



Living with uncertainty

Uncertainty and Risk: Multidisciplinary Perspectives (2008) edited by Gabriele Bammer and Michael Smithson, Earthscan Publications Ltd, London, UK

Risk is the “effect of uncertainty on objectives”. I think that’s the definition in AS/NZS ISO 31000 (SA/SNZ, 2009). And note 5 to that definition does define uncertainty in fairly certain terms as “the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood”.

So maybe risk practitioners reading this book review will have thought about uncertainty and what it is. Or not. Come to that, someone may read this review but I’m not really sure if anyone will. In fact, I’m uncertain if (a) the editor will accept the review and (b) if it is accepted, when it will be published.

That was how I felt after reading the 28 chapters of this book.

The book arose from a 2007 symposium of academics and practitioners with diverse backgrounds. It covers a remarkable range of topics including responding to a novel infectious disease (SARS); religion (including fanaticism and fundamentalism); physical sciences; statistics; philosophy; musical improvisation; visual arts; economics; psychology; emergency management; terrorism and law enforcement; the law; history – history?

Surely we know what happened in history? Not necessarily; so much is down to interpretation and who wrote about events when they occurred (so often the winner or conqueror). There may be too little information or too much, the record may be partial and selective or it may be haphazard. While this chapter was about the history of societies and peoples, many of the comments can be translated into uncertainty about historical events in organisations.

Thus, to what extent can we rely on case histories and reports about events? How much factual evidence do such reports actually contain? Is our certainty or uncertainty actually a reflection of the reputation of the author? For example, in the non-academic world, uncertainty about the value of a hard-to-value firm (and thus its share price) can be reduced by the standing of its auditors (Autore, Billingsley, & Schneller, 2008). And Brambilla & Manca (2010), reviewing the LPG disaster in Viareggio, found the uncertainty and complexity of assessing what happened to be difficult. Such case studies would have increased the value of the book but this would have taken it beyond the original terms of reference.

The three chapters unifying and summarising the themes from the discipline and practice perspectives were valuable (especially coping and managing under uncertainty). One of these, the chapter by Roger Kasperson (“Coping with deep uncertainty: challenges for environmental assessment and decision-making”), provided much food for thought. Kasperson suggests several approaches to decision-making where there is high uncertainty. These complement the treatment options in AS/NZS ISO 31000 and other chapters in the book on uncertainty in decision-making.

Kasperson asks if we should use delay to gather more information and conduct more studies in the hope of reducing uncertainty. This may work for some environment-related decisions but science may be limited in areas of deep uncertainty. And what of business decisions?

Aven (2004) argued “all probabilities are conditional on the background information (and knowledge) at the time we quantify our uncertainty”. None of the authors of the chapters make this explicit, nor do they say that uncertainty is an alternative approach to the likelihood or probability of events and their consequences. ISO Guide 73 (2009) defines likelihood (the “chance of something happening) and probability (a “measure of the chance of occurrence expressed as a number between 0 and 1, where 0 is impossibility and 1 is absolute certainty”) and so does make this clear.

For risk management practitioners, this academic book enriches thinking about risk as the effect of uncertainty on objectives. It needs to be complemented by further reading and thinking about uncertainty, leading to an understanding of uncertainty at a conceptual level, empowerment of people to adapt to the unexpected and the ability to thrive on uncertainty.

As I was writing this review I encountered a real-world example of thriving on uncertainty. I took a member of my family to Wellington airport to fly to Auckland and catch a flight to Italy. But Auckland airport was closed by fog for perhaps half of the day. Her flight was delayed from the morning until the

afternoon and then cancelled. Her airline simply handed out a form letter and returned her suitcase. Air New Zealand didn't. It rebooked her and went beyond the call of duty to get her to Auckland, thus gaining a loyal customer.

Reflecting on this reminded me of a model developed by Funtowicz & Ravetz (1992) suggesting how increasing competence of managers and employees results in less dependence on contingency plans and more confidence in their ability to solve problems and so thrive under uncertainty. This capability gives rise to business opportunities and trust.

Of this I feel quite certain.

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References

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