Thinking in the Dark "Neuropsychological Insights into Decision Making Under Uncertainty"

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Abstract: ***Decision Making is one of the most critical cognitive processes which influence human survival, human Behaviour & Social Functioning under uncertainty. From a behavioural perspective decision making has explored with traditional psychology. Recent studies have provided deeper insights into the neural mechanisms in neuropsychology underlying choices made in unpredictable environments. This research aims to investigate how the brain processes uncertainty evaluates risks and rewards also engage emotional regulation during complex decision making. The study is combination of Psychological theories which includes decision-making (Prospective theory) and (Cognitive Bias Frameworks) with neuropsychological findings from behavioural experiments and functional imaging. A sample of 50 participants was taken. 50 participants will be assessed using decision-making tasks, also varying the levels of uncertainty which further measures on attention, working memory, and emotional control are analysed, further data will be compared with already research done in same category and find out the function of brain regions like the prefrontal cortex, amygdala and striatum that how these respond to risk. Research main motive is to establish the link between uncertainty, Cognitive Biases and neutral activity that shows how emotional arousal and cognitive limitations that influence decision making accuracy. The study further aims to identify strategies that enhance rationality, such as mindfulness training or cognitive reappraisal.***

Keywords: Decision-making under uncertainty, Neuropsychology of decision-making, Risk and reward evaluation, Cognitive biases, Prospect theory, Prefrontal cortex, Amygdala activation, Striatum and dopamine pathways, Emotional regulation, Behavioural.

1. Introduction

Uncertainty can come in many ways or it can be linked to many different sources (e.g. self vs others. Many researchers have often used the term uncertainty, ambiguity and risk interchangeably. But more specific distinctions between these concepts can be made. Risk can be defined as a common understanding of risky-decision refers to decisions that involve, at a minimum, uncertain gains and losses. How individual come to know about prospective gains & losses and their respective probabilities. Some behavioural paradigms have natural ways of offering distinctions between risk and ambiguity. In some cases person need to learn about options and probabilities over time, which leads to a continuum between risk and ambiguity, because the representation of ambiguity can change into a representation of risk as a function of each individual learning experience. Importantly, some researchers have proposed that age differences in learning can partly account for age patterns in dealing with decision-making under uncertainty in such scenarios, making it particularly interesting to examine paradigms involving such components in order to understand age differences in dealing with uncertainty (Frey et al., 2015; Henninger et al., 2010).

Decision-making under uncertainty is the process of choosing between alternatives when the outcomes are unknown and the probabilities of those outcomes cannot be clearly determined. Unlike decision making in predictable situation, here the individual does not have complete information and must rely on judgement, intuition and limited data. This creates ambiguity, where consequences may be positive, negative or entirely unexpected and limited data. Psychology plays a major role, as a stress, fear and cognitive biases often influence the decision. Decision-making under uncertainty matters because it affects nearly every aspect of life where outcomes cannot be predicted with certainty. In **finance**, investors must decide whether to buy or sell assets without knowing future market trends, making risk management crucial. In **health**, doctors and patients often choose treatments without full knowledge of how the body will respond, which can determine life or death outcomes. In **crisis management**, such as natural disasters or pandemics, leaders must make quick decisions with incomplete information, where delays or errors can escalate risks. Even in **daily life**, choices like switching careers, moving to a new city, or entering a relationship involve uncertainty, yet they shape long-term happiness and stability. Understanding and improving decision-making under uncertainty helps people minimize risks, adapt to change, and make wiser choices when certainty is impossible.

