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**FUZZY CLAN GAMES AND BI-MONOTONIC
ALLOCATION RULES**

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Discussion paper

Fuzzy clan games and bi-monotonic allocation rules*

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Abstract

In this paper the class of fuzzy clan games is introduced. The cores of such games have an interesting shape which inspires to define a class of compensation-sharing rules that are additive and stable on the cone of fuzzy clan games. Further, the notion of bi-monotonic participation allocation scheme (bi-pamas) is introduced and it turns out that each core element of a fuzzy clan game is extendable to a bi-pamas.

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1. Introduction

Cooperative games with fuzzy coalitions are introduced in Aubin (1974). Such games are helpful for approaching sharing problems arising from economic situations where agents have the possibility to cooperate with different participation levels, varying from non-cooperation to full cooperation, and where the obtained reward depends on the levels of participation. A fuzzy coalition describes the participation levels to which each player is involved in cooperation. Classical cooperative games, which model situations where agents are either fully involved or not involved at all in cooperation with some other agents, can then be seen as a simplified version of games with fuzzy coalitions. In the pioneering work of Aubin the focus was on the core of cooperative fuzzy games and on the Shapley value. Since 1974 much research has been done in the field of cooperative games with fuzzy coalitions. For a survey the reader is referred to Nishizaki and Sakawa (2001). As in the classical cooperative game theory, some classes of games with fuzzy coalitions deserve special attention. The class of convex fuzzy games is introduced in Branzei et al. (2002) together with the notion of participation monotonic scheme (pamas), the existence of which is assured by the convexity of the game. Some additive and monotonic rules on the convex cone of convex fuzzy games are also considered (Proposition 8, in Branzei et al. (2002)). In the classical cooperative game theory extensive attention is paid to monotonicity properties of solution concepts (see Young (1985), Moulin (1988), Sprumont (1990), Branzei et al. (2001), Tijs et al. (2001), Voorneveld et al. (2000)). Additivity of rules on specific cones of cooperative TU-games is also an important research topic (see Shapley (1953), Dragan et al. (1989), Branzei and Tijs (2001), Tijs and Branzei (2002)).

In this paper we introduce a new class of games with partly fuzzy coalitions, namely the class of fuzzy clan games (and its subclass of fuzzy big boss games,) and focus on the core and bi-monotonic allocation schemes and rules. Inspired by Branzei et al. (2001) and Voorneveld et al. (2000) who consider the notion of bi-monotonic allocation scheme (bi-mas) for classical total big boss and total clan games, respectively, we introduce here for fuzzy clan games the notion of bi-monotonic participation allocation scheme (bi-pamas). Big boss games and clan games are introduced in classical cooperative game theory by Muto et al. (1988) and Potters et al. (1989), respectively; see also Tijs (1990).

The outline of the rest of the paper is as follows. In Section 2 we briefly recall some notions and facts from the theory of games with fuzzy coalitions. The notion of fuzzy clan game is introduced and exemplified in Section 3. Further, in Section 4, the cores of a fuzzy clan game (and a fuzzy big boss game, respectively) and its restricted games are

explicitly described and the geometrical shape of the core is discussed. Compensation-sharing rules and the notion of bi-participation monotonic allocation scheme (bi-pamas) are introduced in Section 5. It turns out that each compensation-sharing rule is additive, stable and generates for each game a bi-pamas, and each core element of a fuzzy clan game is bi-pamas extendable. We conclude with some final remarks in Section 6.

2. Preliminaries on games with fuzzy coalitions

Let $N = \{1, \dots, n\}$ be a finite set of players. A fuzzy coalition on N is a vector $s = (s_1, \dots, s_n)$ in $[0, 1]^N$, where the i -th coordinate s_i is referred to as the participation level of player i in the fuzzy coalition s . The set of fuzzy coalitions on N is denoted by $[0, 1]^N$ and also by F^N . A crisp coalition $S \in 2^N$ corresponds in a canonical way to the fuzzy coalition e^S , where $e^S \in F^N$ is the vector with $(e^S)_i = 1$ if $i \in S$, and $(e^S)_i = 0$ if $i \in N \setminus S$. The fuzzy coalition e^S corresponds to the situation where the players in S fully cooperate (i.e. have participation level 1) and the players outside S are not involved at all in cooperation (i.e. they have participation level 0). Instead of $e^{(i)}$ we often write e^i . The fuzzy coalition $0 = (0, \dots, 0)$ is called the "empty" fuzzy coalition and the fuzzy coalition $e^N = (1, \dots, 1)$ is called the "grand" coalition.

A cooperative fuzzy game with player set N is a function $v: F^N \rightarrow R$, with $v(0) = 0$, assigning to each fuzzy coalition a real number telling what such a coalition can achieve in cooperation. The set of games with fuzzy coalitions on N is an infinite dimensional linear space that we denote by FG^N .

The core (Aubin (1974)) of a fuzzy game v is defined by

$$Core(v) = \{x \in R^N \mid \sum_{i \in N} x_i = v(e^N), \sum_{i \in N} s_i x_i \geq v(s) \text{ for each } s \in F^N\}.$$

Here $\sum_{i \in N} s_i x_i$ is the inner product of s and x , denoted by $s \cdot x$ in the following.

For each fuzzy game v we define its corresponding crisp game $w: 2^N \rightarrow R$ by $w(S) = v(e^S)$ for each $S \in 2^N$.

