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Business Statistics: Confidence Intervals

In statistics, Confidence Interval refers to the probability that the parameter of a population would fall between two set values from a specific or certain proportion of times. Confidence Intervals measures the level and degree of certainty or uncertainty in the sampling method. A CI can take any figures or numbers of probabilities where the most common being a 95a5 or 99% confidence level.

The confidence intervals are almost about the risk. In business operations or activities, confidence intervals are used to estimate the range in which the real or actual answer lies. T=it is done by considering the sample size and potential variation in a specific population. The confidence intervals are considered and known as the bright sign that results in better outcomes which are used for making business decisions while it is considered as a significant and appropriate as well because it provides a very specific range to the business analysts for analysis.

There are several other facts and reasons that clarify that confidence intervals are more valuable to the business. While some most crucial ones are;

1. Market Research is considered as the most critical and important job for every business to be done with perfection while confidence intervals give appropriate percentage probability that includes actual values. For example, sales can be ranged by businesses that are likely to fall.
2. It is not possible to predict future business risk 100% but confidence intervals are the process that enables businesses to manage the risk of a non-occurrence accordingly.
3. Confidence intervals are valuable because businesses can have a range of possible values for costs and revenues to make crucial financial decisions.

Additionally, one of the reasons due to confidence intervals are significant in business because no business or analyst cannot get data or information from entire population such as customers. While confidence intervals enable and allow them to work on the specific range of the sample.

I would use confidence intervals method almost all the time when I get engaged in doing market research and forecasting budget and future sales.

Work Cited

Cumming, Geoff. Understanding the New Statistics: Effect Sizes, Confidence Intervals, and Meta-Analysis. Routledge, 2013.

Greenland, Sander, et al. "Statistical Tests, P Values, Confidence Intervals, and Power: a Guide to Misinterpretations." European Journal of Epidemiology 31.4 (2016): 337-350.