It seemed a simple enough task at the outset: assemble a collection of about 80 key papers in business and economic forecasting, including both path-breaking theoretical contributions and those illustrating the range of practical applications. How to proceed? Let’s use citation counts to make sure we do not overlook any highly cited papers. But then some areas are less popular than others and even the most highly cited paper in, say, judgmental forecasting would not make the top 100 and few applications papers would appear there either. Ask researchers in various areas of forecasting for their favorite list of key papers, as we did, and suggestions emerge that are not in the most-cited list. Expand the list to cover topics including univariate time series models, unit-root testing, judgmental forecasting, multivariate forecasting models, measuring forecast errors and selecting methods, combining, probability forecasting, planning and forecasting practice, and applications in the areas of marketing, technology, macroeconomics and finance. By the end of this process the number of articles, and more critically, their total length greatly exceeded the allotted page limit.

The earliest research on forecasting goes back to around 1920s and was based in the core quantitative disciplines of statistics and econometrics. But how relevant were these early articles to current researchers? Articles such as Yule’s [1] made fundamental contributions which are now fully embedded in standard text books. In fact our earliest selections were three articles from the 1960s, Kalman [2] on his filter, Trigg and Leach [3] on their ad hoc model for adaptive smoothing and Bass [4] on diffusion models for new products. It was in the next two decades that the core concepts that constitute ‘forecasting research’ were laid out as reflected in our choices. With the founding of, first, the Journal of Forecasting and then, in 1985, the International Journal of Forecasting, the field rapidly developed its own methodological perspectives. At its heart, forecasting is concerned with evaluating alternative approaches to particular forecasting problems and trying to generalize as to which methods work best under what circumstances – the method of multiple hypotheses (Armstrong [5]). As Armstrong has argued, the forecasting journals have proved reasonably successful in sticking to this as a methodological principle required for publication. Of the articles we’ve
selected 20 percent were from these two journals. But even sticking to a reasonably rigid view of forecasting and its related methodologies, we were still left with a large number of articles from which to choose.

Our choice of articles was not unfettered - space became a serious constraint when Sage revealed to us their algorithm for estimating page numbers had some flaws. There were also budget limitations. And yet we needed to stick to our brief of identifying the most influential articles across the forecasting field. Some obvious contenders are exceedingly long. For example, Sims’ [6] highly cited path-breaking article on vector autoregression is 48 pages. It is also found in a number of other collections so it was dropped in favor of the shorter and somewhat later article by Litterman [7]. Other similar judgments were made, sometimes to bring in articles from relatively under-represented sources. However, we felt we had to include the most highly-cited article in forecasting with 5145 citations (Web of Science, 16 August 2012), that on cointegration by Engle and Granger [8]. (According to Kim et al. [9] this is the fourth most-cited paper in economics.) And reprinting permissions for some articles were more expensive than for others, breaking our budget constraints. Articles by the editors could be included without paying a fee and are certainly over-represented! Following the selection criterion of high citations we even found some highly cited articles we’d not read – you try it! If you check up on our choices you’ll undoubtedly disagree with some selections, but most if not all of your favorite forecasting authors are surely represented, because that criterion also figured in our final decisions. In the final analysis, though, this is a collection of our own and various colleagues’ favorite papers.

Now to the contents: Parts I and II cover the core methodologies of forecasting, statistical time series methods, the newer computer-intensive methods such as neural networks, and econometrics. Part III completes the methodological exposition with key articles on judgmental forecasting and then examines the evaluation of different forecasting methods and how to choose between them, including some of the classic competition studies. Part IV continues the same theme concerning itself with the distribution of forecast errors and their measurement. Macroeconomic forecasting is then considered separately, a vagary of the pages permitted in each volume. Part V includes studies that are specific to particular problem areas including accounting, finance, operations and marketing as well as the link between forecasting and planning.
Our aim in covering such a wide range of areas was to appeal to researchers across a wide range of disciplines, in business and management, organization studies, politics, and psychology but also to stimulate interdisciplinary thinking in the field. Financial applications are perhaps under-represented but other collections have already given wide coverage of this citation-intensive area.

So a final challenge to our readers – use the forecasting discussion list (see http://forecasters.org/) to suggest articles we’ve missed. Or perhaps you could follow in Scott Armstrong’s footsteps in his book, Long-Range Forecasting and identify articles we should have omitted. Please spare the editors embarrassment though!

http://www.uk.sagepub.com/books/Book233882