Derived copy of Principles of Business Statistics

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C O N N E X I O N S

Rice University, Houston, Texas

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Collection structure revised: October 14, 2012
PDF generated: August 8, 2013
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Chapter 1

Sampling and Data

1.1 Sampling and Data: Introduction[1]

1.1.1 Student Learning Outcomes

By the end of this chapter, the student should be able to:

- Recognize and differentiate between key terms.
- Apply various types of sampling methods to data collection.
- Create and interpret frequency tables.

1.1.2 Introduction

You are probably asking yourself the question, "When and where will I use statistics?". If you read any newspaper or watch television, or use the Internet, you will see statistical information. There are statistics about crime, sports, education, politics, and real estate. Typically, when you read a newspaper article or watch a news program on television, you are given sample information. With this information, you may make a decision about the correctness of a statement, claim, or "fact." Statistical methods can help you make the "best educated guess."

Since you will undoubtedly be given statistical information at some point in your life, you need to know some techniques to analyze the information thoughtfully. Think about buying a house or managing a budget. Think about your chosen profession. The fields of economics, business, psychology, education, biology, law, computer science, police science, and early childhood development require at least one course in statistics.

Included in this chapter are the basic ideas and words of probability and statistics. You will soon understand that statistics and probability work together. You will also learn how data are gathered and what "good" data are.

1.2 Sampling and Data: Key Terms[2]

In statistics, we generally want to study a **population**. You can think of a population as an entire collection of persons, things, or objects under study. To study the larger population, we select a **sample**. The idea of **sampling** is to select a portion (or subset) of the larger population and study that portion (the sample) to gain information about the population. Data are the result of sampling from a population.

Because it takes a lot of time and money to examine an entire population, sampling is a very practical technique. If you wished to compute the overall grade point average at your school, it would make sense to

[1] This content is available online at <http://cnx.org/content/m16008/1.9/>.
[2] This content is available online at <http://cnx.org/content/m16007/1.17/>.

select a sample of students who attend the school. The data collected from the sample would be the students' grade point averages. In presidential elections, opinion poll samples of 1,000 to 2,000 people are taken. The opinion poll is supposed to represent the views of the people in the entire country. Manufacturers of canned carbonated drinks take samples to determine if a 16 ounce can contains 16 ounces of carbonated drink.

From the sample data, we can calculate a statistic. A **statistic** is a number that is a property of the sample. For example, if we consider one math class to be a sample of the population of all math classes, then the average number of points earned by students in that one math class at the end of the term is an example of a statistic. The statistic is an estimate of a population parameter. A **parameter** is a number that is a property of the population. Since we considered all math classes to be the population, then the average number of points earned per student over all the math classes is an example of a parameter.

One of the main concerns in the field of statistics is how accurately a statistic estimates a parameter. The accuracy really depends on how well the sample represents the population. The sample must contain the characteristics of the population in order to be a **representative sample**. We are interested in both the sample statistic and the population parameter in inferential statistics. In a later chapter, we will use the sample statistic to test the validity of the established population parameter.

A **variable**, notated by capital letters like X and Y, is a characteristic of interest for each person or thing in a population. Variables may be **numerical** or **categorical**. **Numerical variables** take on values with equal units such as weight in pounds and time in hours. **Categorical variables** place the person or thing into a category. If we let X equal the number of points earned by one math student at the end of a term, then X is a numerical variable. If we let Y be a person's party affiliation, then examples of Y include Republican, Democrat, and Independent. Y is a categorical variable. We could do some math with values of X (calculate the average number of points earned, for example), but it makes no sense to do math with values of Y (calculating an average party affiliation makes no sense).

Data are the actual values of the variable. They may be numbers or they may be words. Datum is a single value.

Two words that come up often in statistics are **mean** and **proportion**. If you were to take three exams in your math classes and obtained scores of 86, 75, and 92, you calculate your mean score by adding the three exam scores and dividing by three (your mean score would be 84.3 to one decimal place). If, in your math class, there are 40 students and 22 are men and 18 are women, then the proportion of men students is $\frac{22}{40}$ and the proportion of women students is $\frac{18}{40}$. Mean and proportion are discussed in more detail in later chapters.

