

depicts how knowledge, data, and information relate to information systems, decisions, and events. As discussed, knowledge helps convert data into information. The knowledge could be stored in a manual or computer-based information system, which receives data as input and produces information as output. Moreover, the use of information to make the decision requires knowledge as well (e.g., in the context of the second example above, the knowledge that expected value above zero generally suggests that the decision is a good one). The decisions, as well as certain unrelated factors, lead to events, which cause generation of further data. The events, the use of information, and the information system might cause modifications in the knowledge itself. For example, in the context of example 1 on ordering raw materials based on sales, information about changes in suppliers (e.g., a merger of two suppliers) might cause changes in the perceived relationship (i.e., knowledge) between the quantity on hand, the daily sales, and the quantity to be ordered. Similarly, in example 2 on betting on the outcome of a coin toss, the individual's risk aversion, individual wealth, and so forth, might cause changes in beliefs related to whether expected value above zero justifies the decision to participate in the bet