In Branzei et al. (2002) the notion of t -restricted game of v is introduced, which plays a role similar to that of a subgame of a crisp game (see Remark 4 in Branzei et al. (2002)).

Let $v \in FG^N$ and $t \in F^N$. In what follows for each $t \in F^N$ we denote the set $\{i \in N \mid t_i > 0\}$ by $car(t)$. The t -restricted game of v with player set N is the game v_t with $v_t: F^N \rightarrow R$ given by $v_t(s) = v(t * s)$ for all $s \in F^N$, where $t * s = (t_1 s_1, \dots, t_n s_n)$. For

each core element $x \in \text{Core}(v_t)$ we have $x_k = 0$ for each $k \notin \text{car}(t)$ (see Remark 5 in Branzei et al. (2002)).

By means of restricted games Branzei et al. (2002) have extended the notion of population monotonic allocation scheme (pmas) for cooperative crisp games (Sprumont (1990)) to that of participation monotonic allocation scheme (pamas) in the context of cooperative fuzzy games. Convexity of the fuzzy game (and its restricted games) is a sufficient condition for the existence of a pamas.

3. The cone of fuzzy clan games

There are various economic situations where the group of agents involved consists of two subgroups with different status: a "clan" whose members can "manage" the situation and a set of available agents willing to join the clan. However, the non-clan members are completely dependent on the collective of clan members in the sense that a coalition never can obtain a positive reward if not all clan members are present in the coalition. Such situations are modeled in the classical theory of cooperative games with transferable utility by means of (total) clan games where only the full cooperation and non-cooperation at all of non-clan members with the clan are taken into account. Here we take over this simplifying assumption and allow non-clan members to cooperate with all clan members and some other non-clan members to a certain extent. As a result the notion of fuzzy clan game is introduced.

Let $N = \{1, \dots, n\}$ be a finite set of players. We denote the non-empty set of clan members by C , and treat clan members as crisp players. In the following we denote the set of crisp subcoalitions of C by $\{0,1\}^C$, the set of fuzzy coalitions on $N \setminus C$ by $[0,1]^{N \setminus C}$ (equivalent to $F^{N \setminus C}$), and denote $[0,1]^{N \setminus C} \times \{0,1\}^C$ by F_C^N . For each $s \in F_C^N$, $s_{N \setminus C}$ and s_C will denote its restriction to $N \setminus C$ and C , respectively. We denote the vector $(e^N)_C$ by 1_C in the following. Further we denote by $F_{1_C}^N$ the set $[0,1]^{N \setminus C} \times \{1_C\}$ of fuzzy coalitions on N where all clan members have full participation level, and where the participation level of non-clan members may vary between 0 and 1.

In this section fuzzy clan games are defined using veto power of clan members, monotonicity, and a condition reflecting the fact that a decrease in participation level of a non-clan member in growing coalitions containing at least all clan members with full participation level results in a decrease of the average marginal return of that player (DAMR-property).

Formally, a game $v: F_C^N \rightarrow R$ is a *fuzzy clan game* if v satisfies the following three

properties:

(i) (*veto-power of clan members*) $v(s) = 0$ if $s_C \neq 1_C$;

(ii) (*Monotonicity*) $v(s) \leq v(t)$ for all $s, t \in F_C^N$ with $s \leq t$;

(iii) (*DAMR-property for non-clan members*) for each $i \in N \setminus C$, all $s^1, s^2 \in F_{1_C}^N$ and

all $\varepsilon_1, \varepsilon_2 > 0$ such that $s^1 \leq s^2$ and $0 \leq s^1 - \varepsilon_1 e^i \leq s^2 - \varepsilon_2 e^i$ we have

$$\varepsilon_1^{-1}(v(s^1) - v(s^1 - \varepsilon_1 e^i)) \geq \varepsilon_2^{-1}(v(s^2) - v(s^2 - \varepsilon_2 e^i)).$$

Property (i) expresses the fact that the full participation level of all clan members is a necessary condition for generating a positive reward for coalitions.

Fuzzy clan games for which the clan consists of a single player are called *fuzzy big boss games*, with the single clan member as the big boss.

As an introduction we give two examples of interactive situations one of them leading to a fuzzy clan game, but the other one not.

Example 1. (A production situation with owners and gradually available workers). Let $N \setminus C = \{1, \dots, m\}$, $C = \{m+1, \dots, n\}$. Let $f: [0,1]^{N \setminus C} \rightarrow R$ be a monotonic non-decreasing function with $f(0) = 0$ and with the decreasing average marginal return property. Then $v: [0,1]^{N \setminus C} \times \{0,1\}^C \rightarrow R$ defined by $v(s) = 0$ if $s_C \neq 1_C$ and $v(s) = f(s_1, s_2, \dots, s_m)$ otherwise, is a fuzzy clan game with clan C .

One can think of a production situation where the clan members are providers of different (complementary) essential tools needed for the production and the production function measures the gains if all clan members are cooperating with the set of workers $N \setminus C$ (cf. Chetty et al. (1976), Potters et al. (1989)), where each worker i can participate at level s_i which may vary from lack of participation to full participation.