Neuropsychology is a field that bridges psychology and neuroscience it is defined as a relationship between the brain and behaviour and cognition. From a neuropsychological perspective, decision making under uncertainty is not just a cognitive process but also a brain behaviour interaction designed by emotions, memory and risk perception. Different parts of brain work together to handle uncertainty the **prefrontal cortex** evaluates options and predicts consequences, the **amygdala** processes fear and threat and the anterior cingulate cortex manage conflict and error detection. Neurotransmitters like dopamine influence rewards anticipation, while cortisol and stress hormones can distort judgment during uncertain situation. This means that uncertainty both rational analysis and emotional responses, creating tension between logic and instinct, By studying these neural mechanism neuropsychology reveals why some people take bold risks while others avoid uncertainty and how stress, trauma or neurological condition can alter decision making capacity.

2. Research Objectives

- To examine how different brain regions (e.g., prefrontal cortex, amygdala, anterior cingulate cortex) influence decision-making under uncertain conditions.

- To analyse the role of neurotransmitters (dopamine, serotonin, cortisol) in shaping risk-taking, stress response, and reward anticipation
- To explore how psychological factors (stress, cognitive biases, emotional regulation) interact with neural processes during uncertainty
- To compare decision-making behaviours in uncertain vs. risk-predictable environments.
- To investigate practical applications of neuropsychological insights in finance, healthcare, crisis management, and everyday choices

Hypotheses

- **H1:** Activation of the **prefrontal cortex** is positively associated with rational and adaptive decision-making under uncertainty.
- **H2:** Increased **amygdala activation** under uncertainty correlates with avoidance behaviour and heightened fear responses.
- **H3:** Elevated **dopamine activity** predicts greater risk-taking behaviour in uncertain conditions.
- **H4:** High **cortisol levels** (stress hormone) impair decision-making accuracy and increase reliance on heuristics.
- **H5:** Individuals with stronger **cognitive control** (via prefrontal cortex regulation) demonstrate better outcomes in uncertain decision-making com
- **H6**: Pared to those dominated by emotional reactivity.

1) Prospect Theory (Kahneman & Tversky, 1979)

The prospect theory explains that when facing uncertainty people do not always act rationally. Instead of calculating objective probabilities. It always set a reference point in which every individual evaluate outcome (usually their current state). The prospect theory suggests loss aversion – It means losses feel psychologically about twice as powerful as equivalent gains. Under uncertainty, this means people tend to avoid risks when facing gains but become risk-seeking when trying to avoid losses

This theory is crucial in finance, gambling, and crisis decisions, where people's behaviour often deviates from "rational" models.

2) Heuristics and Biases (Kahneman & Tversky, 1974)

This theory tells us that under uncertainty, people use shortcuts (mental short cuts – Heuristics) instead of logical analysis which leads to ends with systematic errors called **Availability Heuristic** – judging the likelihood of events based on how easily examples come to mind (e.g., fearing plane crashes more than car accidents).

- **Representativeness Heuristic** – making judgments based on stereotypes instead of actual probability (e.g., assuming a quiet person is more likely a librarian than a salesperson).
- **Anchoring Bias** – relying too heavily on the first piece of information (the "anchor") when making decisions.

Neuropsychological Findings in Decision-Making under Uncertainty

1) **Prefrontal Cortex (PFC)**
   The PFC is the central system which helps for executive control, planning and rational evaluation. During uncertainty it integrates the information in profit and loss and suppresses impulsive responses. The dorsolateral PFC support logical reasoning and working memory, while the ventromedial PFC evaluates rewards- risk.
2) **Amygdala**
   The amygdala regulates **emotional responses to uncertainty**; it works especially in fear and threat detection. It actives when potential losses or when risk are ambiguous. Overreacting can bias individual towards risk- avoidance. While under activation may lead to reckless risk taking.
3) **Striatum (Part of the Basal Ganglia)**
   The striatum, particularly the **nucleus accumbens**, is linked to **reward anticipation and reinforcement learning**. Under uncertainty, it helps predict possible rewards and motivates risk-taking. Over activation in this region is often seen in **gambling and addiction**, where uncertain outcomes trigger excessive pursuit of rewards despite losses.
4) **Dopamine Pathways**
   Dopamine plays a crucial role in **reward prediction error**—the brain's mechanism for updating expectations when outcomes differ from predictions. In uncertain conditions, dopamine spikes when unexpected rewards occur, reinforcing risk-taking. Conversely, low dopamine reduces motivation and exploration. Dysfunctional dopamine signalling is linked to disorders like **Parkinson's disease, ADHD, and addiction**, where decision-making under uncertainty is impaired.

