



## Keio Business School

# Constructing a Strategy in a Management Game: When to Invest, How Many to Produce

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### Abstract

The purpose of this material is to learn the multi-faceted recognition of a situation and the multi-layered reasoning in strategic thinking by examining the data taken from a management game that was actually played. In the strategic situation considered here, each decision influences one another, resulting in interdependent decision-making or bargaining among decision-makers. Namely, there are multiple decision-makers. Non-cooperative games are suitable for describing and analyzing those situations. This material intends to be an introduction to the theory of non-cooperative games. In this management game, participants were assigned to companies and consumers, and those assigned to the companies determined the timing of investment in their own production equipment as well as the production volume of an identical commodity. The entrance door of game-theoretic analysis is understanding the difference between “plan” in management and “strategy” in game theory.

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This case was written by Naoki Watanabe (Graduate School of Business Administration, Keio University) for facilitating classroom discussions at Keio Business School. This case is published by Keio Business School. Inquiries about reproducing the case should be referred to Keio Business School (4-1-1 Hiyoshi Kohoku, Yokohama, Kanagawa 223-8526; Phone:+81-45-564-2444; E-Mail: case@kbs.keio.ac.jp) To order copies of the case, go to the website (<http://www.kbs.keio.ac.jp>).  
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