Example 2. (A fuzzy voting situation with a fixed group with veto-power). Let N and C be as in Example 1, and $0 < k < |N \setminus C|$. Let $v: [0,1]^{N \setminus C} \times \{0,1\}^C \rightarrow R$ with

$$v(s) = \begin{cases} 1 & \text{if } s_C = 1_C \text{ and } \sum_{i=1}^m s_i \geq k \\ 0 & \text{otherwise} \end{cases}.$$

Then v has the veto power property for members in C and the monotonicity property, but not the DAMR-property with respect to members of $N \setminus C$, hence it is not a fuzzy clan game. This game can be seen as arising from a voting situation where to pass the bill all members of C have to (fully) agree and the sum of the support levels $\sum_{i \in N \setminus C} s_i$ of

$N \setminus C$ should exceed a fixed threshold k , where $s_i = 1$ ($s_i = 0$) correspond to full support (no support) of the bill, but also partial supports count.

In the following the set of all fuzzy clan games with a fixed non-empty set of players N and a fixed clan C is denoted by FCG_C^N . We notice that FCG_C^N is a convex cone in FG^N , that is for all $v, w \in FCG_C^N$ and $p, q \in R_+$, $pv + qw \in FCG_C^N$, where R_+ denotes the set of non-negative real numbers.

Now we show that for each game $v \in FCG_C^N$ the corresponding crisp game w is a total clan game if $|C| \geq 2$, and a total big boss game if $|C| = 1$.

Let $v \in FCG_C^N$. The corresponding crisp game w has the following properties which follow straightforwardly from the properties of v :

(V) $w(S) = 0$ if $C \not\subset S$;

(M) $w(S) \leq w(T)$ for all S, T with $S \subset T \subset N$ (where $S \subset T$ means $i \in T$ for each $i \in S$);

(TC) for all S, T with $C \subset S \subset T$ and each $i \in S \setminus C$, $w(S) - w(S \setminus \{i\}) \geq w(T) - w(T \setminus \{i\})$.

So, w is a total clan game in the terminology of Voorneveld et al. (2000) if $|C| \geq 2$, and a total big boss game in the terminology of Branzei et al. (2001) if $|C| = 1$.

In the following we consider t -restricted games corresponding to a fuzzy clan game and prove, in Proposition 1, that these games are also fuzzy clan games.

Let $v \in FCG_C^N$ and $t \in F_{1_C}^N$. Recall that the t -restricted game v_t of v with respect to t is given by $v_t(s) = v(t * s)$ for each $s \in F_C^N$.

Proposition 1. Let v_t be the t -restricted game of $v \in FCG_C^N$, with $t \in F_{1_C}^N$. Then

$v_t \in FCG_C^N$.

Proof. First, note that for each $s \in F_C^N$ with $s_C \neq 1_C$ we have $(t * s)_C \neq 1_C$, and then the veto-power property of v implies $v_t(s) = v(t * s) = 0$. To prove the monotonicity property, let $s^1, s^2 \in F_C^N$ with $s^1 \leq s^2$. Then $v_t(s^1) = v(t * s^1) \leq v(t * s^2) = v_t(s^2)$, where the inequality follows from the monotonicity of v . Now, we focus on the DAMR-property

regarding non-clan members. Let $i \in N \setminus C$, $s^1, s^2 \in F_{1_C}^N$, and let $\varepsilon_1 > 0$, $\varepsilon_2 > 0$ such

that $s^1 \leq s^2$ and $0 \leq s^1 - \varepsilon_1 e^i \leq s^2 - \varepsilon_2 e^i$. Then

$$\begin{aligned} \varepsilon_2^{-1}(v_t(s^2) - v_t(s^2 - \varepsilon_2 e^i)) &= \varepsilon_2^{-1}(v(t * s^2) - v(t * s^2 - t_i \varepsilon_2 e^i)) \\ &\leq \varepsilon_1^{-1}(v(t * s^1) - v(t * s^1 - t_i \varepsilon_1 e^i)) \\ &= \varepsilon_1^{-1}(v_t(s^1) - v_t(s^1 - \varepsilon_1 e^i)), \end{aligned}$$

where the inequality follows from the DAMR-property of v . (Q.E.D.)

For each $i \in N \setminus C$, $x \in [0,1]$ and $t \in F_C^N$, let $(t^{-i} \parallel x)$ be the element in F_C^N such that $(t^{-i} \parallel x)_j = t_j$ for each $j \in N \setminus \{i\}$ and $(t^{-i} \parallel x)_i = x$. The function $v: [0,1]^{N \setminus C} \times \{0,1\}^C \rightarrow R$ is called *coordinate-wise concave regarding non-clan members* if for each $i \in N \setminus C$ the function $g_{t^{-i}}: [0,1] \rightarrow R$ with $g_{t^{-i}}(x) = v(t^{-i} \parallel x)$ for each $x \in [0,1]$ is a concave function.

The function $v: [0,1]^{N \setminus C} \times \{0,1\}^C \rightarrow R$ is said to have the *submodularity property* on $[0,1]^{N \setminus C}$ if $v(s \vee t) + v(s \wedge t) \leq v(s) + v(t)$ for all $s, t \in F_{1_C}^N$, where $s \vee t$ and $s \wedge t$ are those elements of $[0,1]^{N \setminus C} \times \{1_C\}$ with the i -th coordinate equal, for each $i \in N \setminus C$, to $\max\{s_i, t_i\}$ and $\min\{s_i, t_i\}$, respectively.

(The operations \vee and \wedge play a similar role for fuzzy coalitions as the union and intersection for crisp coalitions.)

