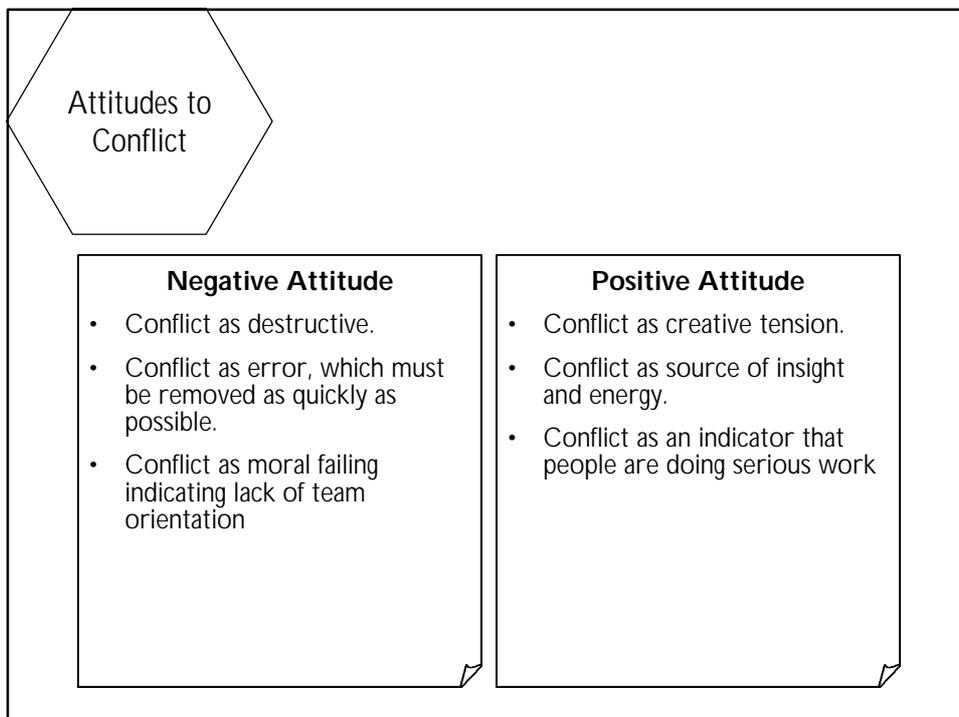
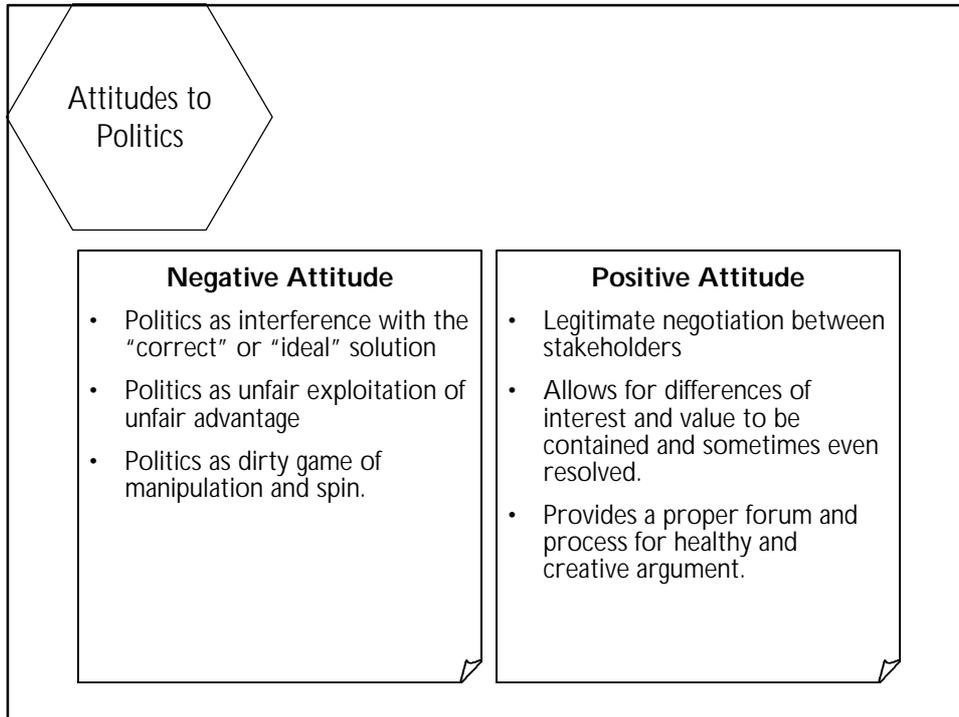
