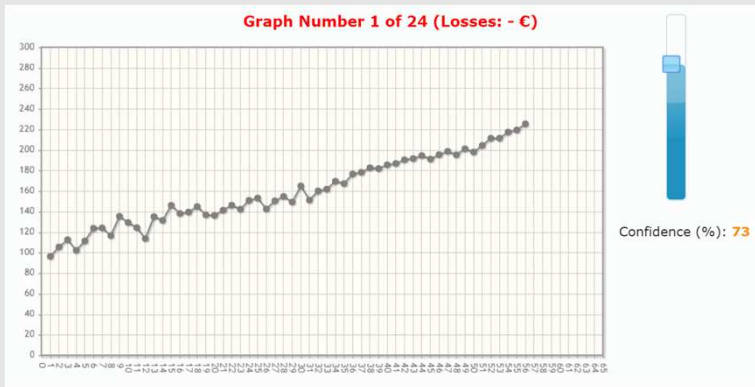


# ON (THE LACK OF) INDIVIDUAL DIFFERENCES IN SUSCEPTIBILITY TO FORECASTING BIASES

Is there a relationship between the individual profile of the forecaster, and their susceptibility to a range of forecasting biases?

50 experts (Mean age: 36,56 (SD = 8,35))  
64 novices (Mean age: 34,53 (SD = 8,29))



## Did the experimental manipulation work?

Yes

Frame ( $F(1,112) = 44.07, p < .001$ ) : Error Loss > Error Gains  
Noise ( $F(1,112) = 640.64, p < .001$ ) : Error high noise > Error low noise  
Trend ( $F(1,112) = 9.25, p = .003$ ) : Error upward > Error downward

Expert/novice as between-subjects variable revealed no differences between experts and novices (with exception of the trend effect).

## Did we find all biases?

Almost

Adding noise: yes, and more so for noisier series  
Optimism bias: yes, under-forecasting for losses (but not over-forecasting for gains)  
Trend damping: damping for upward trending loss series and downward trending gains series, anti-damping for upward trending gains series and downward trending loss series

Overconfidence: Very low confidence levels for experts and (Mean CL = 58.38, SD = 12.35) and novices (Mean CL = 58.38, SD = 12.35). Reason? Anchoring on starting value of 50%?

## Did we find individual differences in forecasting biases?

No!

Cognitive style or personality traits did not matter, nor did the CRT

Neither did expertise, familiarity, occupational forecasting, time spend on forecasting, years of forecasting experience (nor gender or age)

## Implications

A 'null'-result: counterintuitive, yet interesting:

- Cognitive styles are presumed to have an effect on all tasks -> not for forecasting tasks
- Experts and novices do not perform differently on experimental forecasting tasks -> validation of use of student samples for this type of research
- No individual differences: forecasting training on biases relevant for all

### Experimental factors:

Trend: up, down  
Noise: low, high  
Frame: loss, gains

### Profile factors:

Cognitive style: Cosi (Cools & Van den Broeck, 2007)  
Personality: SIMP (Woods & Hampson, 2005)  
Cognitive reflection: CRT (Frederick, 2005)

### Forecasting profile:

- Expert vs. novice
- self-rated familiarity
- time spent in daily work life
- years of forecasting experience

### Investigated biases:

Adding noise to forecasts (and more so with noisier series)  
Optimism bias via framing effects  
Trend damping  
Overconfidence

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