look at the outcome of the previous round before announcing their new strategy.

To begin with, groups will have to decide on their strategy without talking to the other groups. Instructors may allow negotiations among groups at an appropriate stage in the game. If negotiations are allowed the **strategy should to be submitted in confidence** (without disclosing to the other groups including the competing group).

Winner

The group with highest total profit across all the groups across all the rounds will be declared the winner.