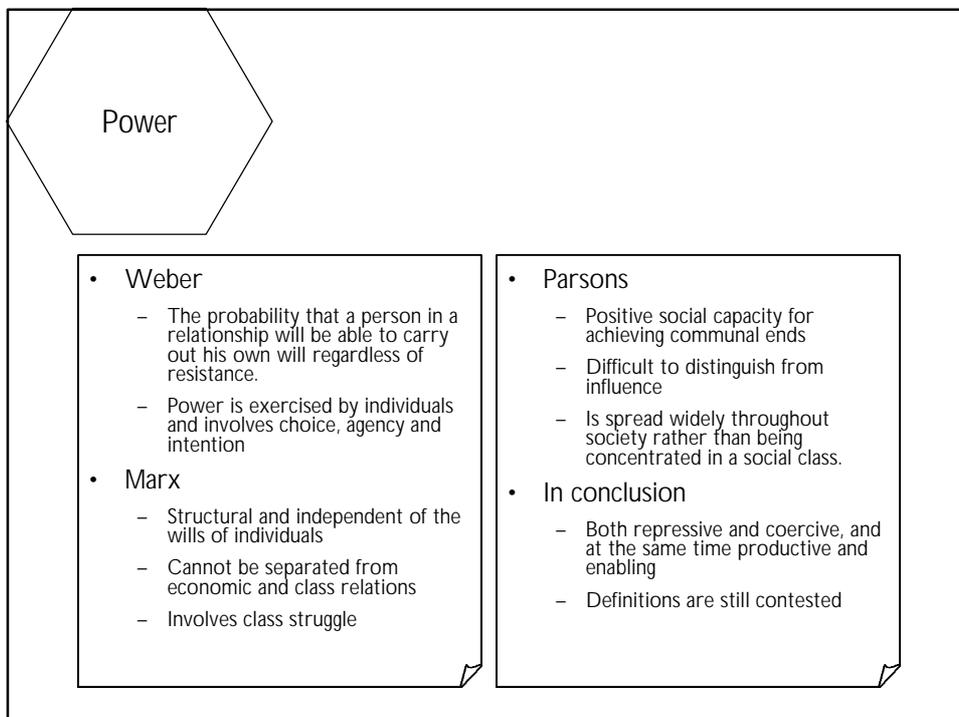
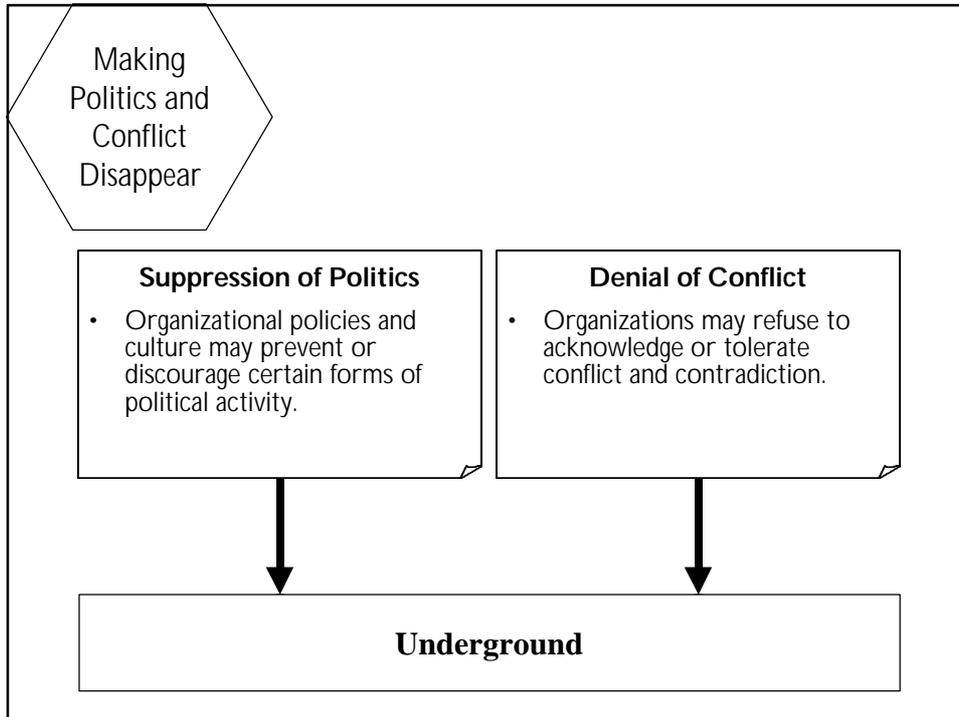
