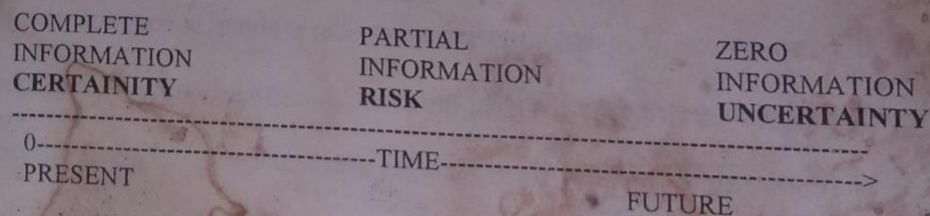


The advent of information technology has however led managers to challenge this approach. The new school of thought take the view that no problem exists in isolation and hence it cannot be considered for a solution in isolation of other factors within the environment. Thus a **TOTAL SYSTEMS APPROACH** is required to solve problems and make better decisions. While the Total Systems approach leads to better decision making, managers sometimes do not enjoy the luxury of indulging themselves in novel thought while making decisions. Some decisions are immediate, and no time is available for varied analysis of the problem and the environment.

Decision Making Under Uncertainty

Decisions are made today for actions that will be taken and goals we hope to achieve in the future. The conditions that will prevail in the future contain an element of uncertainty which is difficult to factor into the decisions we make today. For example, the forecasts of inflation used in delivering a decision may be moderate, or changes in the political climate may be overlooked. These unpredictable events may adversely change the outcomes we expect in case they do occur. Managers are thus frequently forced to try and locate a problem on a continuum (scale) ranging from predictable to unpredictable situations.



The further into the future the forecasts that have to be made, the greater the uncertainty and unreliability of the forecasts. This is due to the absence of information about the future as a basis for decision making. Three states of nature can be observed here.

CERTAINTY: due to the availability of full information, the outcome of an event is known and predictable. This is in the present.

RISK: the passage of sometime does not largely affect the possible outcomes, but