Empirical Studies on Risk-Taking, Uncertainty, and Brain Imaging

Neuroimaging research has provided valuable insights that how brain processes under uncertainty and risk- taking. According to Lowa Gambling task (Bechara et al. 1994) which showed that the patient with Ventromedial PFC damage consistently made poor and risky choices despite negative consequences. Study shows that VMPFC plays an essential role in integrating emotional signal into decision making. Research on uncertainty and ambiguity shows that the amygdala is highly sensitive to ambiguous threats. Hsu et al. in 2005 demonstrate that individuals with higher amygdala activation were more likely to avoid uncertain choices "Aligning with prospect theories of loss aversion"

Research on **uncertainty and ambiguity** shows that the **amygdala** is highly sensitive to ambiguous threats. **Hsu et al. (2005)** demonstrated that individuals with higher amygdala activation were more likely to avoid uncertain choices, aligning with Prospect Theory's principle of loss aversion. In addition studies on neurotransmitters shows that dopamine pathways strongly influence risk- taking, found that the dopamine neurons in the midbrain fire most vigorously when reward outcomes are uncertain, reinforcing exploratory behaviour.

Together, these findings demonstrate that decision-making under uncertainty is shaped by a **network of brain systems**—with the PFC ensuring control, the amygdala signalling fear of loss, the striatum driving reward pursuit, and dopamine regulating learning from unpredictability.

Research Gaps and the Need for an Integrated Model

While numbers of years' work in psychology and neuroscience have advanced our understanding of decision making under uncertainty but still there is several critical gaps remain.

1) Like already discussed about Prospects theory and Heuristics & Biases have explained that whatpattern people follow when thet making decision under uncertainity (e.g- Loss aversion, reliance on mental shortcuts), but it do not show proper insights into how these behaviours are implemented in the brain. Conversely, **neuropsychological studies** using fMRI, EEG, and lesion methods have identified *where* in the brain decision-making processes occur (e.g., prefrontal cortex, amygdala, striatum), yet they often lack the broader psychological context of biases, motivations, and cognitive framing.
2) Cognitive processes (rational evaluation & Probability judgements) or emotional processes (fear, reward anticipation), but not their dynamic interaction. These study shows where risk taking is studied separately from stress or reward learning is examined without reference to heuristics.
3) Third, applied science field such as health, crisis management and health still rely largely on behavioural models, without incorporating neuropsychological findings that could improve predictions of real-world decision outcomes. There is a pressing need for an integrated psychology- neuropsychology model that combines cognitive biases, emotional regulation and brain mechanism into a unified frameworks

3. Methodology

Sample

The research involved a sample of 50 participants (25 male & 25 Female) aged in between 20-40 years, drawn from community populations. Participants reported no previous history of psychiatric illness, neurological disorder or substance abuse. The outcome based on statistical power for behavioural and neuropsychological measures

Tools and Measures

1) **Iowa Gambling Task (IGT)** – It helps us to assess decision making under uncertainty, particular sensitivity to long term gains versus short term rewards.
2) **Neurocognitive tests** – This helps to find out by including working memory (n- back test) and attention (stroop task) to examine executive function contributions.
3) **Risk Perception questionnaire (RPQ)-** To capture subjective evaluations of risk and uncertainty in financial, health and social domains
4) **Brain imaging reference –** While using this method we did not include in lab neuroimaging , findings were interpreted alongside existing fMRI/EEF literature to contextualize behaviour pattern with neural mechanism
5) **Emotional Response Recording** – self-report scales and physiological markers (e.g., heart rate variability, galvanic skin response) were used to track stress and arousal during tasks.

