BEHAVIORAL DYNAMICS IN FORECASTING: JUDGMENTAL FORECASTS AND SCENARIOS

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Today's business environment provides tougher challenges than ever before, highlighting the importance of agile decision making and the relevant role played by forecasting. Both the providers and users of forecasts typically treat model predictions as a (potentially dubious) starting point and adjust them to incorporate their experience, intuition, and informational asymmetries. However, such judgmental adjustments may not always improve forecast accuracy; hence the need for supporting these processes and improving information sharing between forecasters and decision-makers. Scenarios provide promising channels for such support. Use of scenarios have been popular for focused organisational learning and strategic thinking in business contexts, and yet their use in aiding prediction and communicating forecast information have received little research attention. This is surprising since scenarios offer valuable tools for enhancing judgmental forecasts and present efficient platforms for information exchange via structured storylines of plausible futures. This talk outlines our work on use of scenarios in forecasting, including ongoing studies in business and geopolitical contexts. Findings suggest critical directions for designing effective forecast management systems.