NOTE: The words "mean" and "average" are often used interchangeably. The substitution of one word for the other is common practice. The technical term is "arithmetic mean" and "average" is technically a center location. However, in practice among non-statisticians, "average" is commonly accepted for "arithmetic mean."

Example 1.1

Define the key terms from the following study: We want to know the average (mean) amount of money first year college students spend at ABC College on school supplies that do not include books. We randomly survey 100 first year students at the college. Three of those students spent \$150, \$200, and \$225, respectively.

Solution

The **population** is all first year students attending ABC College this term.

The **sample** could be all students enrolled in one section of a beginning statistics course at ABC College (although this sample may not represent the entire population).

The **parameter** is the average (mean) amount of money spent (excluding books) by first year college students at ABC College this term.

The **statistic** is the average (mean) amount of money spent (excluding books) by first year college students in the sample.

The **variable** could be the amount of money spent (excluding books) by one first year student. Let X = the amount of money spent (excluding books) by one first year student attending ABC College.

The **data** are the dollar amounts spent by the first year students. Examples of the data are \$150, \$200, and \$225.

1.2.1 Optional Collaborative Classroom Exercise

Do the following exercise collaboratively with up to four people per group. Find a population, a sample, the parameter, the statistic, a variable, and data for the following study: You want to determine the average (mean) number of glasses of milk college students drink per day. Suppose yesterday, in your English class, you asked five students how many glasses of milk they drank the day before. The answers were 1, 0, 1, 3, and 4 glasses of milk.

1.3 Sampling and Data: Data[3]

Data may come from a population or from a sample. Small letters like x or y generally are used to represent data values. Most data can be put into the following categories:

- Qualitative
- Quantitative

Qualitative data are the result of categorizing or describing attributes of a population. Hair color, blood type, ethnic group, the car a person drives, and the street a person lives on are examples of qualitative data. Qualitative data are generally described by words or letters. For instance, hair color might be black, dark brown, light brown, blonde, gray, or red. Blood type might be AB+, O-, or B+. Researchers often prefer to use quantitative data over qualitative data because it lends itself more easily to mathematical analysis. For example, it does not make sense to find an average hair color or blood type.

Quantitative data are always numbers. Quantitative data are the result of **counting** or **measuring** attributes of a population. Amount of money, pulse rate, weight, number of people living in your town, and the number of students who take statistics are examples of quantitative data. Quantitative data may be either **discrete** or **continuous**.

All data that are the result of counting are called **quantitative discrete data**. These data take on only certain numerical values. If you count the number of phone calls you receive for each day of the week, you might get 0, 1, 2, 3, etc.

All data that are the result of measuring are **quantitative continuous data** assuming that we can measure accurately. Measuring angles in radians might result in the numbers $\frac{\pi}{6}$, $\frac{\pi}{3}$,$\frac{\pi}{2}$, π , $\frac{3\pi}{4}$, etc. If you and your friends carry backpacks with books in them to school, the numbers of books in the backpacks are discrete data and the weights of the backpacks are continuous data.

> NOTE: In this course, the data used is mainly quantitative. It is easy to calculate statistics (like the mean or proportion) from numbers. In the chapter **Descriptive Statistics**, you will be introduced to stem plots, histograms and box plots all of which display quantitative data. Qualitative data is discussed at the end of this section through graphs.

[3]This content is available online at <http://cnx.org/content/m16005/1.18/>.

Example 1.2: Data Sample of Quantitative Discrete Data
The data are the number of books students carry in their backpacks. You sample five students. Two students carry 3 books, one student carries 4 books, one student carries 2 books, and one student carries 1 book. The numbers of books (3, 4, 2, and 1) are the quantitative discrete data.

Example 1.3: Data Sample of Quantitative Continuous Data
The data are the weights of the backpacks with the books in it. You sample the same five students. The weights (in pounds) of their backpacks are 6.2, 7, 6.8, 9.1, 4.3. Notice that backpacks carrying three books can have different weights. Weights are quantitative continuous data because weights are measured.

Example 1.4: Data Sample of Qualitative Data
The data are the colors of backpacks. Again, you sample the same five students. One student has a red backpack, two students have black backpacks, one student has a green backpack, and one student has a gray backpack. The colors red, black, black, green, and gray are qualitative data.

NOTE: You may collect data as numbers and report it categorically. For example, the quiz scores for each student are recorded throughout the term. At the end of the term, the quiz scores are reported as A, B, C, D, or F.

Example 1.5
Work collaboratively to determine the correct data type (quantitative or qualitative). Indicate whether quantitative data are continuous or discrete. Hint: Data that are discrete often start with the words "the number of."

1. The number of pairs of shoes you own.
2. The type of car you drive.
3. Where you go on vacation.
4. The distance it is from your home to the nearest grocery store.
5. The number of classes you take per school year.
6. The tuition for your classes
7. The type of calculator you use.
8. Movie ratings.
9. Political party preferences.
10. Weight of sumo wrestlers.
11. Amount of money won playing poker.
12. Number of correct answers on a quiz.
13. Peoples' attitudes toward the government.
14. IQ scores. (This may cause some discussion.)

Qualitative Data Discussion
Below are tables of part-time vs full-time students at De Anza College in Cupertino, CA and Foothill College in Los Altos, CA for the Spring 2010 quarter. The tables display counts (frequencies) and percentages or proportions (relative frequencies). The percent columns make comparing the same categories in the colleges easier. Displaying percentages along with the numbers is often helpful, but it is particularly important when comparing sets of data that do not have the same totals, such as the total enrollments for both colleges in this example. Notice how much larger the percentage for part-time students at Foothill College is compared to De Anza College.

De Anza College

	Number	Percent
Full-time	9,200	40.9%
Part-time	13,296	59.1%
Total	22,496	100%

Table 1.1

Foothill College

	Number	Percent
Full-time	4,059	28.6%
Part-time	10,124	71.4%
Total	14,183	100%

Table 1.2

Tables are a good way of organizing and displaying data. But graphs can be even more helpful in understanding the data. There are no strict rules concerning what graphs to use. Below are pie charts and bar graphs, two graphs that are used to display qualitative data.

In a **pie chart**, categories of data are represented by wedges in the circle and are proportional in size to the percent of individuals in each category.

In a **bar graph**, the length of the bar for each category is proportional to the number or percent of individuals in each category. Bars may be vertical or horizontal.

A **Pareto chart** consists of bars that are sorted into order by category size (largest to smallest).

Look at the graphs and determine which graph (pie or bar) you think displays the comparisons better. This is a matter of preference.

It is a good idea to look at a variety of graphs to see which is the most helpful in displaying the data. We might make different choices of what we think is the "best" graph depending on the data and the context. Our choice also depends on what we are using the data for.

