The Asian Journal of Professional and Business Studies, Volume 1, Issue 1 (2020), pp. 76-92
https://journal.uptm.edu.my/index.php/ajpbs
e-ISSN: 2716-666X, ISSN 2462-1072

Navigating Organisational Uncertainty Through Risk Perception and Managerial Judgement

Mohamed Suhaimi Yusof [1*], Hamidah Razali[2]

[1] School of Technology Management and Logistics, Universiti Utara Malaysia, 06010 Kedah, Malaysia
[2] Department of Foundations of Education, Universiti Putra Malaysia 43400 Selangor, Malaysia
*Corresponding Author: msuhaimi2020@gmail.com

Received	Revised	Accepted	Published
16 March 2020	20 May 2020	31 May 2020	30 June 2020

Abstract

Organisational uncertainty presents a persistent challenge for managers as decisions are frequently made under conditions of incomplete information, ambiguous outcomes, competing priorities, and changing business environments. While formal risk management provides systematic mechanisms for identifying and evaluating potential threats, its effectiveness remains closely influenced by how managers perceive risk and exercise judgement when interpreting uncertain situations. This article explores the behavioural and managerial dimensions of organisational uncertainty by examining the interaction between risk perception, managerial judgement, cognitive processes, risk attitudes, and formal risk management practices. The analysis identifies four critical issues: subjective differences in managerial risk perception, cognitive limitations and judgement biases, instability in risk attitudes and decision behaviour, and difficulties in integrating managerial judgement with structured risk management systems. The discussion indicates that managerial responses to uncertainty are shaped not only by available evidence but also by experience, intuition, emotions, organisational context, and interpretations of potential consequences. Consequently, effective risk management requires a balanced approach that recognises the value of managerial judgement while reducing excessive dependence on subjective interpretation. The article proposes structured risk perception processes, stronger cognitive discipline, clearer organisational boundaries for risk acceptance, and closer integration between managerial judgement and formal risk management. These approaches provide a stronger foundation for improving decision quality, strengthening organisational adaptability, and enabling managers to respond more effectively to uncertainty without relying solely on quantitative assessment or individual intuition.

Keywords: *Uncertainty, Perception, Cognition, Judgement, Adaptability*

How to Cite:
Yusof, M. S., & Razali, H. (2020). Navigating Organisational Uncertainty Through Risk Perception and Managerial Judgement. *The Asian Journal of Professional & Business Studies*, *1*(1), 76–92. https://doi.org/10.61688/ajpbs.v1i1.69

1. Introduction

Organisations operate in environments where uncertainty is embedded in strategic choices, resource allocation, market positioning, technological investment, and everyday managerial decisions. Risk management therefore extends beyond identifying potential adverse events because managers must interpret incomplete information and determine which uncertainties deserve organisational attention. March and Shapira (1987) established that managerial conceptions of risk often differ from conventional decision theory, showing that managers do not necessarily understand risk simply through probability distributions. Sitkin and Pablo (1992) similarly argued that organisational risk behaviour is shaped by decision maker characteristics, organisational context, and perceptions of risk. These perspectives are consistent with the broader argument that managerial decisions under uncertainty involve subjective interpretation rather than purely objective calculation. Slovic (1987) demonstrated that risk perception reflects qualitative judgements concerning hazards and their characteristics, while Kahneman and Tversky (1979) showed that decisions involving uncertainty are influenced by how potential gains and losses are evaluated. Consequently, organisational uncertainty cannot be understood entirely through formal risk measurement. Managerial judgement becomes critical because decision makers must interpret ambiguous situations, evaluate competing information, and determine acceptable courses of action when outcomes cannot be predicted with certainty.

Risk perception provides an important foundation for understanding differences in managerial responses to similar organisational circumstances. Individuals can interpret the same information differently because perceptions of risk are influenced by experience, knowledge, familiarity, perceived control, and the characteristics of the decision context. Slovic (1987) demonstrated that risk judgements are influenced by several qualitative characteristics rather than objective probabilities alone. Sitkin and Weingart (1995) subsequently showed that risk perception mediates relationships between decision framing, risk propensity, and risky decision behaviour. This indicates that managerial responses are shaped partly by how decision makers interpret the riskiness of a situation before selecting an appropriate course of action. Weber et al. (2002) further demonstrated that risk taking varies considerably across decision domains and that differences in perceived risk and expected benefits can explain important variations in risk behaviour. Their findings challenge the assumption that individuals possess a single and stable attitude towards all forms of risk. Managers may consequently demonstrate greater willingness to accept uncertainty in one organisational area while remaining highly cautious in another. Understanding risk perception is therefore important because organisational responses to uncertainty depend not only on available information but also on how managers interpret the significance, likelihood, and potential consequences of that information.

Managerial judgement becomes particularly important when organisational decisions involve ambiguity, limited information, competing objectives, and uncertain future consequences. Traditional rational approaches assume that decision makers can identify alternatives, estimate possible outcomes, and select choices that maximise expected value. Behavioural research, however, demonstrates that managerial judgement frequently operates under cognitive limitations. Tversky and Kahneman (1974) showed that people rely on heuristics when making judgements under uncertainty, which can produce systematic biases. Kahneman and Tversky (1979) further demonstrated through prospect theory that decision behaviour changes depending on whether outcomes are framed as potential gains or losses. Managers facing organisational difficulties may therefore evaluate risk differently from managers considering opportunities for growth. Staw et al. (1981) similarly proposed that organisational threats can restrict information processing and increase reliance on established responses. Eisenhardt (1989), however, demonstrated that effective strategic decision making in high velocity environments can involve rapid but comprehensive information processing. These perspectives indicate that managerial judgement is neither entirely intuitive nor completely analytical. Effective navigation of uncertainty requires managers to combine available evidence with experience, contextual understanding, and critical evaluation while recognising that cognitive processes can influence how organisational risks and opportunities are interpreted.

Emotions and affective reactions provide another important dimension of managerial judgement because responses to uncertainty are not determined exclusively by analytical reasoning. Loewenstein et al. (2001) proposed the risk as feelings perspective, demonstrating that emotional reactions to risky situations can differ from cognitive evaluations and may strongly influence behaviour. This is particularly relevant when managers encounter situations involving potentially significant organisational consequences, limited decision time, or highly uncertain outcomes. Finucane et al. (2000) similarly demonstrated the affect heuristic, whereby emotional evaluations influence judgements of risks and benefits. Lerner and Keltner (2001) showed that specific emotions can systematically influence risk perceptions and choices, suggesting that emotional states may alter how decision makers interpret uncertain situations. Slovic et al. (2004) further argued that affect plays an important role in judgement and decision making by providing rapid evaluative responses to complex information. These findings suggest that managerial judgement should not be understood solely as a technical process involving data and probabilities. Managers bring psychological responses, previous experiences, expectations, and emotional interpretations into organisational decision processes. Recognising these influences is particularly important for risk management because unexamined affective reactions may contribute to excessive caution, inappropriate confidence, or inconsistent evaluations of organisational uncertainty.

