

Ans = 9 Decision - Making Under Certainty

The decision maker knows which state of nature can occur, but he/she does not have information which would allow him/her to specify the probability that these states of nature will occur. Except that no probabilities are associated with the various state of nature, the decision problem under certainty can be formulated under risk.

The different criteria, the decision maker can use under condition of uncertainty are:

- The maximax criterion (or optimistic approach).
- The maximin criterion (or conservative approach)
- The minimax regret criterion.
- The equal probability or equal likelihood criterion or insufficient reason or the criterion of rationality (Laplace criterion).
- The Hurwicz criterion or the criterion of realism.