



Epistemology of CS

IBICT 2019

30th October 2019



Epistemology





Epistemology

- It is the (philosophical) study of knowledge
- Includes topics such as
 - k. generation
 - k. structure
 - Justification of k.
 - Decision making
 - A general introduction can be found in the [Stanford Wiki](#)



Why epistemology in innovation?





Epistemology and Innovation

- We study epistemology in innovation theory for two main reasons
 1. Knowing what k. generation process is assumed helps us understand where we operate (“the environment”), and thus how we can generate innovations
 2. At the same time, the environment leads us to a certain type of reasoning (“rationality”) and therefore decision making process
- In this lecture, we present models that are considered surpassed, but still represent how most people think our k-making process works



Decision-making





Decision-making

Focus on...

- Type of decision-making process
- Difficulty of process
- Who can/can't use process
- Why use a process (over another)
- "Kritik" (i.e., boundaries and where it fails)



Why decision-making in business?





**How does this
connect to ICT?**





Objectivism
Positivism

Determinism

Historical perspectives

Romanticism

Modernism

Rationalism





Positivism, Modernism, etc.

- All these words have been used to describe the world from Enlightenment to the ~1960s
- They share a common underlying assumption: there is a univocal “truth”, and k. is an ensemble of fragments of this “truth”
- How these views differ is subtle, but if you are curious Wikipedia has *very* comprehensive articles on all of these words...



What we will present

- In this course, we illustrate four main views, called “certainty”, “risk”, “uncertainty”, and “ambiguity”
- These are not “universal” words! They are what *we* chose to explain these concepts to you, but literature often changes the labels...
- Since they also have a certain lexical overload tied to them, we associate them to one reading that exemplifies that view



Certainty

"See? It just works."

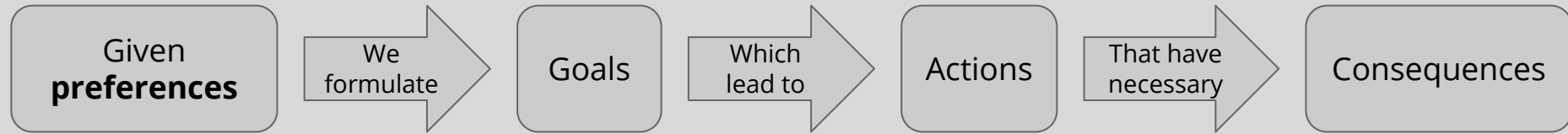
Suggested reading: Markets and Hierarchies, Williamson 1975

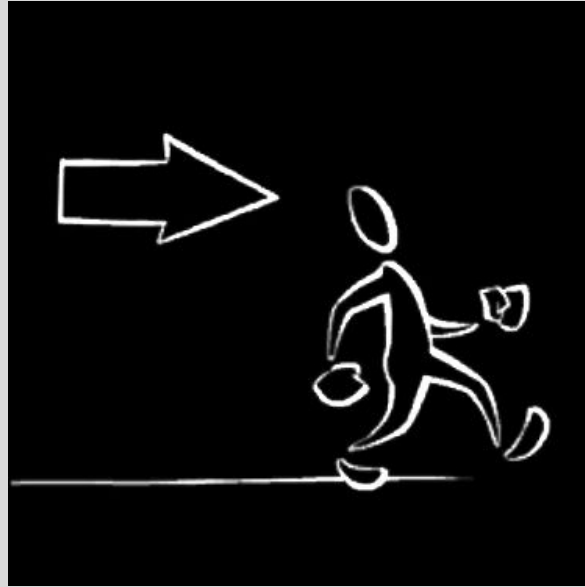


Certainty

- In certainty, the world is assumed to be a given in which we cannot deviate
- Every action necessary resolves in a success or a failure, with no space for maneuver
- There is no real space for choice or alternative possibilities
- Knowledge is instantaneous, goals are clear, actions are pre-determined, consequences necessary
- No amount of repetition of experiments can alter results

Decision making in certainty





Some paths are straight forward.