Organisational context further influences managerial responses because risk perception and judgement develop within social and institutional environments. Decision makers are influenced by organisational structures, performance expectations, leadership practices, available resources, and previous organisational experiences. Sitkin and Pablo (1992) proposed that risk behaviour emerges through interactions between individual and organisational characteristics rather than individual preferences alone. Bromiley and Rau (2016) similarly argued that behavioural perspectives provide important insights into strategic decision making because managerial actions are affected by bounded rationality and organisational processes. Gavetti et al. (2012) positioned cognition as a central concern within behavioural strategy, emphasising the importance of understanding how decision makers interpret strategic situations. Helfat and Peteraf (2015) further highlighted the role of managerial cognitive capabilities in sensing, seizing, and reconfiguring organisational resources. These perspectives demonstrate that managers do not evaluate uncertainty independently from the organisations in which they operate. Organisational routines, dominant assumptions, incentive structures, and established practices can influence which risks receive attention and how possible responses are evaluated. Consequently, navigating uncertainty requires organisations to consider both formal risk management processes and the cognitive conditions surrounding managerial judgement. Strong risk management depends partly on creating environments where managers can question assumptions, evaluate alternative interpretations, and communicate differing perceptions of organisational risk.

Experience and expertise can strengthen managerial judgement by providing decision makers with knowledge that supports interpretation of complex or incomplete information. However, experience does not automatically produce accurate risk assessment because accumulated knowledge can also reinforce established assumptions and patterns of thinking. Dane and Pratt (2007) explained that intuition can contribute to managerial decision making when it is grounded in domain specific expertise, while also recognising important limitations surrounding intuitive judgement. Kahneman and Klein (2009) similarly argued that skilled intuition is more dependable when decision environments provide sufficiently regular patterns and opportunities for learning. In highly uncertain organisational environments, these conditions may not always exist. Gigerenzer and Gaissmaier (2011) nevertheless demonstrated that heuristics can provide efficient decision strategies under certain circumstances rather than functioning exclusively as sources of error. Managerial judgement should therefore be understood as a combination of analytical reasoning, experience, intuition, and contextual interpretation. The challenge is determining when each approach is appropriate. Organisations facing uncertainty can strengthen judgement by providing managers with reliable information, diverse perspectives, opportunities for reflection, and mechanisms for challenging established assumptions. Such practices can reduce excessive dependence on individual intuition while preserving the practical knowledge that experienced managers contribute to complex organisational decisions.

Formal risk management provides an important structure for organising uncertainty, but its effectiveness depends on how risk information is interpreted and incorporated into managerial decisions. Power (2009) argued that contemporary risk management increasingly attempts to organise uncertainty through formal systems and practices, although uncertainty cannot always be completely captured by standardised procedures. Aven (2016) similarly emphasised the importance of conceptual clarity in understanding risk and uncertainty, particularly when decision makers must evaluate situations where knowledge is incomplete. Bromiley et al. (2015) observed that enterprise risk management has developed as an organisational approach intended to provide a broader understanding of interconnected risks rather than managing individual risk categories independently. Arena et al. (2010) further demonstrated that organisational risk management practices develop differently according to organisational context and managerial arrangements. These findings indicate that formal systems can structure risk identification and evaluation, but managerial judgement remains necessary when interpreting uncertain information and determining appropriate responses. Risk management guidelines also emphasise integration with governance, strategy, planning, and decision making rather than treating risk management as an isolated organisational function. Effective organisational responses therefore depend on the interaction between formal risk processes and managers capable of interpreting information within the strategic and operational context in which uncertainty occurs.

The quality of managerial judgement becomes especially significant when organisations face competing interpretations of uncertainty and cannot determine future outcomes through historical information alone. Weick et al. (2005) explained that organisational sensemaking involves interpreting ambiguous circumstances and constructing plausible understandings that enable action. Maitlis and Christianson (2014) similarly demonstrated that sensemaking becomes particularly important when organisations encounter unexpected, confusing, or uncertain situations. Kaplan (2008) showed that managerial framing influences strategic choices because different interpretations can shape organisational responses to technological uncertainty. Teece (2007) further emphasised managerial capabilities for sensing opportunities and threats, seizing opportunities, and transforming organisational resources in changing environments. Taken together, these perspectives suggest that effective risk management requires more than increasingly sophisticated measurement techniques. Organisations also need managers who can interpret uncertain signals, recognise limitations in available knowledge, consider alternative perspectives, and revise judgements as circumstances change. Risk perception and managerial judgement therefore occupy a central position between uncertainty and organisational action. Their influence can determine whether emerging risks are underestimated, exaggerated, appropriately prioritised, or transformed into strategic opportunities. Developing a deeper understanding of these behavioural and cognitive dimensions provides an important foundation for strengthening organisational decision making and improving the effectiveness of risk management under conditions of uncertainty.

2. Literature Review

Organisational uncertainty has become an important concern in management research because strategic and operational decisions are rarely made with complete information about future outcomes. Risk perception and managerial judgement provide important perspectives for understanding how managers interpret uncertain situations and determine appropriate organisational responses. Research has established that managerial risk behaviour cannot be explained exclusively through objective probability because perceptions, cognitive processes, experience, emotions, organisational context, and individual risk preferences influence decision making (March & Shapira, 1987; Sitkin & Pablo, 1992). Behavioural decision research further demonstrates that managers may interpret identical situations differently depending on how information is framed and how potential consequences are perceived (Sitkin & Weingart, 1995; Weber et al., 2002). These behavioural dimensions are increasingly relevant to organisational risk management, where formal frameworks must operate alongside human judgement when uncertainty cannot be completely quantified (Power, 2009; Bromiley et al., 2015). The literature can therefore be organised around four interconnected areas: risk perception under organisational uncertainty, managerial judgement and cognitive processes, risk attitude and decision behaviour, and the integration of managerial judgement with organisational risk management.

