

Understanding business drivers and improving business forecasts essay sample



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In order for WidgeCorp or any other company to be effective in business, it is necessary for them to align their capabilities, resources, as well as material to the projected requirement of the goods they offer. Therefore, businesses regularly employ correlation in forecasting the probable consumer requirement for their goods or services (Task List: MGMT600-1204B-03 : Applied Managerial Decision-Making, 2012). Correlation is a numerical process that can indicate if and how powerfully two or more variables are connected. With correlation as with other statistical approaches is only appropriate for quantifiable or numerical data where figures are meaningful, typically measures of some type. It is unable to be utilized for just categorical information, such as sexual category, products bought, or color (Correlation, 2012). Frequently, companies utilize correlation with the intention of uncovering the level at which two or more computations concerning a comparable group of elements have a tendency of changing together, for instance as with consumer demand in regards to products offered (Lanthier, 2002).

There are two directions that correlation can follow are positive or negative. When the correlation is positive as the value of one of the variables rise, the values of the second variable does also. On the other hand, if it is negative as the value of one of the variables rise, the value of the second variable falls (Lanthier, 2002). Correlation gauges the strength and direction of the association the not connection between variables understudy. Correlation assumes a linear relationship in which values range from negative one to positive one (Task List: MGMT600-1204B-03 : Applied Managerial Decision-Making, 2012). The values of correlation between the variables being studied

can raise or fall between positive one and negative one however a perfect positive correlation is a score of +1, in contrast a perfect negative correlation is a score of -1, neither of these typically occurs in the real world.

Keep in mind that the negative sign does not imply anything about strength, the symbol just indicates that the correlation direction is negative (Lanthier, 2002). Nevertheless, it is important to remember that correlation can also be minimal. Correlation is minimal if there is no correlation at all between the variables being studied and it has a score of zero (Task List: MGMT600-1204B-03 : Applied Managerial Decision-Making, 2012). Based on the article by the article by A. D. Goolsbee & J. Guryan " Closing the Digital Divide: Internet Subsidies in Public Schools." Several correlations have been identified concerning the Internet subsidy received in public schools that can be seen below. Variable Comparison Chart

Variable A| Variable B| Correlation

Internet Subsidies Program	Investment in internet technology	Positive
More technology in school classrooms	Student overall achievement	Minimal /No correlation
Number of student that qualify for free school lunch	Amount of subsidy	Positive
Internet Technology at poor schools	Internet Technology at richer schools	Negative

Figure 1

Positive correlations were found between the Internet Subsidies Program and the investment in internet technology in classrooms, as well as between the number of student that qualify for free school lunch and the subsidy amounts received by schools. However, there was no correlation or a minimal correlation between more technology in school classrooms and student

achievement. There was a negative correlation found between the Internet Technology in classrooms at poor schools and that a richer schools however (Goolsbee & Guryan, 2003) Statistically examining the correlation amongst two or more variables is a way to gauge their impact on each other. By performing this analysis, the researcher can ascertain points that currently exist between the variables as well as decide on what correlation the identified items have in relating the variables.

Furthermore, the purpose of the employing correlation in business is to allow the formulation of future statements pertaining to one variable based on what is recognized concerning the other (Lanthier, 2002). In my opinion, WidgeCorp and Company W could definitely penetrate the school lunch market. However, additional research into the market is definitely necessary as schools are now only permitting healthy food choice options. So the products that the company is considering marketing needs to be addressed as well as whether the company will perform a market research study on a sample population to see if it is a plausible opportunity for the company.

References

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