Image and quote by Alexander Bruce, Antichamber (2013)



Risk

"60% of the times, it works every time."

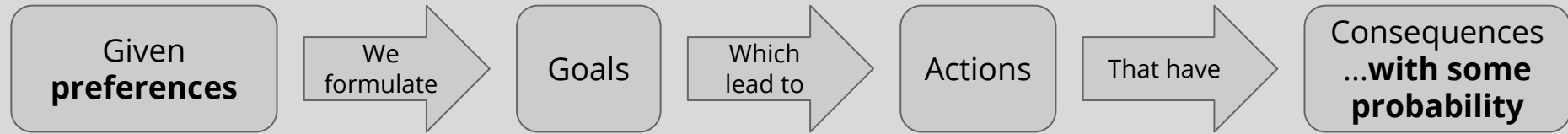
Suggested reading: Bringing Down the House, Ben Mezrich



Risk

- In risk, the world works like a casino
- The rules are clear from the get-go and, while we can be (un)lucky, no outcome is unforeseen
- Compared to certainty, the only difference is in the fact that outcomes are associated to a probability
- We can concoct strategies that allow us to handle risk when repeating experiments
- In this sense, the (conscious) risk-taker is already an entrepreneur

Decision making in risk





A choice may be as simple as going left or going right.

Image and quote by Alexander Bruce, Antichamber (2013)



Uncertainty

“The truth is out there... It’s up to you to find it.”

Mandatory reading: From Substantive to Procedural Rationality, Simon 1976



Uncertainty

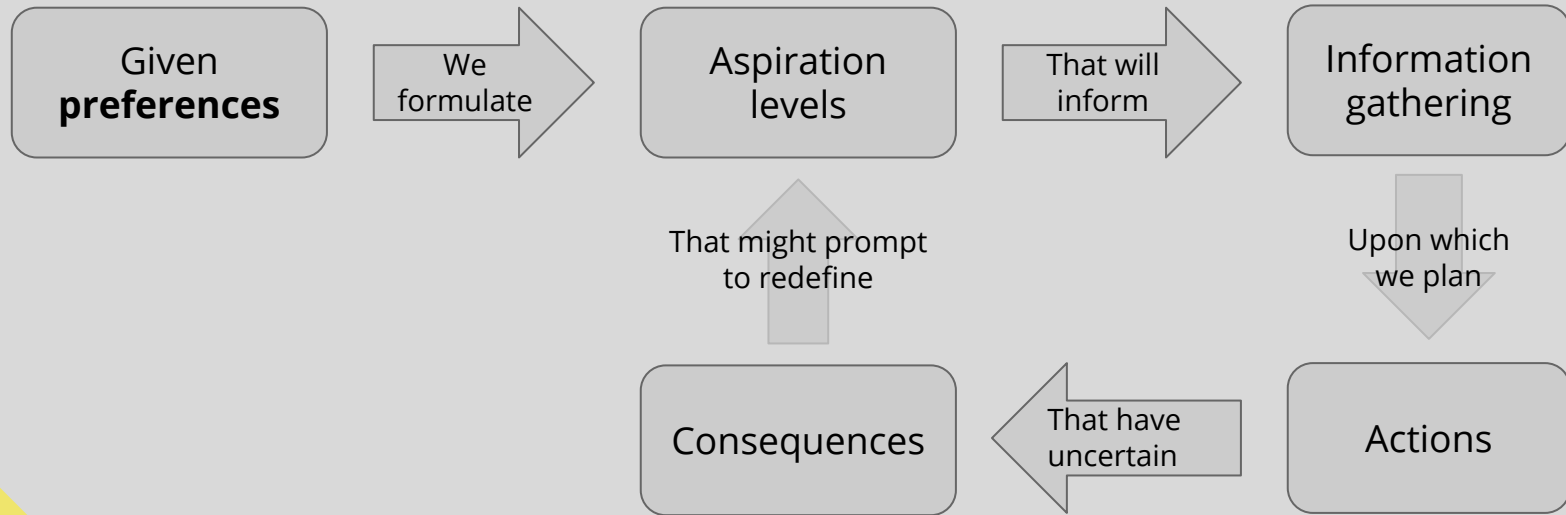
- In uncertainty we are still in a casino, but we don't know the probabilities (i.e., the rules of the game) so we have to search for them
- There still exists an objective, univocal truth, but we might still not be able to find it
- This is because search is associated with a cost, and we might not have enough resources
- This is the main epistemological view behind ICT!