2.1 Risk Perception Under Organisational Uncertainty

Risk perception represents the subjective interpretation of uncertainty and potential consequences associated with a decision or situation. Slovic (1987) demonstrated that individuals evaluate risk according to qualitative characteristics rather than relying exclusively on statistical probabilities. This perspective is important within organisational environments because managers frequently evaluate situations where reliable probability estimates are unavailable. March and Shapira (1987) similarly found that managerial understandings of risk often differ from conventional decision theory, particularly because managers may focus on potential losses, performance targets, and controllability rather than statistical variance. Sitkin and Pablo (1992) subsequently proposed that perceived risk represents an important element connecting individual and organisational characteristics with risk behaviour. These studies establish that managerial risk perception develops through interpretation rather than objective measurement alone. Aven (2016) further emphasised that contemporary risk analysis should recognise the relationship between uncertainty, knowledge, and potential consequences. Managers therefore need to interpret not only the likelihood of particular outcomes but also the quality and limitations of the knowledge supporting those assessments. Risk perception consequently provides an important behavioural foundation for understanding why organisational decision makers may reach different conclusions when evaluating apparently similar uncertainties.

Differences in perceived risk can also influence managerial willingness to accept or avoid uncertain alternatives. Sitkin and Weingart (1995) demonstrated that risk perception mediates relationships between problem framing, risk propensity, and risky decision behaviour. Their findings indicate that decision behaviour can change when managers perceive the same situation as having different levels of risk. Weber et al. (2002) further demonstrated that risk taking is domain specific and that variations in behaviour can be explained partly by differences in perceived risk and expected benefits. This suggests that managers should not automatically be classified as consistently risk seeking or risk avoiding across organisational decisions. Slovic et al. (2004) similarly argued that affect contributes substantially to perceptions of risk and benefit, demonstrating that risk evaluation involves experiential as well as analytical processes. Loewenstein et al. (2001) developed this perspective further through the risk as feelings framework, showing that emotional reactions can influence behaviour independently of cognitive assessments. Collectively, these studies demonstrate that organisational risk perception emerges from interactions among information, experience, emotions, perceived benefits, and decision context, making it a central consideration in managerial responses to uncertainty.

2.2 Managerial Judgement and Cognitive Processes

Managerial judgement involves interpreting information, evaluating alternatives, and selecting courses of action when organisational circumstances do not provide complete certainty. Tversky and Kahneman (1974) demonstrated that individuals commonly use heuristics when making judgements under uncertainty, particularly representativeness, availability, and anchoring. Although these cognitive mechanisms can simplify complex decisions, they may also generate systematic errors. Kahneman and Tversky (1979) further demonstrated through prospect theory that decision makers evaluate potential outcomes relative to reference points and may respond differently to potential gains and losses. These behavioural insights are relevant to managerial judgement because organisational decisions frequently involve uncertain consequences and competing alternatives. Yusof et al. (20201) additionally argued that threatening situations can restrict organisational information processing and increase reliance on familiar responses. However, Eisenhardt (1989) found that successful strategic decision making in high velocity environments can involve rapid decisions supported by extensive real time information and consideration of alternatives. Managerial judgement should therefore not be interpreted simply as either rational analysis or intuition. It represents a complex cognitive process through which managers combine available evidence, organisational knowledge, experience, and interpretation to determine appropriate responses under uncertain conditions.

Managerial cognition provides a broader explanation of how decision makers recognise and interpret strategic uncertainty. Gavetti et al. (2012) positioned cognition as an important foundation of behavioural strategy because managerial actions are influenced by bounded rationality and the mental representations through which strategic situations are understood. Helfat and Peteraf (2015) further developed the concept of managerial cognitive capabilities, emphasising managerial abilities related to perception, attention, problem solving, reasoning, language, and communication. Such capabilities can influence how managers identify changes in organisational environments and evaluate possible responses. Dane and Pratt (2007) also examined intuition in managerial decision making and argued that intuitive judgement can become valuable when decision makers possess substantial domain expertise. Nevertheless, intuition is not equally reliable across all environments. Kahneman and Klein (2009) explained that skilled intuition is most dependable when decision environments contain sufficiently regular patterns and provide opportunities for learning. Gigerenzer and Gaissmaier (2011) similarly demonstrated that heuristics can sometimes provide efficient decision strategies rather than functioning exclusively as cognitive weaknesses. These perspectives indicate that effective managerial judgement depends on matching cognitive approaches with the characteristics of uncertainty confronting the organisation.

2.3 Risk Attitude and Managerial Decision Behaviour

Risk attitude concerns an individual's orientation towards uncertain alternatives and provides another important explanation of managerial decision behaviour. Traditional approaches often classify decision makers according to general tendencies towards risk acceptance or avoidance. Behavioural research, however, demonstrates that risk attitudes are more complex and context dependent. Weber et al. (2002) developed a domain specific risk attitude scale covering financial, health and safety, recreational, ethical, and social decisions. Their findings demonstrated substantial variation in risk taking across different domains, indicating that individuals are not necessarily consistently risk seeking or risk avoiding. Sitkin and Pablo (1992) similarly proposed that risk propensity interacts with organisational and decision characteristics in shaping risk behaviour. Sitkin and Weingart (1995) subsequently provided empirical evidence that risk propensity and problem framing influence decision behaviour through perceived risk. These findings are particularly important for organisational research because managers may demonstrate different attitudes towards strategic investment, innovation, financial exposure, operational change, or organisational restructuring. Risk attitude should consequently be interpreted in relation to the specific decision environment rather than regarded as a fixed managerial characteristic that produces identical behaviour across all organisational situations.

Emotional and psychological processes further complicate the relationship between risk attitude and managerial behaviour. Finucane et al. (2000) demonstrated the affect heuristic, whereby positive or negative feelings influence judgements concerning risks and benefits. Loewenstein et al. (2001) similarly argued that emotional reactions can influence decisions in ways that differ from cognitive evaluations of risk. Lerner and Keltner (2001) extended this understanding by showing that specific emotions can produce different patterns of risk perception and judgement. Fear, for example, can encourage greater perceptions of risk, whereas anger may produce greater confidence and different responses to uncertainty. These findings have important implications for managerial decision making because managers operate within organisational environments involving pressure, accountability, performance expectations, and potentially significant consequences. Bromiley and Rau (2016) further emphasised the value of behavioural perspectives for understanding strategic decision making and organisational performance. Managerial risk attitude therefore develops through interactions among personal tendencies, emotions, organisational conditions, and interpretations of potential consequences. Understanding these relationships can help explain why apparently comparable organisational risks may generate substantially different managerial responses and strategic choices.

