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**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**

**PGDM / PGDM (M) / PGDM (SM)**

**THIRD TRIMESTER (BATCH 2023-25)**

**END TERM EXAMINATION, APRIL 2024**

**(Set 2)**

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| --- | --- | --- | --- |
| Course Name | Economics of Strategy | Course Code | 20707 |
| Max. Time | **2 Hours** | Max. Marks | **40 MM** |

**INSTRUCTIONS:**

1. **It is an open book exam (course book- Economics of Strategy- Besanko et.al./ Games of Strategy- Avinash Dixit),**
2. **Handwritten notes are not allowed.**
3. **Answer all questions**

Q1. Use the following payoff matrix for a one-shot game to answer the following questions.

|  |  |
| --- | --- |
|  | Player 2 |
|  Player 1 | Strategy | C | D |
| A | −10, −10 | 200, −100 |
| B | −100, 220 | 140, 180 |

a. Determine the dominant strategy for each player. If such strategies do not exist, explain why not.

b. Estimate the secure strategy for each player. If such strategies do not exist, explain why not.

c. Evaluate the Nash equilibrium of this game. If such an equilibrium does not exist, explain why not. (3\*3=9 marks) (CLO3)

Q2. Read the case **“Airbus and Boeing: Superjumbo Decisions”** and answer the following questions.

1. Examine the uncertainties each form faces in this situation? Appraise their views on uncertainties whether it will be similar or different? (5\*2=10 marks) (CLO1)
2. Organize all numbers in a payoff matric of Boeing choice to develop now (D) a superjumbo 747-X or never develop (N), and for Airbus to be “in development of an offering (I) or stay out of (O) with superjumbo market with the A3XX.
3. Of the possible outcome, Choose the most desirable for Boeing? (7 marks)
4. Assess whether Airbus will introduce the superjumbo jet or not? (7 marks)
5. Estimate the outcome of this competitive interaction between two companies?

(7\*3= 21 marks) (CLO2)