



Taking forecasting advice: source framing and forecast adjustment

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Abstract: This research focuses on how forecasting advice is received under conditions of source framing. In particular, it examines the potential differences in judgmental adjustments when the external forecasts are labeled as originating from statistical techniques versus experts. Point forecasts, 70% prediction intervals, and 95% prediction intervals are used as the three predictive formats. Employing real stock-price data, the experimental task involved eliciting initial forecasts, presenting external forecasts using source-framing, and requesting adjusted forecasts. In the first experiment, groups are presented with one external forecast (framed as either coming from a statistical forecasting technique or a financial expert). In the second experiment, groups are presented with two external forecasts (which are framed as coming from two statistical forecasting techniques, two financial experts, or one statistical forecasting technique and one expert). Observed differences in adjustments suggest important guidelines for designing forecast support systems.

Bio: Dilek Önkal is a Professor of Decision Sciences at Bilkent University, Turkey. She is currently an academic visitor at the University of Oxford, Department of Economics. She received a Ph.D. in Decision Sciences from the University of Minnesota, and is an Associate Editor of the International Journal of Forecasting as well as a Director of the International Institute of Forecasters. Professor Önkal's research focuses on judgmental forecasting, forecasting support systems, probabilistic financial forecasting, risk perception, and risk communication. Her work has appeared in several book chapters and journals such as Organizational Behavior and Human Decision Processes, Decision Support Systems, International Journal of Forecasting, Journal of Behavioral Decision Making, Risk Analysis, Journal of Forecasting, Omega: The International Journal of Management Science, Foresight: The International Journal of Applied Forecasting, International Federation of Technical Analysts Journal, Journal of Business Ethics, International Forum on Information and Documentation, Risk Management: An International Journal, and European Journal of Operational Research.