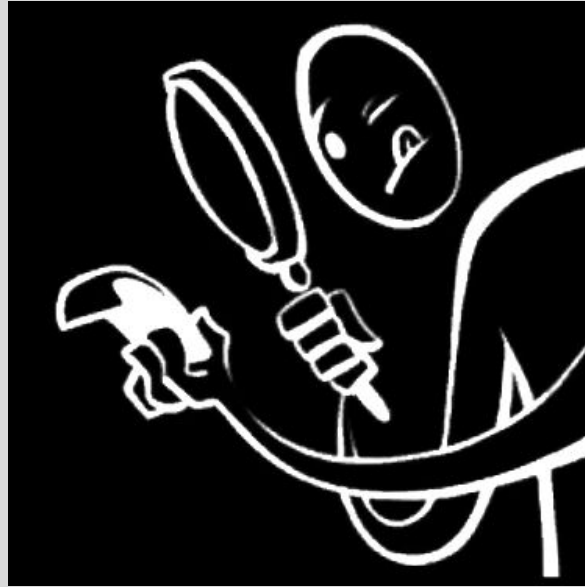


I&E in Uncertainty

- Uncertainty gives much more space for innovation and entrepreneurship
- Innovation can be found in the way we conduct searches, and in how we manage the unknowns
- The entrepreneur is the person able to create new search strategies, invest wisely his resources... and take responsibility for the consequences of the unknowns

Decision making in uncertainty





The solution to a problem may just require
a more thorough look at it.

Image and quote by Alexander Bruce, Antichamber (2013)



Examples

...in innovation





Examples

...in business





Examples

...in ICT





Key points

- Limited resources
 - Time
 - Money
 - CPU cycles
 - Cognitive capacity
- Convergence to optimality



Points of failure





Hasty Generalisation

assuming certainty





Risk → Reward





Risk Aversion





Uncertainty Intolerance





Different optimum definitions





“Law of big numbers”





Unknown unknowns





Contemporary Perspectives

- We present here only two perspectives on what we call “ambiguity”
- These views were proposed in the 1980s, but we will cover more of the so-called post-modern and contemporary world in the next lecture



Roulette







Roulette

- This is a complete worked example: we start from certainty and go all the way to strong ambiguity
- Look at the following slides to see how we incrementally alter the roulette to fit the presented models



Certainty

- Probabilities are always 1 or 0
- The knowledge that we have is the “true” knowledge
- Data are given

- How does this roulette work?

Roulette - Certainty



- All numbers and colors are replaced with the same number and color (e.g., all cells are a red 7)





Risk

- Probabilities are given and known a priori
- The knowledge that we have is true with a given probability
- Knowledge is a collection of data with given probabilities
- How does this roulette work?

Roulette - Risk

- Regular, run-of-the-mill roulette





Uncertainty

- Probabilities are not known a priori
- ... but they're out there, and can be searched
- Resources are limited, but once we acquire information, it is good forever

- How does this roulette work?



Roulette - Uncertainty



- The distribution of numbers and colours is unknown at the beginning
- When the ball stops the croupier shows the tile for the future rounds







Post-modernism

"The Unreal"

Contemporary perspectives

Social construction
of reality

Post-truth

Subjectivism

What next?





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