

Normative and descriptive decision theory

Most of decision theory is normative or prescriptive, *i.e.*, it is concerned with identifying the best decision to take, assuming an ideal decision maker who is fully informed, able to compute with perfect accuracy, and fully rational. The practical application of this prescriptive approach (how people *actually* make decisions) is called decision analysis, and aimed at finding tools, methodologies and software to help people make better decisions. The most systematic and comprehensive software tools developed in this way are called decision support systems.

Normative economics is the branch of economics that incorporates value judgments (that is, normative judgements) about what the economy *ought to be* like or what particular policy actions ought to be recommended to achieve a desirable goal. Normative economics looks at the desirability of certain aspects of the economy. It underlies expressions of support for particular economic policies.

In philosophy, *normative* statements affirm how things should or ought to be, how to value them, which things are good or bad, which actions are right or wrong. Normative is usually contrasted with positive (*i.e.* descriptive, explanatory, or constative) when describing types of theories, beliefs, or propositions. Positive statements are factual statements that attempt to describe reality.

In standards terminology still used by some organisations, "normative" means "considered to be a prescriptive part of the standard". It characterises that part of the standard which describes what *ought* (see philosophy above) to be done within the application of that standard. It is implicit that application of that standard will result in a *valuable* outcome (*ibid.*).