Remark 1. The DAMR-property regarding non-clan members implies two important properties of v , namely coordinate-wise concavity and submodularity. Note that the coordinate-wise concavity follows straightforwardly from the DAMR-property of v . The proof of the submodularity follows the same line as in the proof of Theorem 6 in Branzei et al. (2002) where it is shown that the IAMR-property implies supermodularity.

Let $\varepsilon > 0$ and let $s \in F_C^N$. For each $i \in N \setminus C$ we denote by $D_i v(s)$ the i -th left derivative of v in s if $s_i > 0$, and the i -th right derivative of v in s if $s_i = 0$, i.e.

$$D_i v(s) = \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v(s) - v(s - \varepsilon e^i)), \text{ if } s_i > 0, \text{ and } D_i v(s) = \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v(s + \varepsilon e^i) - v(s)), \text{ if } s_i = 0.$$

It is well known that for a concave real-valued function each tangent line to the graph lies above the graph of the function. Based on this property we state

Lemma 1. Let $v \in FCG_C^N$, $t \in F_{1_C}^N$, and $i \in N \setminus C$. Then for $s_i \in [0, t_i]$

$$v(t^{-i} \parallel t_i) - v(t^{-i} \parallel s_i) \geq (t_i - s_i) D_i v(t).$$

Proof. Applying the coordinate-wise concavity of v and the property of tangent lines to the graph of $g_{t^{-i}}$ in $(t_i, g_{t^{-i}}(t_i))$ one obtains $v(t^{-i} \parallel t_i) - (t_i - s_i) D_i v(t) \geq v(t^{-i} \parallel s_i)$. (Q.E.D.)

4. The core of fuzzy clan games

The main aim of this section is to provide an explicit description of the core of a fuzzy clan game and give some insight into its geometrical shape. We start with a lemma.

Lemma 2. Let $v \in FCG_C^N$ and let $s \in F_{1_C}^N$. Then $v(e^N) - v(s) \geq \sum_{i \in N \setminus C} (1 - s_i) D_i v(e^N)$.

Proof. Suppose that $|N \setminus C| = m$ and denote $N \setminus C = \{1, 2, \dots, m\}$, $C = \{m+1, m+2, \dots, n\}$. Let a^0, a^1, \dots, a^m and b^1, b^2, \dots, b^m be the sequences of fuzzy coalitions on N given by $a^0 = e^N$, $a^r = e^N - \sum_{k=1}^r (1 - s_k) e^k$, $b^r = e^N - (1 - s_r) e^r$ for each $r \in \{1, 2, \dots, m\}$. Note that $a^m = s \in F_{1_C}^N$, and $a^{r-1} \vee b^r = e^N$, $a^{r-1} \wedge b^r = a^r$ for each $r \in \{1, 2, \dots, m\}$. Then

$$v(e^N) - v(s) = \sum_{r=1}^m (v(a^{r-1}) - v(a^r)) \geq \sum_{r=1}^m (v(e^N) - v(b^r)) \quad (1)$$

where the inequality follows from the submodularity property of v applied for each $r \in \{1, 2, \dots, m\}$. Now for each $r \in \{1, 2, \dots, m\}$ we have by Lemma 1

$$D_r v(e^N) \leq (1 - s_r)^{-1} (v(e^N) - v(e^N - (1 - s_r) e^r)),$$

thus obtaining

$$v(e^N) - v(b^r) = v(e^N) - v(e^N - (1 - s_r) e^r) \geq (1 - s_r) D_r v(e^N). \quad (2)$$

Now we combine (1) and (2). (Q.E.D.)

Theorem 1. Let v be an element of FCG_C^N . Then

(i) $Core(v) = \{x \in R^n \mid \sum_{i=1}^n x_i = v(e^N), 0 \leq x_i \leq D_i v(e^N) \text{ for each } i \in N \setminus C, 0 \leq x_i \text{ for each } i \in C\}$,

if $|C| > 1$;

(ii) $Core(v) = \{x \in R^n \mid \sum_{i=1}^n x_i = v(e^N), 0 \leq x_i \leq D_i v(e^N) \text{ for each } i \in N \setminus \{n\}, v(e^n) \leq x_n\}$,

if $C = \{n\}$.

Proof. We only prove (i).

(a) Let $x \in Core(v)$. Then $x_i = e^i \cdot x \geq v(e^i) = 0$ for each $i \in N$ and $\sum_{i=1}^n x_i = v(e^N)$. Further,

for each $i \in N \setminus C$ and each $\varepsilon \in (0, 1)$ we have

$$x_i = \varepsilon^{-1} (e^N \cdot x - (e^N - \varepsilon e^i) \cdot x) \leq \varepsilon^{-1} (v(e^N) - v(e^N - \varepsilon e^i)).$$

We use now the monotonicity property and the coordinate-wise concavity property of v obtaining that $\lim_{\varepsilon \rightarrow 0} \varepsilon^{-1}(v(e^N) - v(e^N - \varepsilon e^i))$ exists and this limit is equal to $D_i v(e^N)$.

Hence $x_i \leq D_i v(e^N)$, thus implying that $Core(v)$ is a subset of the set on the right side of the equality in (i).

(b) To prove the converse inclusion, let $x \in R^n$ with $\sum_{i=1}^n x_i = v(e^N)$, $0 \leq x_i \leq D_i v(e^N)$ for each $i \in N \setminus C$, and $0 \leq x_i$ for each $i \in C$. We have to show that the inequality $s \cdot x \geq v(s)$ holds for each $s \in [0,1]^N$. First, if $s \in [0,1]^N$ is such that $s_C \neq 1_C$, then $v(s) = 0 \leq s \cdot x$. Now let $s \in [0,1]^N$, with $s_C = 1_C$. Then

$$s \cdot x = \sum_{i \in C} x_i + \sum_{i \in N \setminus C} s_i x_i = v(e^N) - \sum_{i \in N \setminus C} (1 - s_i) x_i \geq v(e^N) - \sum_{i \in N \setminus C} (1 - s_i) D_i v(e^N).$$

The inequality $s \cdot x \geq v(s)$ follows then from Lemma 2. (Q.E.D.)

The core of a fuzzy clan game has an interesting geometric shape. It is the intersection of a simplex with 'hyperbands' corresponding to the non-clan members. To be more precise, for fuzzy clan games (and fuzzy big boss games with $v(e^n) = 0$), we have

$Core(v) = \Delta(v(e^N)) \cap B_1(v) \cap \dots \cap B_m(v)$, where $\Delta(v(e^N))$ is the simplex

$$\{x \in R_+^n \mid \sum_{i=1}^n x_i = v(e^N)\}, \text{ and for each player } i \in \{1, 2, \dots, m\}, B_i(v) = \{x \in R^n \mid 0 \leq x_i \leq D_i v(e^N)\}$$

is the region between the two parallel hyperplanes in R^n , $\{x \in R^n \mid x_i = 0\}$ and $\{x \in R^n \mid x_i = D_i v(e^N)\}$, which we call the 'hyperband' corresponding to i .

An interesting core element is $b(v) = (D_1 v(e^N)/2, \dots, D_m v(e^N)/2, t, \dots, t)$, with $t = |C|^{-1}(v(e^N) - \sum_{i=1}^m D_i v(e^N)/2)$, which corresponds to the point with a central location in

this geometric structure. Note that $b(v)$ is in the intersection of middle-hyperplanes of all hyperbands $B_i(v)$, $i = 1, \dots, m$, and it has the property that the coordinates corresponding to clan members are equal.

Example 3. For a 3-person fuzzy big boss game with player 3 as the big boss and $v(e^3) = 0$ the core has the shape of a parallelogram (in the imputation set) with vertices:

$$(0, 0, v(e^N)), (D_1 v(e^N), 0, v(e^N) - D_1 v(e^N)), (0, D_2 v(e^N), v(e^N) - D_2 v(e^N)), (D_1 v(e^N), D_2 v(e^N), v(e^N) - D_1 v(e^N) - D_2 v(e^N)).$$

Note that $b(v) = (D_1 v(e^N)/2, D_2 v(e^N)/2, v(e^N) - (D_1 v(e^N) + D_2 v(e^N))/2)$ is the middle point of this parallelogram.

For a convex fuzzy game the core of v and the core of the corresponding crisp game w coincide (see Theorem 7 (iii) in Branzei et al. (2002)). This is not the case in general for fuzzy clan games as the next example shows.

Example 4. Let $N = \{1,2\}$ and let $v: [0,1] \times \{0,1\} \rightarrow R$ be given by $v(s_1,1) = \sqrt{s_1}$, $v(s_1,0) = 0$ for each $s_1 \in [0,1]$. Then v is a fuzzy big boss game with player 2 as the big boss, and $Core(v) = \{(\alpha, 1 - \alpha) \mid \alpha \in [0, 1/2]\}$, $Core(w) = \{(\alpha, 1 - \alpha) \mid \alpha \in [0, 1]\}$. Hence $Core(v) \neq Core(w)$.

The next lemma plays a role in the rest of the paper.

Lemma 3. Let $v \in FCG_C^N$. Let $t \in F_{1_C}^N$ and v_t be the t -restricted game of v . Then for each non-clan member $i \in car(t)$: $D_i v_t(e^N) = t_i D_i v(t)$.

Proof. $D_i v_t(e^N) = \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v_t(e^N) - v_t(e^N - \varepsilon e^i)) = \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v(t) - v(t - \varepsilon t_i e^i)) = t_i D_i v(t)$. (Q.E.D.)

Theorem 2. Let $v \in FCG_C^N$. Then for each $t \in F_{1_C}^N$ the core $Core(v_t)$ of the t -restricted game v_t is described by

(i) $Core(v_t) = \{x \in R^n \mid \sum_{i \in N} x_i = v(t), 0 \leq x_i \leq t_i D_i v(t) \text{ for each } i \in N \setminus C, 0 \leq x_i \text{ for each } i \in C\}$, if

$|C| > 1$;

(ii) $Core(v_t) = \{x \in R^n \mid \sum_{i \in N} x_i = v(t), 0 \leq x_i \leq t_i D_i v(t) \text{ for each } i \in N \setminus \{n\}, v(t_n e^n) \leq x_n\}$,

if $C = \{n\}$.

Proof. We only prove (i). Let $t \in F_{1_C}^N$, with $|C| > 1$. Then, by the definition of the core of

a fuzzy game, $Core(v_t) = \{x \in R^n \mid \sum_{i \in N} x_i = v_t(e^N), \sum_{i \in N} s_i x_i \geq v_t(s) \text{ for each } s \in F_C^N\}$. Since

$v_t(e^N) = v(t)$ and since, by Proposition 1, v_t is itself a fuzzy clan game, we can apply Theorem 1(i), thus obtaining

$$\text{Core}(v_i) = \{x \in R^n \mid \sum_{i \in N} x_i = v(t), \quad 0 \leq x_i \leq D_i v_i(e^N) \text{ for each } i \in N \setminus C, \quad 0 \leq x_i \text{ for each } i \in C\}.$$

Now we apply Lemma 3. (Q.E.D.)

5. Monotonic allocation rules and bi-pamas

Let $N \setminus C = \{1, \dots, m\}$ and $C = \{m+1, \dots, n\}$. We introduce for each $\alpha \in [0,1]^m$ and $\beta \in \Delta(C) = \Delta(\{m+1, \dots, n\}) = \{z \in R_+^{n-m}, \sum_{i=m+1}^n z_i = 1\}$ an allocation rule

$\psi^{\alpha, \beta} : FCG_C^N \rightarrow R^n$, given by

$$\psi_i^{\alpha, \beta}(v) = \begin{cases} \alpha_i D_i v(e^N) & \text{if } i \in \{1, \dots, m\} \\ \beta_i \left(v(e^N) - \sum_{k=1}^m \alpha_k D_k v(e^N) \right) & \text{if } i \in \{m+1, \dots, n\} \end{cases}$$

We call this rule the *compensation-sharing rule with compensation vector α and sharing vector β* . The i -th coordinate α_i of the compensation vector α indicates that player $i \in \{1, \dots, m\}$ obtains the part $\alpha_i D_i v(e^N)$ of his marginal contribution $D_i v(e^N)$ to e^N . Then for each $i \in \{m+1, \dots, n\}$, the i -th coordinate β_i of the sharing vector β determines the share $\beta_i (v(e^N) - \sum_{i=1}^m \alpha_i D_i v(e^N))$ for the clan member i from what is left for the group of clan members in e^N .

Theorem 3. Let $v \in FCG_C^N$. Then

- (i) $\psi^{\alpha, \beta} : FCG_C^N \rightarrow R^n$ is stable (i.e. $\psi^{\alpha, \beta}(v) \in \text{Core}(v)$ for each $v \in FCG_C^N$) and additive for each $\alpha \in [0,1]^m$ and each $\beta \in \Delta(C)$;
- (ii) $\text{Core}(v) = \{\psi^{\alpha, \beta}(v) \mid \alpha \in [0,1]^{N \setminus C}, \beta \in \Delta(C)\}$;
- (iii) The multi-function $\text{Core} : FCG_C^N \rightarrow R^n$ which assigns to each $v \in FCG_C^N$ the subset $\text{Core}(v)$ of R^n is additive.

Proof. (i) $\psi^{\alpha, \beta}(pv + qw) = p\psi^{\alpha, \beta}(v) + q\psi^{\alpha, \beta}(w)$ for all $v, w \in FCG_C^N$ and all $p, q \in R_+$, so $\psi^{\alpha, \beta}$ is additive on the cone of fuzzy clan games. The stability follows from Theorem 1.

(ii) Clearly, each $\psi^{\alpha, \beta}(v) \in \text{Core}(v)$. Conversely, let $x \in \text{Core}(v)$. Then, according to Theorem 1, $x_i \in [0, D_i v(e^N)]$ for each $i \in N \setminus C$. Hence, for each $i \in \{1, \dots, m\}$ there is $\alpha_i \in [0,1]$ such that $x_i = \alpha_i D_i v(e^N)$.

Now we show that

$$v(e^N) - \sum_{i=1}^m \alpha_i D_i v(e^N) \geq 0. \quad (3)$$

Note that $e^C \in F_{1_C}^N$ is the fuzzy coalition where each non-clan member has participation level 0 and each clan-member has participation level 1. We have

$$v(e^N) - v(e^C) = \sum_{i=1}^m (v(\sum_{k=1}^i e^k + e^C) - v(\sum_{k=1}^{i-1} e^k + e^C)) \geq \sum_{i=1}^m (v(e^N) - v(e^N - e^i)) \geq \sum_{i=1}^m D_i v(e^N) \geq \sum_{i=1}^m \alpha_i D_i v(e^N)$$

where the first inequality follows from the DAMR-property of v by taking $s^1 = \sum_{k=1}^i e^k + e^C$, $s^2 = e^N$, $\varepsilon_1 = \varepsilon_2 = 1$, the second inequality follows from Lemma 1 with $t = e^N$ and $s_i = 1$, and the third inequality since $D_i v(e^N) \geq 0$ in view of the monotonicity property of v . Hence (3) holds.

Inequality (3) expresses the fact that the group of clan members is left a non-negative amount in the grand coalition.

The fact that $x_i \geq v(e^i)$ for each $i \in C$ implies that $x_i \geq 0$ for each $i \in \{m+1, \dots, n\}$.

But then there is a vector $\beta \in \Delta(C)$ such that $x_i = \beta_i (v(e^N) - \sum_{i=1}^m \alpha_i D_i v(e^N))$ (Take

$\beta \in \Delta(C)$ arbitrarily if $v(e^N) - \sum_{i=1}^m D_i v(e^N) = 0$, and $\beta_i = x_i (v(e^N) - \sum_{i=1}^m \alpha_i D_i v(e^N))^{-1}$, for each $i \in C$, otherwise). Hence $x = \psi^{\alpha, \beta}(v)$.

(iii) Trivially, $Core(v+w) \supset Core(v) + Core(w)$ for all $v, w \in FCG_C^N$.

Conversely, let $v, w \in FCG_C^N$. Then

$$\begin{aligned} Core(v+w) &= \{\psi^{\alpha, \beta}(v+w) \mid \alpha \in [0,1]^{N \setminus C}, \beta \in \Delta(C)\} \\ &= \{\psi^{\alpha, \beta}(v) + \psi^{\alpha, \beta}(w) \mid \alpha \in [0,1]^{N \setminus C}, \beta \in \Delta(C)\} \\ &\subset \{\psi^{\alpha, \beta}(v) \mid \alpha \in [0,1]^{N \setminus C}, \beta \in \Delta(C)\} + \{\psi^{\alpha, \beta}(w) \mid \alpha \in [0,1]^{N \setminus C}, \beta \in \Delta(C)\} \\ &= Core(v) + Core(w), \end{aligned}$$

where the equalities follow from (ii). (Q.E.D.)

For fuzzy clan games the notion of bi-monotonic allocation scheme which we introduce now plays a similar role as pamas for convex fuzzy games in Branzei et al.(2002).

Let $v \in FCG_C^N$. A scheme $[b_{t,i}]_{t \in F_{1_C}^N, i \in N}$ is called a *bi-monotonic participation allocation scheme (bi-pamas)* for v if the following conditions hold:

(i) (*Stability*) $(b_{t,i})_{i \in N} \in Core(v_t)$ for each $t \in F_{1_C}^N$;

(ii) (*Bi-monotonicity w.r.t. participation levels*) For all $s, t \in F_{1_C}^N$ with $s \leq t$ we have:

- $s_i^{-1} b_{s,i} \geq t_i^{-1} b_{t,i}$ for each $i \in (N \setminus C) \cap \text{car}(s)$;
- $b_{s,i} \leq b_{t,i}$ for each $i \in C$.

Remark 2. The restriction of $[b_{t,i}]_{t \in F_{1_C}^N, i \in N}$ to a crisp environment (where only the crisp coalitions are considered) is a bi-monotonic allocation scheme according to Branzei et al. (2001) for the case $|C|=1$, and Voorneveld et al. (2000); see also Grahn (2002).

Lemma 4. Let $v \in FCG_C^N$. Let $s, t \in F_{1_C}^N$ with $s \leq t$ and let $i \in \text{car}(s)$ be a non-clan member. Then $D_i v(s) \geq D_i v(t)$.

Proof. $D_i v(s) = \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v(s) - v(s - \varepsilon e^i)) \geq \lim_{\varepsilon \rightarrow 0} \varepsilon^{-1} (v(t) - v(t - \varepsilon e^i)) = D_i v(t)$, where the inequality follows from the DAMR-property of v , with $\varepsilon_1 = \varepsilon_2 = \varepsilon$. (Q.E.D.)

Theorem 4. Let $v \in FCG_C^N$, with $N \setminus C = \{1, \dots, m\}$. Then for each $\alpha \in [0, 1]^m$ and $\beta \in \Delta(C) = \Delta(\{m+1, \dots, n\})$ the compensation-sharing rule $\psi^{\alpha, \beta}$ generates a bi-monotonic participation allocation scheme for v , namely $[\psi_i^{\alpha, \beta}(v_t)]_{t \in F_{1_C}^N, i \in N}$.

Proof. We treat only the case $|C| > 1$. In Theorem 2(i) we have proved that for each $t \in F_{1_C}^N$ the core $\text{Core}(v_t)$ of the t -restricted game v_t is given by

$$\text{Core}(v_t) = \{x \in R^N \mid \sum_{i \in N} x_i = v(t), 0 \leq x_i \leq t_i D_i v(t) \text{ for each } i \in N \setminus C, 0 \leq x_i \text{ for each } i \in C\}.$$

Then, for each non-clan member i the α -based compensation (regardless of β) in the “grand coalition” t of the t -restricted game v_t is $\psi_i^{\alpha, \beta} = \alpha_i t_i D_i v(t)$, $i \in \{1, \dots, m\}$. Hence, $\psi_i^{\alpha, \beta} = \beta_i (v(t) - \sum_{i=1}^m \alpha_i t_i D_i v(t))$ for each $i \in \{m+1, \dots, n\}$.

First we prove that for each non-clan member i the compensation per unit of participation level is weakly decreasing when the coalition containing all clan members with full participation level and in which player i is active (i.e. $s_i > 0$) becomes larger.

Let $s, t \in F_{1_C}^N$ with $s \leq t$ and $i \in \text{car}(s) \cap (N \setminus C)$. We have

$$\begin{aligned}\psi_i^{\alpha,\beta}(v_s) &= \alpha_i D_i v_s(e^N) = \alpha_i s_i D_i(v_s) \\ &\geq \alpha_i s_i D_i(v_t) = \alpha_i s_i (t_i)^{-1} D_i v_t(e^N) = s_i (t_i)^{-1} \psi_i^{\alpha,\beta}(v_t),\end{aligned}$$

where the inequality follows from Lemma 4 and the second and third equalities by Lemma 3. Hence, for each $s, t \in F_{1_C}^N$ with $s \leq t$ and each non-clan member $i \in \text{car}(s)$

$$s_i^{-1} \psi_i^{\alpha,\beta}(v_s) \geq t_i^{-1} \psi_i^{\alpha,\beta}(v_t).$$

Now, denote by $R_\alpha(v_t)$ the α -based remainder for the clan members in the “grand coalition” t of the t -restricted game v_t . Formally,

$$R_\alpha(v_t) = v_t(e^N) - \sum_{i \in N \setminus C} \alpha_i D_i v_t(e^N) = v(t) - \sum_{i \in N \setminus C} \alpha_i D_i v(t).$$

First we prove that for each $s, t \in F_{1_C}^N$ with $s \leq t$

$$R_\alpha(v_t) \geq R_\alpha(v_s) \quad (4)$$

Inequality (4) expresses the fact that the remainder for the clan members is weakly larger in larger coalitions (when non-clan members increase their participation level).