2.4 Managerial Judgement Within Organisational Risk Management

Formal risk management provides structures for identifying, assessing, evaluating, and responding to uncertainty, but these structures remain dependent on managerial interpretation. Power (2009) argued that risk management increasingly attempts to organise uncertainty through formal organisational practices, although not every uncertainty can be converted into measurable risk. Mikes (2009) similarly demonstrated that organisational approaches to risk management can differ according to their calculative cultures, particularly in how organisations use risk measures and managerial judgement. Arena et al. (2010) further found that enterprise risk management practices develop through interactions among organisational actors, technologies, and managerial processes rather than through uniform implementation. Bromiley et al. (2015) subsequently argued that enterprise risk management requires greater attention from management scholars because it addresses risks across the organisation and their relationships with strategic decision making. These perspectives demonstrate that formal risk frameworks cannot completely substitute for managerial judgement. Risk registers, probability assessments, risk indicators, and analytical models can structure information, but managers must still determine which uncertainties are significant, how competing risks should be prioritised, and which organisational responses are appropriate.

Sensemaking provides an additional perspective for understanding how managerial judgement contributes to risk management when uncertainty is ambiguous or rapidly changing. Weick et al. (2005) described sensemaking as a process through which organisational actors interpret circumstances and construct plausible understandings that support action. Maitlis and Christianson (2014) further explained that sensemaking becomes particularly important when events interrupt existing expectations or create ambiguity. Kaplan (2008) demonstrated that managerial frames can influence strategic choices because managers may interpret emerging technologies and organisational opportunities through competing understandings. Teece (2007) similarly emphasised managerial capabilities associated with sensing opportunities and threats, seizing opportunities, and transforming organisational resources. Effective risk management therefore requires more than formal analytical processes because organisations must also interpret weak signals and reconsider established assumptions as conditions change. Managerial judgement provides the connection between risk information and organisational action by determining how uncertainty is understood and prioritised. Integrating behavioural insights with formal risk management can consequently improve organisational capacity to recognise emerging uncertainty, evaluate alternative interpretations, and make more informed decisions when reliable predictions are unavailable.

3. Key Issues in Navigating Organisational Uncertainty Through Risk Perception and Managerial Judgement

Organisations increasingly make important decisions under conditions where information is incomplete, future outcomes are difficult to predict, and managers may interpret the same circumstances differently. Although formal risk management provides methods for identifying and evaluating uncertainty, managerial responses remain strongly influenced by perception, judgement, experience, emotions, and organisational context. Behavioural research demonstrates that risk perception can influence how decision makers evaluate uncertain alternatives, while cognitive biases may affect the interpretation of available information (Sitkin & Weingart, 1995; Kahneman & Tversky, 1979). More recent research has reinforced the importance of subjective managerial perceptions when organisations face uncertain conditions. For example, Zhang et al. (2020) demonstrated that perceptions of interpersonal, image, and instrumental risks can change over time and are influenced by social context. These findings indicate that uncertainty cannot be addressed effectively through quantitative assessment alone. Four significant issues consequently emerge concerning subjective differences in risk perception, cognitive limitations in managerial judgement, instability in risk attitudes and decision behaviour, and difficulties integrating human judgement with formal organisational risk management.

3.1 Subjective Differences in Managerial Risk Perception

A major issue in organisational risk management concerns the subjective nature of managerial risk perception. Managers exposed to similar information may evaluate the seriousness of uncertainty differently because their perceptions are influenced by knowledge, experience, expectations, perceived control, and interpretations of potential consequences. March and Shapira (1987) demonstrated that managers often conceptualise risk differently from conventional decision theory, particularly by focusing on potential negative outcomes and organisational performance targets. Sitkin and Pablo (1992) further proposed that perceived risk plays an important role in explaining organisational risk behaviour because decision makers respond to their interpretations of risk rather than objective conditions alone. Sitkin and Weingart (1995) subsequently demonstrated that risk perception mediates relationships involving problem framing, risk propensity, and risky decision behaviour. Williams et al. (2008) similarly found that managerial risk perceptions were influenced by outcome uncertainty, potential losses, personal consequences, situational framing, and willingness to accept risk. These findings create an important organisational challenge because different managers may assign different levels of priority to the same risk. Without appropriate mechanisms for comparing and challenging individual interpretations, organisational risk assessments may become overly dependent on the judgement of particular decision makers.

Subjective perception becomes more problematic when managers must interpret uncertainty that cannot easily be represented through probabilities or historical information. Zinn (2008) argued that approaches to uncertainty frequently combine knowledge, experience, intuition, trust, and other strategies rather than depending entirely on cognitive rationality. Zinn (2016) later reinforced this perspective by explaining that strategies such as trust, intuition, and emotion form part of how individuals deal with risk and uncertainty. Within organisations, such processes can provide valuable contextual insight but may also produce inconsistent assessments when managers rely heavily on personal interpretations. Aven (2016) emphasised that risk should be understood in relation to uncertainty and the strength of available knowledge, suggesting that risk assessment requires attention to what decision makers know and do not know. The challenge is therefore not to remove subjectivity completely, which may be unrealistic, but to prevent individual perceptions from dominating organisational risk evaluation without sufficient scrutiny. Organisations need processes that allow competing interpretations to be compared, assumptions to be questioned, and limitations in available knowledge to be explicitly recognised before significant decisions are made.

3.2 Cognitive Limitations and Biases in Managerial Judgement

Managerial judgement can be affected by cognitive limitations because decision makers frequently need to evaluate complex information within restricted periods of time. Tversky and Kahneman (1974) demonstrated that people commonly use heuristics such as availability, representativeness, and anchoring when making judgements under uncertainty. These mechanisms simplify difficult decisions but can also create systematic errors. Kahneman and Tversky (1979) further demonstrated that decision behaviour can change according to whether potential outcomes are framed as gains or losses. This creates an important concern for organisational risk management because the presentation of information may influence managerial judgement independently of the underlying level of risk. Staw et al. (1981) also argued that threatening situations can restrict information processing and encourage reliance on established organisational responses. Under severe uncertainty, managers may therefore concentrate on familiar information while overlooking emerging risks or alternative interpretations. Such cognitive limitations can influence risk identification, prioritisation, and response selection. Formal risk information does not automatically resolve this problem because managers must still interpret analytical results. Organisations consequently face the challenge of designing decision processes that encourage critical evaluation while reducing excessive reliance on individual assumptions, familiar patterns, and simplified interpretations.

Managerial experience can reduce some uncertainty but can simultaneously create another judgement problem when confidence in previous knowledge becomes excessive. Dane and Pratt (2007) argued that intuition may provide valuable managerial judgement when decision makers possess substantial domain expertise. Kahneman and Klein (2009), however, explained that skilled intuition is most reliable in environments containing sufficiently predictable relationships and opportunities for repeated learning. Highly uncertain organisational environments may not provide these conditions, particularly when managers encounter unfamiliar technological, competitive, economic, or strategic changes. Gigerenzer and Gaissmaier (2011) demonstrated that heuristics can nevertheless be effective under particular circumstances, indicating that simplified judgement should not automatically be considered irrational. Zio (2018) provides a complementary risk assessment perspective, arguing that emerging technological and systemic complexity requires risk assessment to evolve because future hazards may involve substantial uncertainty and difficult quantitative modelling. The managerial challenge therefore concerns determining when experience and intuition provide useful guidance and when they create inappropriate confidence. Organisations need decision processes that combine managerial expertise with analytical evidence, alternative viewpoints, and systematic questioning of assumptions before major risk related decisions are finalised.

3.3 Instability in Risk Attitudes and Decision Behaviour

Risk attitude presents another significant issue because managerial willingness to accept uncertainty is not necessarily stable across different organisational situations. Weber et al. (2002) demonstrated that risk taking varies across decision domains and that perceived risk and expected benefits contribute substantially to these differences. Managers may therefore demonstrate a willingness to accept uncertainty in strategic investments while behaving more cautiously in operational, financial, ethical, or safety related decisions. Sitkin and Pablo (1992) similarly argued that risk propensity interacts with decision characteristics and organisational context in shaping risk behaviour. This variability challenges organisational attempts to establish consistent risk responses because formal policies may be interpreted differently by managers with different attitudes towards uncertainty. Emotional processes can create further variation. Yusof et al. (2020) demonstrated that affect influences perceptions of risk and benefit, while Loewenstein et al. (2001) showed that emotional reactions can influence risk behaviour independently of cognitive evaluation. Lerner and Keltner (2001) further demonstrated that different emotions can produce different patterns of risk perception and choice. Consequently, managerial responses may change according to the context and psychological conditions surrounding a decision, creating potential inconsistency in how organisations accept, avoid, reduce, or prioritise risk.

Social and organisational conditions can further influence the development of risk perceptions and willingness to engage in uncertain activities. Zhang et al. (2020) demonstrated that individuals can perceive interpersonal, image, and instrumental risks when deciding whether to undertake informal leadership and that these perceptions change over time. Their findings also showed that relationship conflict influences changes in perceived risk, illustrating the importance of social context in shaping risk perceptions. This evidence has wider implications for managerial judgement because organisational decisions are rarely made in complete isolation. Managers may consider potential consequences for professional reputation, relationships, career progression, or organisational standing alongside formal assessments of economic and operational outcomes. Bromiley and Rau (2016) similarly emphasised the importance of behavioural perspectives for understanding strategic decision making because managerial choices reflect bounded rationality and organisational processes. Risk attitude should therefore not be treated solely as an individual personality characteristic. Organisational incentives, accountability arrangements, performance expectations, group relationships, and leadership environments can influence willingness to accept uncertainty. Failure to recognise these influences may cause organisations to interpret managerial risk taking as purely rational when important behavioural and social considerations are affecting the decision.

3.4 Difficulties Integrating Managerial Judgement with Formal Risk Management

A continuing challenge concerns how organisations should combine formal risk management systems with managerial judgement. Formal processes can provide structured approaches for identifying, analysing, prioritising, and responding to risks, but they cannot completely eliminate uncertainty. Power (2009) argued that organisational risk management increasingly attempts to organise uncertainty through formal systems, although important limitations remain when uncertain events cannot be readily measured. Mikes (2009) demonstrated that risk management practices differ according to organisational calculative cultures and the ways managers interact with risk information. Arena et al. (2010) similarly showed that enterprise risk management develops through interactions among organisational actors, practices, and technologies rather than through uniform implementation. Bromiley et al. (2015) further argued that enterprise risk management should be understood as an organisation wide approach involving strategic decisions and interconnected risks. The challenge is therefore to avoid two extremes. Excessive dependence on quantitative models may create false confidence in numerical precision, while excessive dependence on managerial intuition may produce inconsistent or biased decisions. Effective organisational risk management requires an appropriate relationship between structured assessment and informed managerial interpretation.

The difficulty becomes greater when organisations face uncertainty for which probabilities, causal relationships, or historical evidence are limited. Grote (2020) distinguished between risk, uncertainty, ignorance, and organisational myopia and argued that different conditions require different managerial responses, including risk management, robust decision making, resilience, and mindfulness. This distinction is important because organisations may incorrectly apply conventional risk assessment methods to situations where available knowledge is insufficient for reliable probability estimation. Zio (2018) similarly argued that contemporary risk assessment must adapt to increasingly complex systems and uncertain hazards rather than relying exclusively on traditional approaches. Sensemaking research provides an additional perspective because managers must interpret ambiguous situations before formal responses can be developed (Weick et al., 2005; Maitlis & Christianson, 2014). Managerial judgement is therefore unavoidable, but its role should be transparent and critically evaluated. Organisations should distinguish between evidence, assumptions, interpretations, and unknown conditions when evaluating significant risks. Without this distinction, subjective managerial beliefs may be presented as objective assessments, while quantitative outputs may be given greater certainty than the underlying information can reasonably support.

4. Discussion on Risk Perception and Managerial Judgement Under Organisational Uncertainty

Managing organisational uncertainty requires more than formal risk measurement because managerial decisions are influenced by how uncertainty is perceived, interpreted, and evaluated within a particular organisational context. Differences in risk perception can affect which threats receive attention, while cognitive limitations, emotions, experience, and risk attitudes can influence the judgement applied to available information. Behavioural research demonstrates that managers do not necessarily respond to risk according to objective probabilities alone, particularly when outcomes are ambiguous or difficult to predict (March & Shapira, 1987; Sitkin & Pablo, 1992). Formal risk management therefore remains important, but its effectiveness depends partly on the quality of managerial interpretation and the organisational processes surrounding decision making (Mikes, 2009; Bromiley et al., 2015). Addressing the four issues identified previously requires organisations to improve how risk perceptions are evaluated, strengthen managerial judgement, recognise variations in risk attitudes, and create stronger connections between human judgement and structured risk management processes.

4.1 Managing Differences in Risk Perception Through Structured Evaluation

Differences in managerial risk perception should be recognised as a normal characteristic of organisational decision making rather than automatically interpreted as weaknesses in individual judgement. Managers develop perceptions from different combinations of professional experience, responsibilities, available information, expectations, and interpretations of potential consequences. Sitkin and Weingart (1995) demonstrated that perceived risk plays an important role in connecting problem framing and risk propensity with risky decision behaviour. Weber et al. (2002) similarly showed that risk taking varies across decision domains and that perceived risk and expected benefits contribute to these differences. Yates and Stone (1992) conceptualised risk through potential losses, the significance of those losses, and uncertainty concerning their occurrence, providing a useful basis for understanding why individuals may interpret apparently similar risks differently. Organisations should consequently avoid relying entirely on a single managerial interpretation when evaluating significant uncertainty. Structured discussion involving managers with different functional knowledge can expose alternative perceptions and assumptions. Such processes can help distinguish disagreements caused by different information from those resulting from different interpretations of the same information, thereby producing a more comprehensive understanding of organisational risk.

Risk evaluation should also consider the social and cultural context in which managerial perceptions develop. Yates and de Oliveira (2016) demonstrated that culture can influence decision processes through differences in values, beliefs, social norms, and approaches to judgement. This perspective is particularly relevant to organisations operating across different functions, professional groups, or geographical environments because managers may not interpret uncertainty according to identical assumptions. Slovic et al. (2004) similarly demonstrated that risk perception involves both analytical and experiential processes, while Aven (2016) emphasised the importance of considering the strength of knowledge supporting risk assessments. Managers should therefore communicate not only their assessment of a risk but also the assumptions, evidence, experience, and uncertainties supporting that judgement. This can improve transparency and allow alternative interpretations to be evaluated before organisational resources are committed. Structured risk conversations, scenario evaluation, and cross functional review can consequently reduce excessive dependence on individual perceptions without attempting to eliminate managerial judgement. The objective should be to create decision processes in which different perceptions become useful sources of organisational insight while unsupported assumptions are subjected to appropriate scrutiny.

4.2 Strengthening Managerial Judgement Through Cognitive Awareness

Improving managerial judgement requires organisations to recognise that cognitive shortcuts can be useful for processing complex information but may also create systematic errors. Tversky and Kahneman (1974) demonstrated that individuals frequently rely on availability, representativeness, and anchoring when judging uncertain situations. Kahneman and Tversky (1979) further showed that framing potential outcomes as gains or losses can influence risk preferences. These cognitive tendencies are particularly relevant when managers operate under time pressure or face large quantities of incomplete and conflicting information. Organisations should therefore design decision processes that encourage managers to examine alternative interpretations before reaching important conclusions. This can involve reviewing assumptions, considering contrary evidence, comparing different scenarios, and separating factual information from managerial interpretation. Eisenhardt (1989) demonstrated that effective strategic decision making in high velocity environments can combine rapid decisions with extensive information and consideration of alternatives. Managerial judgement does not therefore need to become slower to become more rigorous. Rather, organisations need processes that support disciplined interpretation while maintaining the responsiveness required by uncertain environments. Cognitive awareness can help managers recognise situations where familiar assumptions or initial impressions may be influencing risk assessment more strongly than available evidence.

Experience and intuition should remain part of managerial judgement, but their reliability should be evaluated according to the nature of the decision environment. Dane and Pratt (2007) argued that intuition can contribute positively to managerial decision making when it develops from substantial domain expertise. Kahneman and Klein (2009) similarly concluded that skilled intuition is more dependable when environments contain regular patterns and provide sufficient opportunities for learning. However, unfamiliar or rapidly changing environments may provide weaker foundations for intuitive judgement. Yechiam and Telpaz (2013) demonstrated that losses can increase consistency in risk taking and suggested that this relationship may operate through increased attention to loss related information. Their findings reinforce the broader argument that the characteristics of decision outcomes can influence how individuals process risky choices. Gigerenzer and Gaissmaier (2011) further showed that heuristics can sometimes provide effective decision strategies under uncertainty. Organisations should therefore avoid assuming that analytical judgement is always superior to intuition or that intuition is always unreliable. Strong managerial judgement requires an appropriate combination of evidence, experience, analytical reasoning, and critical reflection based on the characteristics of the uncertainty being addressed.

4.3 Balancing Risk Attitudes in Organisational Decision Making

Variation in managerial risk attitudes should be managed carefully because excessive risk avoidance and excessive risk acceptance can both produce undesirable organisational outcomes. Weber et al. (2002) demonstrated that risk attitudes vary across domains, suggesting that managers may not maintain a consistent willingness to accept uncertainty across strategic, financial, operational, ethical, or other decisions. Sitkin and Pablo (1992) similarly argued that risk behaviour reflects interactions among risk propensity, risk perception, and organisational context. This indicates that organisations should avoid assigning managers simple labels such as risk seeking or risk averse without considering the circumstances surrounding particular decisions. Managerial risk attitudes can also change according to recent experiences and the nature of possible outcomes. Yechiam and Telpaz (2013) found that the presence of losses increased behavioural consistency across risky decision tasks, illustrating how loss conditions can affect patterns of risk taking. Managers should consequently be encouraged to explain why a particular level of risk is considered acceptable and how that judgement relates to organisational objectives. This can make risk acceptance decisions more transparent and reduce excessive dependence on individual preferences.

Emotional responses should also be recognised because risk attitudes are influenced by more than deliberate evaluation of probabilities and consequences. Finucane et al. (2000) demonstrated that affect can influence judgements of both risks and benefits, while Loewenstein et al. (2001) argued that emotional reactions may influence risky behaviour independently of cognitive evaluations. Lerner and Keltner (2001) further demonstrated that different emotions can produce different perceptions of risk and patterns of decision making. These findings suggest that organisational decision processes should provide sufficient opportunity for important risk decisions to be reviewed when managers are operating under exceptional pressure or reacting strongly to recent events. Yates and de Oliveira (2016) also demonstrated that decision processes are shaped by cultural influences, reinforcing the importance of considering the wider context surrounding individual judgement. Organisations can improve decision quality by establishing explicit risk criteria, encouraging diverse managerial perspectives, and documenting the reasoning behind significant risk acceptance decisions. Such practices do not remove individual judgement but provide boundaries within which different risk attitudes can be evaluated against organisational priorities, available evidence, and the potential consequences of alternative choices.

4.4 Integrating Managerial Judgement with Formal Risk Management

Formal risk management and managerial judgement should operate as complementary mechanisms rather than competing approaches to organisational uncertainty. Risk management frameworks provide useful structures for identifying, analysing, prioritising, and responding to risks, while managerial judgement enables organisations to interpret circumstances that cannot be fully represented through quantitative measures. Power (2009) argued that formal risk management attempts to organise uncertainty but cannot completely transform every uncertain condition into measurable risk. Mikes (2009) similarly demonstrated that organisational approaches to risk management vary according to calculative cultures and how managers interact with risk information. Arena et al. (2010) further showed that enterprise risk management develops through relationships among organisational actors, technologies, and managerial practices. These perspectives indicate that risk registers, probability estimates, indicators, and analytical models should support managerial judgement rather than replace it. Yates and Stone (1992) also emphasised the multidimensional nature of risk through potential losses, their significance, and uncertainty, reinforcing the need for managers to consider more than numerical probability when evaluating organisational exposure. Effective integration therefore requires managers to understand both the analytical outputs produced by risk systems and the assumptions underlying those outputs.