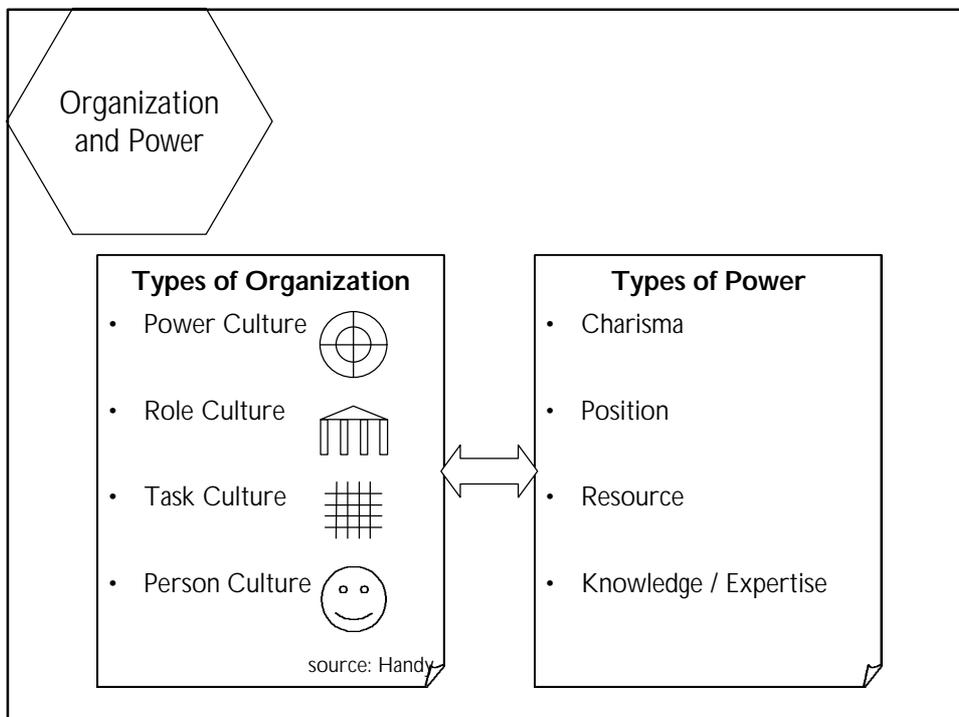
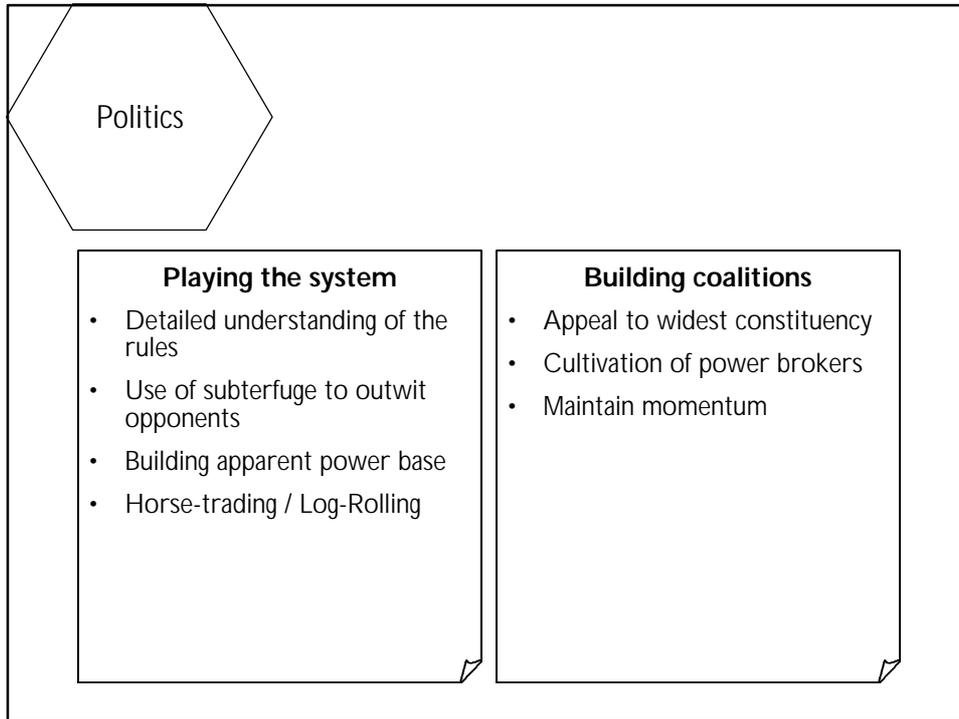