Let $s, t \in F_{1_C}^N$ with $s \leq t$. Then

$$\begin{aligned}v(t) - v(s) &= \sum_{k=1}^m ((v(s + \sum_{i=1}^k (t_i - s_i) e^i) - v(s + \sum_{i=1}^{k-1} (t_i - s_i) e^i)) \\ &\geq \sum_{k=1}^m (t_k - s_k) D_k v(s + \sum_{i=1}^k (t_i - s_i) e^i) \\ &\geq \sum_{k=1}^m (t_k - s_k) D_k v(t) \geq \sum_{k=1}^m (t_k - s_k) \alpha_k D_k v(t),\end{aligned}$$

where the first inequality follows from Lemma 1 and the second inequality from

Lemma 4. This implies $v(t) - \sum_{k=1}^m t_k \alpha_k D_k v(t) \geq v(s) - \sum_{k=1}^m s_k \alpha_k D_k v(t) \geq v(s) - \sum_{k=1}^m s_k \alpha_k D_k v(s)$,

where the last inequality follows from Lemma 4. So, we proved that $R_\alpha(v_t) \geq R_\alpha(v_s)$ for all $s, t \in F_{1_C}^N$ with $s \leq t$.

Now note that inequality (4) implies that for each clan member the individual share (of the remainder for the whole group of clan members) in v_t , that is $\beta_i R_\alpha(v_t)$, is weakly increasing when non-clan members increase their participation level. (Q.E.D.)

In crisp game theory a prominent class of total big boss games is the class of holding games (cf. Tijs et al. (2000)). In the next example we consider a fuzzy approach to holding situations leading to a fuzzy big boss game.

Example 5. Let agents 1 and 2 have goods to be stored and let agent 3 possess a holding

house with capacity 1. Agents 1 and 2 at activity level s_1 and s_2 , respectively, want to store s_1 and, respectively, s_2 units with corresponding benefit $10s_1$ and $4s_2$. This economic situation leads to a fuzzy game with $N = \{1,2,3\}$, $v(s_1, s_2, 0) = 0$ for all $s_1, s_2 \in [0,1]$, $v(s_1, s_2, 1) = 10s_1 + 4s_2$ if $s_1 + s_2 \leq 1$, and $v(s_1, s_2, 1) = 10s_1 + 4(1 - s_1) = 6s_1 + 4$ if $s_1 + s_2 > 1$.

One can easily check that this is a fuzzy big boss game with player 3 as a big boss. The bi-pamas $[b_{t,i}]_{t \in F_{1(3)}^{(1,2,3)}, i \in \{1,2,3\}}$ corresponding to the compensation-sharing rule where players 1 and 2 obtain half of their marginal contribution is given by: $b_{t,1} = 5t_1$; $b_{t,2} = 2t_2$; $b_{t,3} = 5t_1 + 2t_2$, if $t_1 + t_2 \leq 1$, and $b_{t,1} = 3t_1$; $b_{t,2} = 0$; $b_{t,3} = 3t_1 + 4$, if $t_1 + t_2 > 1$.

Let $v \in FCG_C^N$ and $x \in Core(v)$. Then we call x *bi-pamas extendable* if there exists a bi-pamas $[b_{t,i}]_{t \in F_C^N, i \in N}$ such that $b_{e^N, i} = x_i$ for each $i \in N$. In the next theorem we show that each core element of a fuzzy clan game is bi-pamas extendable.

Theorem 5. Let $v \in FCG_C^N$ and $x \in Core(v)$. Then x is bi-pamas extendable.

Proof. Let $x \in Core(v)$. Then, according to Theorem 3 (ii), x is of the form $\psi^{\alpha, \beta}(v_{e^N})$.

Take now $[\psi_i^{\alpha, \beta}(v_t)]_{t \in F_C^N, i \in N}$, which is a bi-pamas by Theorem 4. (Q.E.D.)

6. Concluding remarks

In this paper games of the form $v: [0,1]^{N_1} \times \{0,1\}^{N_2} \rightarrow R$ are considered, where the players in N_1 have participation levels which may vary between 0 and 1, while the players in N_2 are crisp players in the sense that they can fully cooperate or not at all. Special attention is given to a subclass of such games, which we call fuzzy clan games, where the clan members are the crisp players. For the class of fuzzy clan games we have focused on the core (Aubin (1974)) and on bi-monotonic participation allocation rules and schemes that are introduced in this paper. In Tijs et al. (2002) we have paid attention to other cores (the proper core, the dominance core and the crisp core) and stable sets for fuzzy clan games. For crisp clan and big boss games properties of other solutions and their relations are studied, namely: the bargaining set, the kernel, subsolutions, the Shapley value, the nucleolus, and the τ -value (Potters et al. (1989), Muto et al. (1988)). A topic

for further research could be to introduce for games with (partly) fuzzy coalitions solutions corresponding to the kernel, the bargaining set and subsolutions, and to study for fuzzy clan games their properties, as well as their relations with other solution concepts.

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