Empirical work and experimental studies often question the value of normative economic theory's core - planning and rationality. Control by quantitative measures is called an illusion, and the concept of bounded rationality is often mentioned in the literature.

It is clear that there is a difference between economics as it is taught in textbooks and business behaviour in the real world. The former is based on the strong assumption that agents can, and actually also do, plan their actions. While the latter, as most studies to our knowledge, states that managers' behaviour is rather strongly shaped by intuition. Thus, the obvious question arises, why should we think that managerial success can be planned? In this paper we argue that many managerial decisions are related to luck.

We intend to give an explanation of how decisions are actually made, when flow of information, problems, and possible schemes of solutions are constantly affecting decision-makers. Of course, this paper only outlines the approach, and there is still a lot of work to be done - or luck to be had.

1. The Limits Of Planning

Economics is related to the assumption that resource allocation reflects calculated decisions. The problem is typically concentrated on optimising a certain object function subject to different kinds of constraints.

If all problems, variables, and parameter values could be stated in such an explicit form, and if all decision-makers had the same ability to compute, it would be reasonable to expect that individuals reached the same solution. However, from the literature of bounded rationality we do know that even when decisions are intended to be rational, they seldom are.

The problems with planning are not limited to our access to information and our ability to compute. The fundamental problem is that there is the "axiomatic economy", accordingly to which an existing system can be only proven by another more complex and developed system. This can be seen as an application of Gödel's theorem. In this case an attempt to formalise problems will tend to give more complex expressions than the original, basic, problem. In practice it is necessary to interpret the situation to deal with this class of problems. This means that actions in many cases must be taken without knowing the fundamental structure of the problem. Thus, if the structure is known, such (tacit) knowledge...
will be restricted to the given case. We will use luck to describe decision making under such conditions.

2. A Definition Of Luck

Luck is some unexpected, or more precisely - a non-casual relation between a managed impulse and a result. Given that the factual result is better than that result which seem reasonable according to the effort - otherwise it is un-luck.

This definition of luck does not merely focus upon the difference between the ex ante expected result and the actually result.

The essence of decisions guided by luck is the cognitive interconnection between expectations, earlier experiences and a choice of an action. When people take their chances, the valuation of their options is affected by that interconnection in an adverse manner. This is, of course, especially important when there is more than one period.

It is possible to identified two kinds of luck: lucky-luck (output-oriented luck) where an impulse is the best one to use achieving a well-defined result, but an action realised a better result than it was expected; and pure luck (input-oriented luck) where an impulse is chosen wrongly or at least improperly compared with the wishes. If you walk around in the city to look at the shops and have some fun, then you use a proper impulse (walking in the city), and if you find 1,000 DKR. then it is just lucky-luck. If you walk in the city with that purpose of finding 1,000 DKR. then you use an improper impulse - there must be better and more efficient ways to get 1,000 DKR. but, if you find 1,000 DKR., anyway, then it is pure luck.

To have lucky-luck is not just an Aladdin-feature, there must be something more, there must be some preparedness, some consciousness, open-minded attitude to catch luck, when there are possibilities to do so (you open your eyes while you are walking around).

Pure-luck is perhaps more tricky. Why choose the wrong impulse? One answer could be the complexity of a particular situation (bounded rationality), another answer could be previous experiences (wrong inferences from pure luck). The question is, what reason is there behind the search for pure luck?

3. A Game-Theoretic Set-Up

In the prisoners dilemma both kinds of luck can be formalised, and both kinds depend on some mistakes of the opponent. There are two people (i,ii) with strategies (I,II) and (A,B). There pay-offs are presented in the table: