

Bus 273: Statistical Analysis For Business

Harald Schmidbauer



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Harald Schmidbauer **harald** at **hs-stat** dot **com**
Angi Rösch **angi** at **angi-stat** dot **com**

- The slides were produced using \LaTeX and R (the R project; website: www.R-project.org) on a GNU/Linux system.
- R files used for this course are available upon request.



Chapter 2:

Populations and Observations



2.1 Defining Populations and Variables

The scope of this chapter.

- We are concerned with analyzing data.
- Data are the result of observations:
 - counting,
 - measurement,
 - more complex operations.
- Now, we'll have a closer look at
 - what data are,
 - where they come from,
 - how they are structured,
 - some problems when collecting data.



2.1 Defining Populations and Variables

Populations, variables, values.

- **population**: a set of objects of interest (“target population”)
- **variable**: a property (or attribute) of interest of an object
- for each object, a variable takes on one among several **values**



2.1 Defining Populations and Variables

Elements of populations, variables, and their values.

- Example 1:
 - element: person
 - variable: gender
 - values: female, male
- Example 2:
 - element: person
 - variable: literacy
 - values: literate, illiterate
- Example 3:
 - element: person
 - variable: educational attainment
 - values: mezun olmayan, ilkokul, . . . , doktora



2.1 Defining Populations and Variables

Elements of populations, variables, and their values.

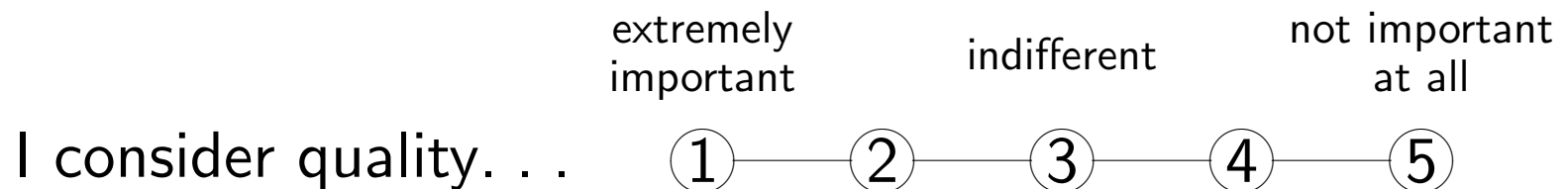
- Example 4:
 - element: purchase from a supermarket
 - variable: total expenditure (YTL)
 - values: . . . , 10.00 YTL, . . .
- Example 5:
 - element: day in 2008
 - variable: closing quotation of the Dow-Jones Industrial Average
 - values: . . . , 10000.00, . . .



2.1 Defining Populations and Variables

Elements of populations, variables, and their values.

- Example 6:
 - element: potential customer of a clothing shop
 - variable 1: gender
 - values 1: female, male
 - variable 2: “I consider quality when buying clothes.”
 - values 2:



2.1 Defining Populations and Variables

Difficulties in defining populations and variables.

- How should the population be defined precisely?
(Which elements belong to it?)
- How should the value taken on be measured precisely?
- How should the population be defined “logically”?
(What **is** an element?)



2.1 Defining Populations and Variables

The scaling of variables. A variable is called. . .

- **categorical** if all we can say is if two observations are the same or not.
- a **rank** variable if there is a ranking (an ordering) among the observations.
- a **metric** variable if the observations are real numbers.
 - **ratio** variable: differences, as well as ratios, of two values are meaningful
 - **interval** variable: only differences are meaningful



2.1 Defining Populations and Variables

Example: A metric variable.

Population: TV sets;

variable: a TV set's price in €

For example,

TV set A : €200;

TV set B : €210.

Then, we can compute:

$$\frac{210 - 200}{200} \cdot 100\% = 5\%,$$

that is: B is 5% more expensive than A .



2.1 Defining Populations and Variables

Example: Another metric variable.

Population: historic events

variable: the year (AD) an event happened

For example,

Turkish conquest of Constantinople: 1453;

foundation of the Turkish Republic: 1923.