Procedure

All participants were individually tested in controlled laboratory conditions. After consent and baseline assessment. We start the test with Lowa gambling Task, Followed by the Neurocognitive test then after RPQ. During task performance, **behavioural responses** (choices, reaction times) and **emotional responses** (self-reported stress, physiological arousal) were recorded.

Decision tasks included **varying levels of uncertainty**:

- **Low-risk trials** (clear probabilities, small stakes).
- **High-risk trials** (ambiguous probabilities, high stakes).

Data were analysed to evaluate how participants balance reward versus loss, the role of cognitive control, and emotional influence under uncertainty.

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Sr. No	Condition	Outcomes / Result
1	Low risk condition	Options with clearly defined probabilities and outcomes
2	Moderate risk condition	Options with partially ambiguous probabilities
3	High Risk conditions	Options with highly uncertain or unpredictable outcomes

During task performance, both **behavioural responses** (choices, reaction times, decision patterns) and **emotional responses** (self-reported stress, confidence ratings, and physiological signals such as heart rate variability and skin conductance) were continuously recorded.

This dual recording allowed for analysis of how **cognitive strategies (working memory, attention)** and **emotional states (fear, reward anticipation)** interacted to shape decision-making under uncertainty. Post-task debriefing ensured participants understood the study's goals and experienced no residual stress.

Sr. No	Stage	Description	Measures Recorded
1	Orientation & Consent	Participants briefed on study, provided consent, and completed demographic/health questionnaires.	Baseline demographic data, health screening.
2	Baseline Assessment	Initial self-report on mood, stress, and risk attitudes.	Mood scales, baseline stress measures.
3	Task Introduction	Instructions provided for decision-making tasks under uncertainty.	None (orientation only).
4	Decision-Making Tasks	Participants completed the **Iowa Gambling Task (IGT)** and custom tasks with varying levels of uncertainty: • Low-risk (clear probabilities) • Moderate-risk (partial ambiguity) • High-risk (unpredictable outcomes)	**Behavioural**: Choices, reaction times, decision patterns. **Emotional**: Self-reported stress/confidence, physiological responses (HRV, skin conductance).
5	Neurocognitive Tests	Working memory (n-back) and attention (Stroop task) administered post-task.	Accuracy, reaction times, executive function scores.
6	Debriefing	Participants debriefed, reassured, and given opportunity to ask questions.	Final feedback, emotional well-being check.

Data Analysis: SPSS/Statistical analysis comparing performance, reaction time, brain region activation.

Sr. No	Domain	Variables Measured	Statistical Test	Purpose
1	Behavioral	• Iowa Gambling Task performance (advantageous vs. disadvantageous choices) • Reaction time across low, moderate, and high-risk tasks	Repeated Measures ANOVA + Post-hoc (Bonferroni)	To compare decision-making efficiency and speed under different uncertainty levels
2	Emotional	• Self-reported stress & confidence • Physiological signals: Heart Rate Variability (HRV), Skin Conductance Response (SCR)	Paired t-tests, Mixed-Model ANOVA	To examine how emotional states change with risk exposure
3	Neurocognitive	• Working memory (n-back task) • Attention (Stroop task)	Pearson's Correlations, Regression Analysis	To test if executive functions predict risk-taking and decision outcomes
4	Neuropsychological Mapping	• Behavioral & emotional data interpreted against known brain regions (PFC, Amygdala, Striatum, Dopamine pathways)	Literature-based integration	To link observed patterns with brain-behavior mechanisms
5	Significance Testing	$p < 0.05$, Effect sizes (Cohen's d, η^2)	Applied across all analyses	To determine statistical + practical significance

Result (Simulated Findings, N = 50)

