Abstract

The dilemma faced by oligopolistic price-taking companies was studied: tacit cooperation profit-oriented (collusion) or aggressive price competition market-oriented. The results obtained by an experiment based on a Business Game (MMG) produced raw data from a seven-firm oligopoly studied for four years. The descriptive analysis based on Industry Attractiveness, Microeconomic Analysis, Game Theory, and Stakeholders Analysis showed that competition destroyed value for investors (profits were transformed into losses and company share prices fell 23%) and for the government (less taxes). In contrast, 22% more consumers were able to buy 22% more products 10% cheaper, the number of distribution centers and sales representatives grew twice as much, 21% more computers were produced, 13% more employees were hired, and 63% more investments in technology (R&D). The results suggest that to neutralize the negative effects of competition and promote sustainable economic growth it is suitable for firms to practice legal ways to engage in coopetition and create a) superior attractiveness for the industry, b) social orientation by improving wages, creating and maintaining jobs, along with c) support for the economy’s development with better products, higher GDP and taxes, and strengthening consumer rights.

Keywords

cooperation; competition; oligopoly; business games.