We compute:

$$\frac{1923 - 1453}{1453} \cdot 100\% = 32.35\%$$

What does this mean?



2.2 Data Collection

Techniques of data collection.

There are three basic techniques:

- questioning
- observation
- experiment



2.2 Data Collection

Example:

The clothing shop ByeStyle commissioned an inquiry. Goals:

- Gain insight into the motivation of potential customers.
- Investigate customer behaviour.

Method: face-to-face interviews, using a questionnaire.

- What is a suitable first question?
- What about a “Why”-question?
- Should we ask interviewees to list items?



2.3 Sampling from Populations

Census versus sampling.

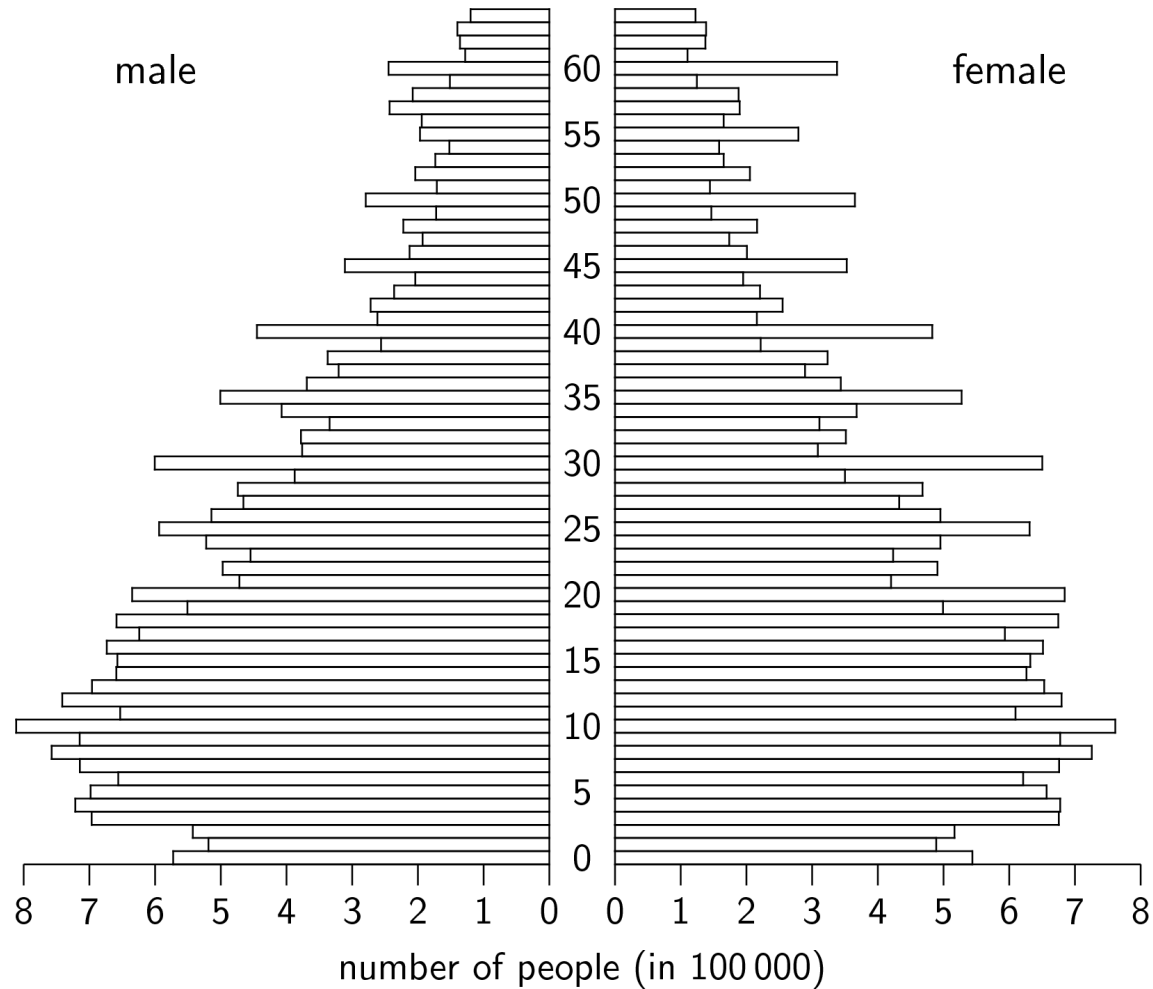
- **Population census:** the process of collecting data from the whole population
- **Sampling:** the process of collecting data from a subset

A carefully drawn sample can be better than a population census!



