Positive uncertainty in managerial creative decision making

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Decision-making is an essential aspect of modern management. It is a primary function of management. Decisions are important as they determine both managerial and organizational actions. A decision may be defined as "a course of action which is consciously chosen from among a set of alternatives to achieve a desired result." It represents a well-balanced judgment and a commitment to action.

According to Peter Drucker, "Whatever a manager does, he does through decision-making". A manager has to take a decision before acting or before preparing a plan for execution. Moreover, his ability is very often judged by the quality of decisions he takes. This clearly suggests that decision-making is necessary in planning, organizing, directing, controlling and staffing.

The effectiveness of management depends on the quality of decision-making. They are classified under conditions of certainty, using linear programming; risk, using expected value and decision trees; or uncertainty, depending on the degree with which the future environment determining the outcomes of these decisions is known. -Managers have been taught to use logic and reasoning to make the best decisions. Although this is certainly sensible advice, the future is unpredictable, and uncertainty can never be eliminated from the decision-making process. The key is to be positive about uncertainty, which is approaching every decision with an open mind to create more future possibilities, even while assuming that change is inevitable.

Positive uncertainty helps managers deal with ambiguity, accept inconsistency, and utilize the intuitive side of choosing. Therefore, a new decision strategy called positive uncertainty is proposed. The new strategy promotes positive attitudes and paradoxical methods in the presence of increasing uncertainty.

This is not to say that classical decision theory or rational decision strategies of the past were wrong. They are simply no longer sufficient for today's complex, changing world. Rather, this is to say that theories can change and even theorists can change their minds. Changing one's mind will be an essential skill in the future.

Decision making under certainty occurs when a manager knows the precise outcome associated with each possible alternative or course of action. In such situations, there is perfect knowledge about alternatives and their consequences. The probability of specific outcomes is assumed to be equal to one. A manager is simply faced with identifying the consequences of available alternatives and selecting the outcome with the highest benefit or payoff.

Decision making under risk is when a single action may result in more than one potential outcome, but the relative probability of each outcome is unknown. Decisions under conditions of risk are perhaps the most common. In such situations, alternatives are recognized, but their resulting consequences are probabilistic and doubtful. In practice, managers assess the likelihood of various outcomes occurring based on past experience, research, and other information.

Decision making under uncertainty happens when a single action may result in more than one potential outcome, but the relative probability of each outcome is unknown. In such situations a manager has no knowledge whatsoever on which to estimate the likely occurrence of various alternatives. Decisions under uncertainty generally occur in cases where no historical data are available from which to infer probabilities or in instances which are so novel and complex that it is impossible to make comparative judgments. Managers may have to make assumptions from which to forge the decision. They may have to come up with creative approaches to alternatives and use personal judgment to determine which alternative is best. Decision making under ambiguity means that the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define, and information about outcomes is unclear. Such problems, referred to as “wicked” decision problems are associated with managerial conflicts over goals and decision alternatives, rapidly changing circumstances, fuzzy information, and unclear linkages among decision elements. In such cases managers must conjure up goals and develop reasonable scenarios for decision alternatives in the absence of information.

Positive uncertainty is a new decision strategy with some paradoxical counseling methods, but it is basically attitude feeling uncertain about the future and feeling positive about the uncertainty. Attitude is important in solving various kinds of problems that managers daily deal with. Therefore, it is not surprising that attitude is important in making decisions. Positive uncertainty is compatible with the new science and beliefs of today's society and incompatible with yesterday's decision dogma. It involves ambiguity and paradox because the future is full of ambiguity and paradox. In the future it will help to realize that one does not know some things, cannot always see what is coming, and frequently will not be able to control it. Decision making has been hard to do by using the conventional wisdom of the past. Even with all the scientific formulas, sophisticated technology, and eloquent theories, making up one's mind has been difficult. Rational strategy is not obsolete, it is just no longer sufficient. Uncertainty is real; it probably can never be avoided. Accepting this uncertainty and being positive about it opens up possibilities for creative decision making – which plays an integral part in management.