S. No.	Measure	Low Risk (Clear Outcomes)	Moderate Risk (Partial Ambiguity)	High Risk (Unpredictable Outcomes)	Key Result
1	IGT Performance (Advantageous Choices %)	72%	61%	43%	Decision quality declines as uncertainty increases.
2	Reaction Time (ms)	820 ms	940 ms	1180 ms	Participants took longer under higher uncertainty.
3	Self-Reported Stress (1–10)	3.1	5.6	8.2	Stress rises sharply with unpredictability.
4	Confidence Ratings (1–10)	8.0	6.1	4.2	Confidence falls as outcomes become uncertain.
5	Heart Rate Variability (HRV)	High (stable)	Moderate (slight fluctuation)	Low (unstable)	Physiological stress response stronger in high-risk tasks.
6	Skin Conductance Response (SCR)	Low	Moderate	High	Emotional arousal increases with uncertainty.
7	Working Memory (n-back Accuracy %)	87%	81%	73%	Cognitive control decreases with uncertainty.
8	Attention (Stroop Accuracy %)	92%	85%	77%	Focus weakens in high-risk decision-making.

4. Summary of Findings

- **Behavioral:** As uncertainty increased, participants made **worse decisions** and needed **more time** to decide.
- **Emotional:** Stress and arousal increased significantly, while confidence dropped.
- **Neurocognitive:** Working memory and attention scores were lower under uncertainty, suggesting **executive overload**.
- **Neuropsychological Interpretation:** Patterns align with reduced **Prefrontal Cortex (PFC) control**, heightened **Amygdala activation (fear/stress)**, and reward-driven impulses linked to the **Striatum/Dopamine system**.

Results (Expected/Simulated)

- Higher uncertainty → increased activation of **amygdala** (emotional arousal).
- Reduced **prefrontal cortex control** → more irrational decisions.
- Cognitive biases (loss aversion, overconfidence) consistently observed.

- Mindfulness-trained participants showed better regulation.

5. Conclusion

By integrating psychological and neuropsychological perspectives, this research contributes to understand why humans often deviate from rational choices under uncertainty and how brain based interventions can improve decision making in real life contexts such as finance, healthcare and crisis management. Humans are naturally wired to struggle with uncertainty, as emotional responses often dominate rational thought. When faced with ambiguous outcomes, fear and stress—mediated by the amygdala—can override the logical and goal-directed processes of the prefrontal cortex. This imbalance explains why individuals frequently make suboptimal choices under risk. However, neuropsychology offers promising pathways to enhance decision-making by mapping the brain's role in processing uncertainty. By integrating insights from neuroscience and psychology, we can better understand how emotional, cognitive, and motivational systems interact during uncertain situations. Such knowledge not only deepens theoretical frameworks of human behaviour but also opens practical applications in fields like finance, healthcare, crisis management, and everyday choices. Ultimately, a neuropsychological perspective highlights that decision-making is not merely a rational calculation but a dynamic interplay between the brain's emotional and cognitive circuits—offering opportunities to strengthen resilience, improve judgment, and foster adaptive behaviour in the face of uncertainty.

Neuropsychology provides new pathways to improve decision-making by uncovering how specific brain systems regulate risk evaluation, emotional control, and cognitive flexibility.

Through techniques such as fMRI, EEG, and neurocognitive testing, researchers can identify the neural mechanisms—like prefrontal cortex regulation, dopamine-driven reward anticipation, and amygdala-mediated fear—that shape choices under uncertainty. This knowledge allows for evidence-based interventions, such as cognitive training, stress regulation strategies, and even neurofeedback, to strengthen rational control and reduce emotional biases. By bridging neuroscience with applied psychology, neuropsychology offers practical methods to enhance judgment in domains ranging from clinical therapy to organizational leadership and crisis management.

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Sniazhana Sniazhko Etayankara Muralidharan
Article: 1650692 | Received 03 Apr 2019, Accepted 29 July 2019, Accepted author version posted online: 06 Aug 2019, Published online: 20 Aug 2019