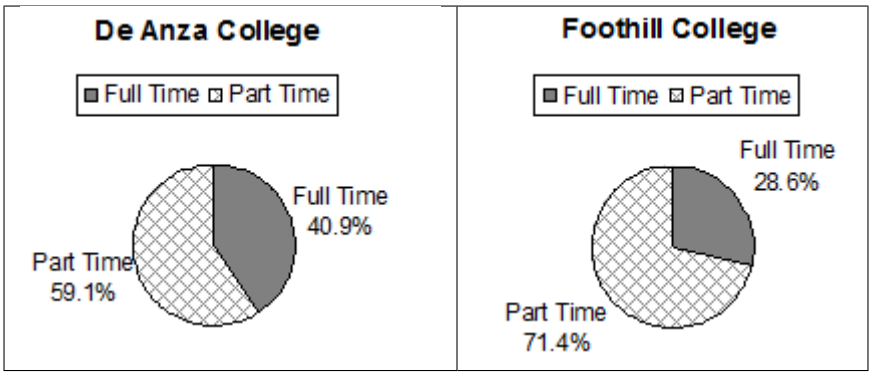

Table 1.3

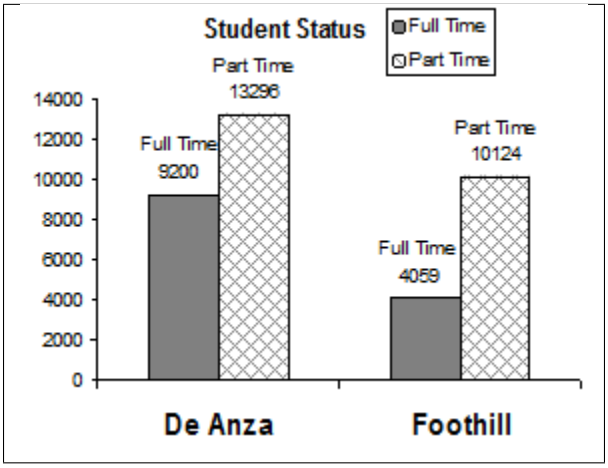

Table 1.4

Percentages That Add to More (or Less) Than 100%
Sometimes percentages add up to be more than 100% (or less than 100%). In the graph, the percentages add to more than 100% because students can be in more than one category. A bar graph is appropriate to compare the relative size of the categories. A pie chart cannot be used. It also could not be used if the percentages added to less than 100%.

De Anza College Spring 2010

Characteristic/Category	Percent
Full-time Students	40.9%
Students who intend to transfer to a 4-year educational institution	48.6%
Students under age 25	61.0%
TOTAL	150.5%

Table 1.5

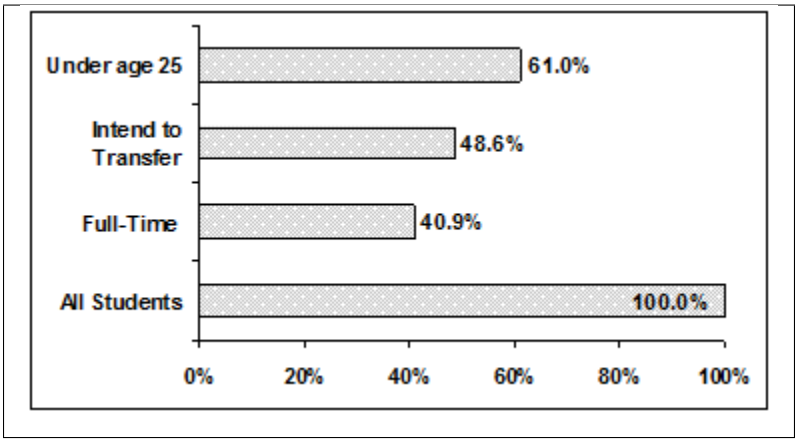

Table 1.6

Omitting Categories/Missing Data
The table displays Ethnicity of Students but is missing the "Other/Unknown" category. This category contains people who did not feel they fit into any of the ethnicity categories or declined to respond. Notice that the frequencies do not add up to the total number of students. Create a bar graph and not a pie chart.

Missing Data: Ethnicity of Students De Anza College Fall Term 2007 (Census Day)

	Frequency	Percent
Asian	8,794	36.1%
Black	1,412	5.8%
Filipino	1,298	5.3%
Hispanic	4,180	17.1%
Native American	146	0.6%
Pacific Islander	236	1.0%
White	5,978	24.5%
TOTAL	22,044 out of 24,382	90.4% out of 100%