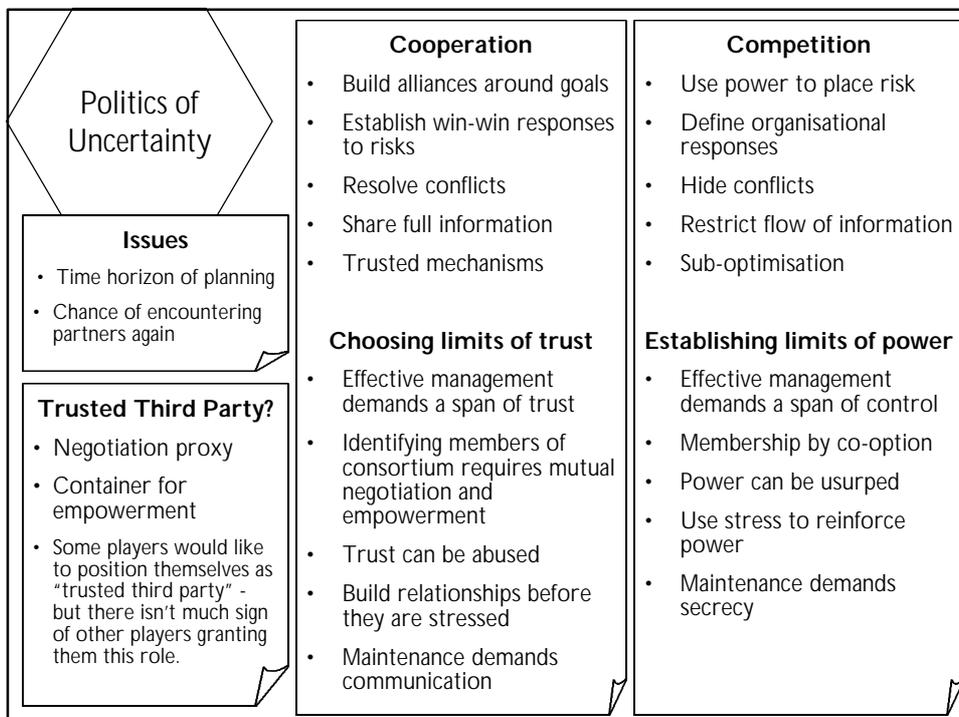
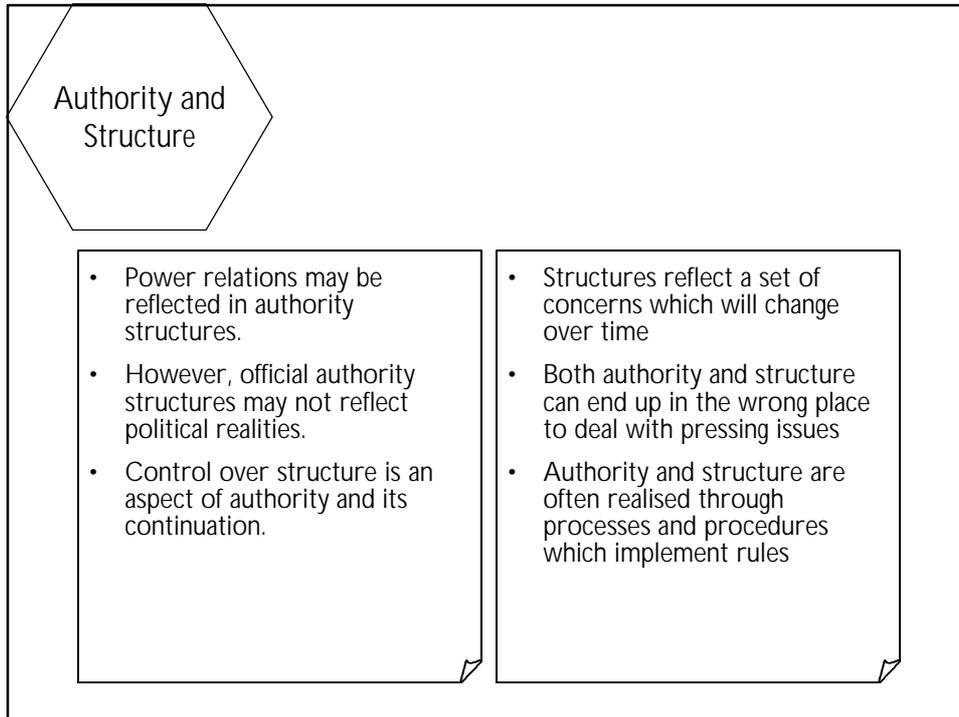
The slide is titled "Core Notions" in a hexagonal box at the top left. It contains two columns of text, each enclosed in a rectangular box with a folded bottom-right corner:

- Left Column:**
 - Power
 - Power to ...
 - Power to prevent ...
 - Power over ...
 - Patterns of stakeholder interest
 - Narrow interest
 - Economic man
 - Patterns of collaboration
 - Wider interest
 - Social citizen
- Right Column:**
 - Games show implications of choices for restricted ranges of motivation
 - Ethical positions show implications of restricted choices of actions
 - Attempts at collaboration show implications of restricted ethical stances









Group Uncertainty

- Establish who has to be trusted for a suitable possibility to be created
- Establish a scenario for each possibility looked at
- Develop commitments to the groups and to other stakeholders
- Monitor whether commitments of others respect the offered trust
- Switch scenarios when necessary

Uncertainty Graph Individual Player

time

Uncertainty Graph Whole Consortium

time

- Understand in detail the key resource to be jointly exploited.
- Develop a vision for how value for all can be generated
- Develop a mechanism for changing individual positions without losing trust
- Establish key management functions (Governance, Accounting, Mediation) as professional service.

Games

- Game theory can be used to explain a number of interesting business and organizational phenomena.
- Game theory is a mathematical way of modelling conflicts of interest between different players.
- Findings
 - Nash's equilibrium
 - Cooperation in repeated games
 - Parrondo's paradox
 - Centipedes

- Game theory also recognizes familiar game patterns. Many of these patterns have cute names.
 - Prisoner's Dilemma (the basic game of trust and betrayal)
 - Tragedy of the Commons (finite resource destroyed by overgrazing)
 - Chicken (whoever flinches first loses)
 - Stag hunt

Formal Analysis of Games

- Each game has the following elements.
 - A set of **players**.
 - A set of possible **outcomes**.
 - Each player has **preferences** between the possible outcomes.
 - Each player has a **choice of actions**. The outcome is determined by the combination of the actions of each player.

- Many of the basic games are symmetric, in which each player has the same preferences and choices. These games are typically easier to analyse.
- However, many real-life games are asymmetric.

Well-known game "Prisoner's Dilemma"

		Prisoner 1	
		Deny	Confess
Prisoner 2	Confess	<div style="display: flex; justify-content: space-between; width: 100%;"> 10 years 5 years </div> <div style="display: flex; justify-content: space-between; width: 100%;"> Free 5 years </div>	<div style="display: flex; justify-content: space-between; width: 100%;"> 5 years Free </div>
	Deny	<div style="display: flex; justify-content: space-between; width: 100%;"> 6 months 6 months </div> <div style="display: flex; justify-content: space-between; width: 100%;"> 6 months Free </div>	<div style="display: flex; justify-content: space-between; width: 100%;"> Free 10 years </div>

- The best outcome for you is if you confess and your mate doesn't. The worst outcome is if he confesses and you don't.
- This is often described as a game of cooperation (denial) and non-cooperation (confession).
 - Obviously this refers to cooperation with your mate, not with the police.
- In a repeated game, the strategy of **tit-for-tat** appears to be the most effective. Normally cooperate, but immediately punish non-cooperation.

Questions to ponder

- What might be the result of a training programme aimed at improving the political skills of all the managers in an organization?
- What may happen when political activity is suppressed? What may happen when conflict is denied?
- How can you tell if a business deal is setting you up for a sting?
- Are you safer working with someone who knows how to look after their own interests or someone who does not?
- Is there a natural limit to the number of people who can easily pursue their collective interests?
- What are the long term implications of using power to push uncertainty onto weaker players?

Reading

Required	Suggested
<ul style="list-style-type: none">• Hatch Ch 9,10• Handy Ch 10	<ul style="list-style-type: none">• Henry Hamburger, Games as Models of Social Phenomena• Machiavelli, The Prince• Peter Marris, The Politics of Uncertainty.• K.K. Smith & David Berg, Paradoxes of Group Life (Jossey Bass)