Organisations should further distinguish situations involving measurable risk from those characterised by deeper uncertainty where reliable probabilities cannot easily be established. Grote (2020) differentiated among risk, uncertainty, ignorance, and organisational myopia and argued that different conditions require different approaches to management. Zio (2018) similarly emphasised that increasing technological and systemic complexity requires risk assessment approaches capable of addressing uncertainty beyond conventional quantitative models. Under such circumstances, managerial sensemaking becomes particularly important. Weick et al. (2005) explained that organisational actors construct plausible interpretations when confronting ambiguous circumstances, while Maitlis and Christianson (2014) demonstrated the importance of sensemaking when existing expectations are disrupted. Managerial judgement should therefore be incorporated transparently into formal risk processes through documented assumptions, scenario analysis, alternative interpretations, and periodic reassessment as new information becomes available. Bromiley et al. (2015) also emphasised that enterprise risk management should connect risk considerations with wider organisational strategy. Integrating structured analysis with informed managerial judgement can consequently help organisations avoid both false confidence in numerical precision and excessive dependence on intuition, creating a more adaptive approach to navigating organisational uncertainty.

5. Strategic Recommendations for Navigating Organisational Uncertainty

Navigating organisational uncertainty requires organisations to strengthen the relationship between formal risk management and the behavioural processes through which managers interpret uncertain situations. The preceding discussion demonstrates that differences in risk perception, cognitive limitations, variations in risk attitudes, and difficulties integrating judgement with formal risk systems can influence organisational decision quality. These challenges cannot be addressed simply by increasing the quantity of risk information available to managers because effective decision making also depends on how that information is interpreted and communicated. Mikes (2009) demonstrated that organisational approaches to risk management differ according to calculative cultures and managerial orientations towards risk information, while Aven (2016) emphasised that risk assessment should consider uncertainty and the strength of available knowledge. Organisations should therefore strengthen decision processes that combine structured risk evaluation with managerial experience, critical reflection, and transparent communication. Four areas deserve particular attention: developing structured risk perception processes, improving managerial judgement, establishing clearer approaches to risk attitude, and integrating managerial interpretation more effectively with formal risk management.

5.1 Establish Structured and Transparent Risk Perception Processes

Organisations should establish structured processes that enable managers to identify, compare, and challenge different perceptions of organisational risk. Differences in risk perception should not automatically be eliminated because diverse interpretations can provide valuable insights into uncertain situations. Sitkin and Weingart (1995) demonstrated that risk perception plays an important role in connecting problem framing and risk propensity with risky decision behaviour. Weber et al. (2002) similarly established that perceptions of risk and expected benefits contribute to variations in risk taking across different decision domains. These findings indicate that organisations should make managerial perceptions visible before major decisions are finalised. Risk assessment meetings should therefore encourage managers to explain how they interpret the likelihood, consequences, controllability, and significance of uncertain events. Assumptions supporting those interpretations should also be documented so that other decision makers can evaluate whether differences arise from evidence, experience, or subjective judgement. Aven (2016) further argued that decision makers need to understand risk beyond quantitative descriptions because important information can remain embedded within background knowledge and analytical assumptions. Structured comparison of managerial perceptions can consequently strengthen organisational understanding while reducing excessive dependence on a single interpretation of uncertainty.

Scenario analysis should complement structured risk perception because uncertainty may involve events that are difficult to estimate through conventional probability assessments. Managers should consider alternative scenarios, including circumstances that appear unlikely but could produce significant organisational consequences. Aven (2016) specifically highlighted problems associated with ignoring scenarios during risk assessment and emphasised the importance of examining assumptions and developing sufficiently complete event and outcome spaces. This approach can help organisations recognise that low perceived probability does not necessarily justify excluding a potentially important scenario from managerial consideration. Slovic et al. (2004) also demonstrated that risk judgements involve both analytical and experiential processes, suggesting that managers should distinguish between evidence based assessments and intuitive responses. Cross functional participation can further strengthen this process because managers from different organisational areas may possess different information and experiences concerning the same uncertainty. Structured scenario discussions, explicit assumptions, documented areas of disagreement, and periodic reassessment can therefore provide a stronger foundation for organisational risk perception. Such practices allow managerial judgement to remain valuable while making the reasoning behind significant risk assessments more transparent and open to organisational scrutiny.

5.2 Strengthen Managerial Judgement Through Cognitive Discipline

Managerial judgement should be strengthened through decision processes that increase awareness of cognitive limitations while preserving the benefits of professional experience and expertise. Tversky and Kahneman (1974) demonstrated that judgement under uncertainty frequently relies on heuristics such as availability, representativeness, and anchoring. Kahneman and Tversky (1979) further showed that framing outcomes as gains or losses can systematically influence decision behaviour. Organisations should therefore encourage managers to examine how information presentation, previous experiences, initial estimates, and dominant assumptions may influence their interpretation of uncertain situations. Important decisions can be strengthened by requiring consideration of alternative explanations, contradictory evidence, and possible consequences before a final judgement is made. Managers should also separate factual information from assumptions and personal interpretation within risk reports. This distinction can reduce the possibility that subjective beliefs are treated as established evidence. Eisenhardt (1989) demonstrated that effective strategic decisions in rapidly changing environments can combine speed with extensive information processing. Organisations therefore do not necessarily need complicated decision procedures. Instead, they need disciplined processes that allow managers to make timely decisions while systematically examining the evidence and assumptions supporting their judgements.

Experience and intuition should also be used selectively according to the characteristics of the decision environment. Dane and Pratt (2007) argued that intuition can provide valuable managerial input when it develops from relevant domain expertise, while Kahneman and Klein (2009) emphasised that skilled intuition is more reliable when decision environments contain regular patterns and provide opportunities for learning. This distinction becomes particularly important when organisations encounter unfamiliar uncertainty because previous managerial experience may not provide an appropriate basis for prediction. Managers should therefore evaluate whether current conditions resemble situations in which their previous experience was developed before relying strongly on intuitive judgement. Gigerenzer and Gaissmaier (2011) also demonstrated that heuristics can function effectively under particular environmental conditions, indicating that simplified judgement should not automatically be rejected. Managerial development programmes should consequently focus on understanding when analytical reasoning, experience, intuition, and simplified decision rules are appropriate. Organisations can further improve judgement through decision reviews that compare previous assumptions with actual outcomes. Such learning processes can help managers recognise recurring judgement weaknesses while strengthening their ability to interpret uncertainty more carefully in subsequent organisational decisions.

5.3 Establish Clearer Organisational Boundaries for Risk Attitude

Organisations should establish clearer boundaries concerning acceptable risk so that individual managerial attitudes do not create excessive inconsistency across important decisions. Risk attitudes vary according to decision domains, perceived benefits, potential losses, and situational characteristics (Weber et al., 2002). Sitkin and Pablo (1992) similarly demonstrated that risk behaviour develops through interactions among individual characteristics, perceived risk, and organisational context. Consequently, organisations should not expect every manager to demonstrate identical risk preferences. Instead, management should establish clearly understood principles concerning the amount and type of risk considered acceptable when pursuing organisational objectives. These principles should provide sufficient direction without removing the flexibility required for managerial judgement. Managers proposing significant risk acceptance should explain the expected benefits, possible consequences, underlying assumptions, available controls, and reasons why the remaining uncertainty is considered acceptable. Such documentation can improve accountability and provide a basis for comparing risk decisions across different organisational areas. Clearer boundaries can also prevent managers from becoming excessively conservative when uncertainty is unavoidable or excessively confident when potential benefits appear attractive.

Risk acceptance decisions should additionally consider uncertainty surrounding the information used to support managerial conclusions. Aven (2016) questioned excessive conservatism in risk assessment and argued that best judgements, sensitivity analysis, and assessments of the strength of knowledge provide a stronger basis for evaluating uncertain situations. This perspective is important because automatically selecting the most cautious alternative may prevent organisations from pursuing valuable opportunities, while excessive risk acceptance may expose them to consequences that have not been adequately considered. Managers should therefore evaluate how strongly available evidence supports the assumptions underlying their decisions. Emotional responses should also be recognised because affect can influence perceptions of risk and benefit (Finucane et al., 2000; Loewenstein et al., 2001). Significant decisions made immediately after organisational difficulties or unexpected successes may consequently require additional review to determine whether recent experiences are influencing risk attitudes disproportionately. Establishing clear risk boundaries, transparent justification requirements, sensitivity analysis, and appropriate managerial review can help organisations achieve greater consistency while retaining sufficient flexibility to respond to changing circumstances and strategic opportunities.

5.4 Integrate Managerial Judgement with Formal Risk Management

Organisations should integrate managerial judgement directly into formal risk management rather than treating quantitative analysis and human interpretation as separate processes. Mikes (2009) demonstrated that risk management practices vary according to organisational calculative cultures, with some organisations emphasising quantitative measurement while others place greater importance on broader risk interpretation. This distinction indicates that neither approach should automatically dominate organisational decision making. Quantitative methods can provide useful structure and comparability, but they may create inappropriate confidence when uncertainty is substantial or available information is weak. Managerial judgement provides contextual understanding but may introduce cognitive bias and inconsistent interpretation. Aven (2016) therefore proposed supplementing quantitative risk assessment with an explicit stage addressing the decision maker's understanding of risk. Organisations can apply this principle by requiring risk assessments to communicate assumptions, uncertainties, knowledge limitations, alternative scenarios, and managerial interpretations alongside numerical estimates. Such integration can provide decision makers with a more comprehensive understanding of organisational exposure while preventing analytical outputs from being interpreted as more certain than the underlying evidence permits.

Formal risk management should also become more adaptive when organisations confront uncertainty that cannot be reliably estimated using historical information or conventional probability models. Power (2009) questioned organisational tendencies to expand formal risk management into areas where uncertainty may resist reliable measurement, while Mikes (2009) demonstrated the coexistence of different approaches to risk management and calculation. Managers should therefore recognise when numerical assessment provides sufficient information and when scenario analysis, expert judgement, organisational sensemaking, or additional investigation is required. Weick et al. (2005) and Maitlis and Christianson (2014) emphasised that sensemaking becomes particularly important when organisations encounter ambiguous circumstances that disrupt existing expectations. Risk management systems should consequently allow assessments to be revised as new information emerges rather than treating initial evaluations as fixed conclusions. Regular review of assumptions, emerging evidence, managerial interpretations, and actual outcomes can create stronger organisational learning. By combining structured risk assessment with transparent managerial judgement and continuous reassessment, organisations can develop a more adaptive approach to uncertainty that supports informed decisions without creating unrealistic expectations of certainty.

6. Conclusion

Organisational uncertainty remains an unavoidable feature of contemporary management because important decisions are frequently made without complete information or reliable knowledge of future outcomes. This article establishes that effective responses to uncertainty depend not only on formal risk assessment but also on how managers perceive risk and exercise judgement when interpreting complex situations. Risk perception influences the significance assigned to potential threats and opportunities, while managerial judgement determines how available information, experience, intuition, and organisational priorities are translated into decisions. The interaction between these elements demonstrates that organisational risk management cannot be understood exclusively as a technical process based on probability, measurement, and analytical models. Instead, it involves behavioural and cognitive dimensions that influence how uncertainty is recognised, interpreted, prioritised, and ultimately managed within organisational decision processes.

The analysis further identifies several challenges that can weaken organisational responses to uncertainty. Subjective differences in risk perception may produce inconsistent evaluations, while cognitive limitations and judgement biases can influence how managers interpret information and assess potential consequences. Variations in risk attitudes can also affect willingness to accept or avoid uncertainty across different organisational situations. At the same time, formal risk management systems may provide incomplete guidance when uncertainty cannot be adequately represented through historical information or quantitative measures. These challenges demonstrate the importance of balancing managerial experience with structured evaluation. Organisations should encourage managers to examine assumptions, consider alternative interpretations, recognise limitations in available knowledge, and communicate the reasoning underlying significant risk decisions. Such practices can strengthen transparency and consistency without removing the flexibility required for effective managerial judgement.

Effective navigation of organisational uncertainty therefore requires stronger integration between human judgement and formal risk management practices. Structured risk perception processes, cognitive discipline, clearer boundaries for acceptable risk, and continuous reassessment can provide a more reliable foundation for managerial decision making. Rather than attempting to eliminate uncertainty, organisations should develop the capability to understand and respond to it through informed, transparent, and adaptable decision processes. Managerial judgement remains particularly valuable when evidence is incomplete, but its effectiveness is strengthened when supported by systematic risk assessment and critical evaluation. A balanced relationship between analytical processes and managerial interpretation can consequently improve decision quality, strengthen organisational adaptability, and support more responsible risk management. In this way, risk perception and managerial judgement become central capabilities for organisations seeking to make sound decisions while operating within uncertain and continuously changing environments.

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