Table 1.7

Bar graph Without Other/Unknown Category

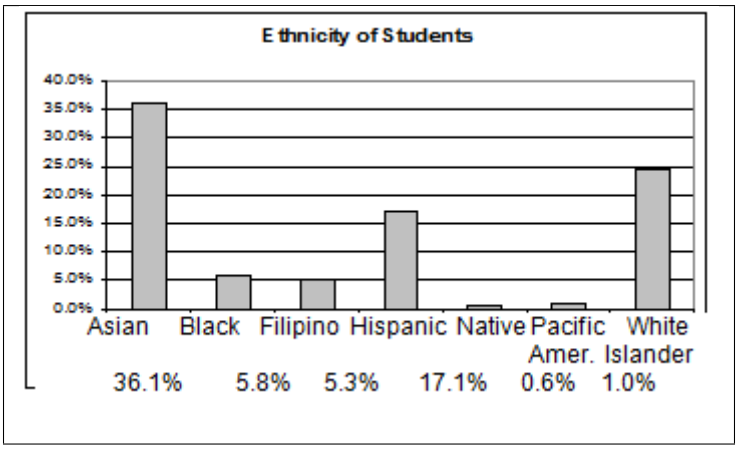

Table 1.8

The following graph is the same as the previous graph but the "Other/Unknown" percent (9.6%) has been added back in. The "Other/Unknown" category is large compared to some of the other categories (Native American, 0.6%, Pacific Islander 1.0% particularly). This is important to know when we think about what the data are telling us.

This particular bar graph can be hard to understand visually. The graph below it is a Pareto chart. The Pareto chart has the bars sorted from largest to smallest and is easier to read and interpret.

Bar Graph With Other/Unknown Category

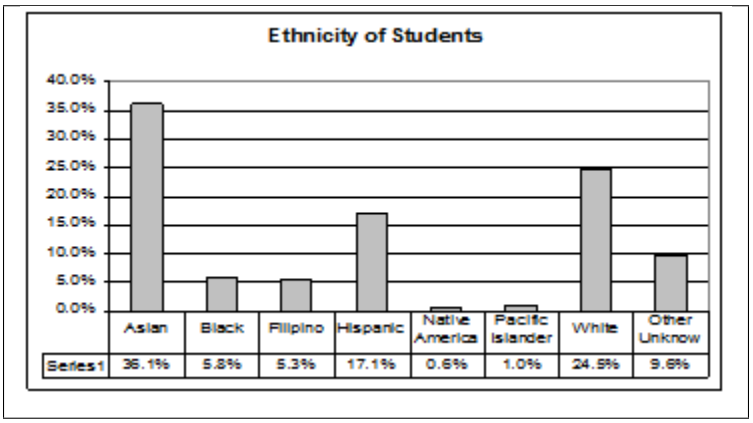

Table 1.9

Pareto Chart With Bars Sorted By Size

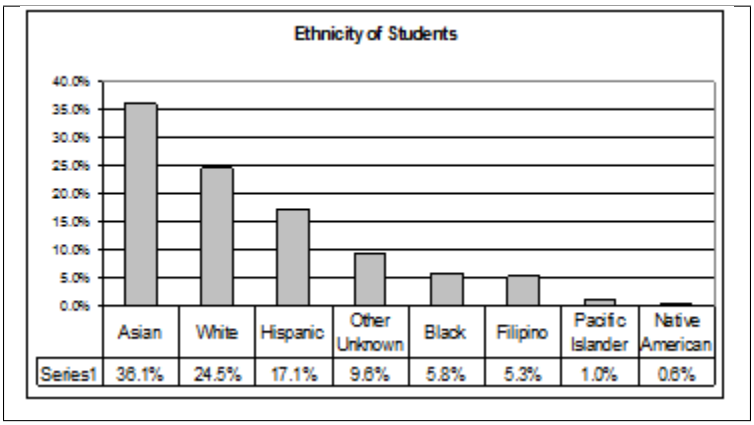

Table 1.10

Pie Charts: No Missing Data
The following pie charts have the "Other/Unknown" category added back in (since the percentages must add to 100%). The chart on the right is organized having the wedges by size and makes for a more visually informative graph than the unsorted, alphabetical graph on the left.

