2 Macro-social Forecasting and Areas of Ignorance

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SOCIAL FORECASTING

The term 'social forecasting' is currently used without precision to cover all fields of forecasting except economic and technological – only because the latter two are already well established. Yet, the need for social forecasting arose from them.

They identified areas of ignorance or gaps in knowledge that caused the residual error in both economic and technological forecasting to be bigger than it need have been. Indeed, the rate at which society was changing, made people realise that the 'given' or static assumptions used in economic forecasts were hindrances rather than helps – that they were themselves sources of error. The assumptions had to be made dynamic; and this disclosed the need for further areas of forecasting currently labelled 'social forecasting'.

Business, like life itself, is a decision process in conditions of scarcity and in a situation of uncertainty. Business generally, and management in particular, is concerned with people – with people’s behaviour in two particularised and different contexts.

as purchasers, whether they be customers or consumers or both;
as resources, as colleagues and collaborators within the work or producing environment.

For business to be successful, it must take right decisions. This means it must understand how people live, how they choose, what motivates them, what is their value system. And not just now; they must have a reasonably accurate view of how these things are likely to change in the
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future. In other words, business has to look ahead. It has to plan, whether formally or informally.

A business is confronted with two different sets of factors:

the exogenous – defined as those over which it has virtually no control and labelled 'the environment';
the endogenous – those over which it has a degree of control or influence, known as its resources.

It has to understand the possible and likely changes in the environment (the exogenous factors) so as to calculate how to respond to those changes effectively (how to mix and use the endogenous factors).

There are three particular forecast outputs that business requires from the environment:

the likely changes in the market potentials;
the likely changes in all the various relevant price/cost parameters;
the likely changes in those factors that could influence or affect efficiency.

To provide this within the acceptable level of residual error demands a synoptic model, an economic forecasting procedure where all the basic assumptions are dynamic.

The synoptic model consists of six separate models all integrated with each other such that the output of one becomes the input of others and causes these models to react.

The psychological model and political model are also very specifically designed to achieve a specific purpose. The psychological model incorporates seven factors: the desire of freedom of choice, the acquisitive motive, changing attitude to obsolescence, freedom from drudgery, acquiring social prestige, attitudes to work (including trade unions and management), the paradox of leisure.

The political model covers six factors: basic government philosophy (free market or managed economy), equality or equality of opportunity, policy re full employment, policy re stable prices, policy re social welfare and defence, fiscal and monetary policy.

All the models except the economic one and, to some extent, the demographic one, are subsidiary. They are designed to provide motor mechanisms to speed up or slow down the rate of change in some of the factors in the economic model: they lengthen or shorten the various time-lags. They also provide constraints or barriers beyond which