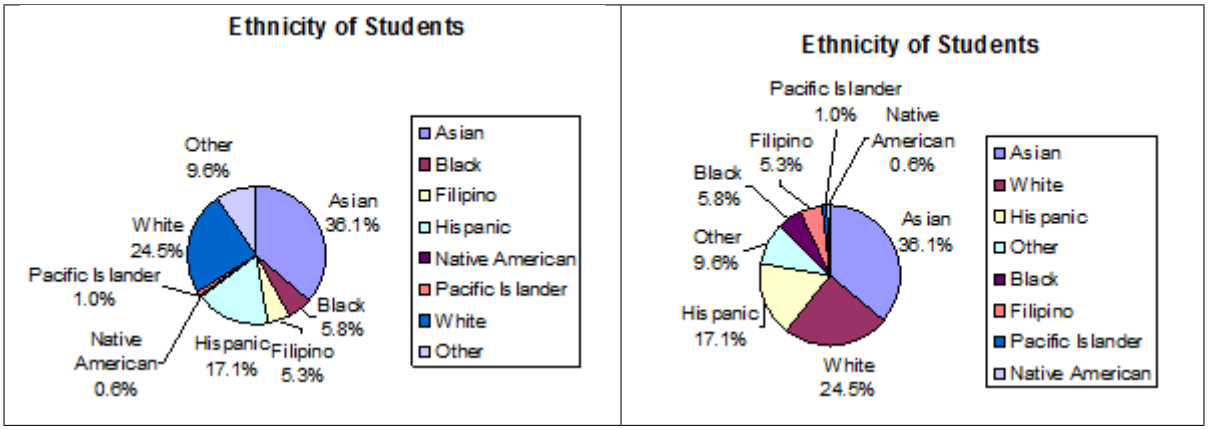
Ethnicity of Students
Other 9.6%
Asian 36.1%
White 24.5%
Pacific Islander 1.0%
Black 5.8%
Native American 0.6%
Hispanic 17.1%
Filipino 5.3%
Asian
Black
Filipino
Hispanic
Native American
Pacific Islander
White
Other
Ethnicity of Students
Pacific Islander 1.0%
Native American 0.6%
Filipino 5.3%
Black 5.8%
Asian 36.1%
Other 9.6%
Hispanic 17.1%
White 24.5%
Asian
White
Hispanic
Other
Black
Filipino
Pacific Islander
Native American

Table 1.11

Solutions to Exercises in Chapter 1

Solution to Example 1.5, Problem (p. 4)

Items 1, 5, 11, and 12 are quantitative discrete; items 4, 6, 10, and 14 are quantitative continuous; and items 2, 3, 7, 8, 9, and 13 are qualitative.

Glossary

A Average

A number that describes the central tendency of the data. There are a number of specialized averages, including the arithmetic mean, weighted mean, median, mode, and geometric mean.

C Continuous Random Variable

A random variable (RV) whose outcomes are measured.

Example: The height of trees in the forest is a continuous RV.

D Data

A set of observations (a set of possible outcomes). Most data can be put into two groups: **qualitative** (hair color, ethnic groups and other **attributes** of the population) and **quantitative** (distance traveled to college, number of children in a family, etc.). Quantitative data can be separated into two subgroups: **discrete** and **continuous**. Data is discrete if it is the result of counting (the number of students of a given ethnic group in a class, the number of books on a shelf, etc.). Data is continuous if it is the result of measuring (distance traveled, weight of luggage, etc.)

Discrete Random Variable

A random variable (RV) whose outcomes are counted.

P Proportion

- As a number: A proportion is the number of successes divided by the total number in the sample.
- As a probability distribution: Given a binomial random variable (RV), $X \sim B(n, p)$, consider the ratio of the number X of successes in n Bernouli trials to the number n of trials. $P' = \frac{X}{n}$. This new RV is called a proportion, and if the number of trials, n, is large enough, P' $\sim N\left(p, \frac{\text{pq}}{n}\right)$.

Q Qualitative Data

See **Data**.

Quantitative Data

Index of Keywords and Terms

Keywords are listed by the section with that keyword (page numbers are in parentheses). Keywords do not necessarily appear in the text of the page. They are merely associated with that section. *Ex.* apples, § 1.1 (1) **Terms** are referenced by the page they appear on. *Ex.* apples, 1

A average, § 1.2(1)

C categorical, § 1.2(1)
Continuous, § 1.3(3), 3
Counting, § 1.3(3)

D Data, § 1.1(1), § 1.2(1), 2, § 1.3(3)
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M mean, 2
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statistic, § 1.2(1), 2
Statistics, § 1.1(1), § 1.3(3)

V variable, § 1.2(1), 2

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By: Susan Dean, Barbara Illowsky, Ph.D.
URL: http://cnx.org/content/m16008/1.9/
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Basic introduction for testing

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