2.3 Sampling from Populations

Is this the population of Turkey in 1990?



2.3 Sampling from Populations

Complete random sampling:

The process of drawing a sample of size n from a population of size N is called **complete random sampling** if each subset of n elements has the same chance of being selected.

Why do we prefer this way of sampling?

- It ensures representativity.
- It permits the use of inductive statistics.



2.3 Sampling from Populations

Other sampling methods:

- stratified sampling
- convenience sampling
- quota sampling

There are many pitfalls and difficulties!



2.4 Difficulties and Pitfalls

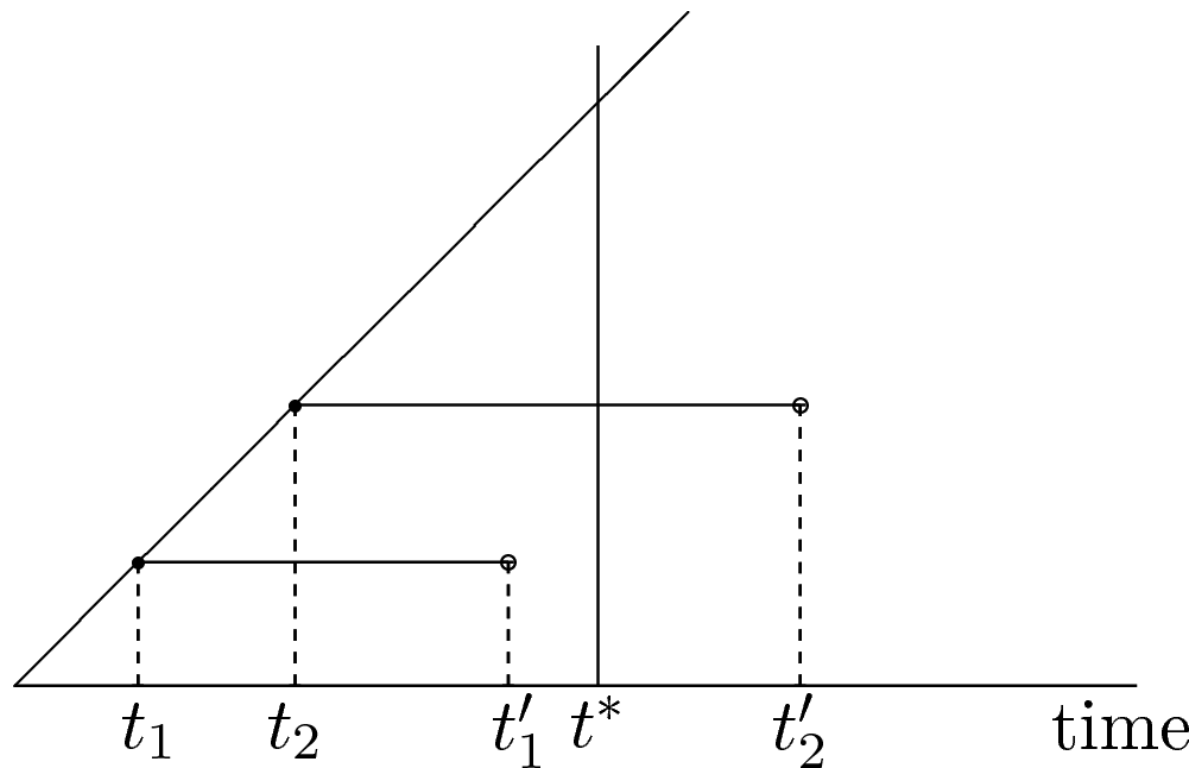
Examples of problem sources. . .

- telephone sampling
- nonresponse error
- asking an embarrassing question
- the length sampling bias



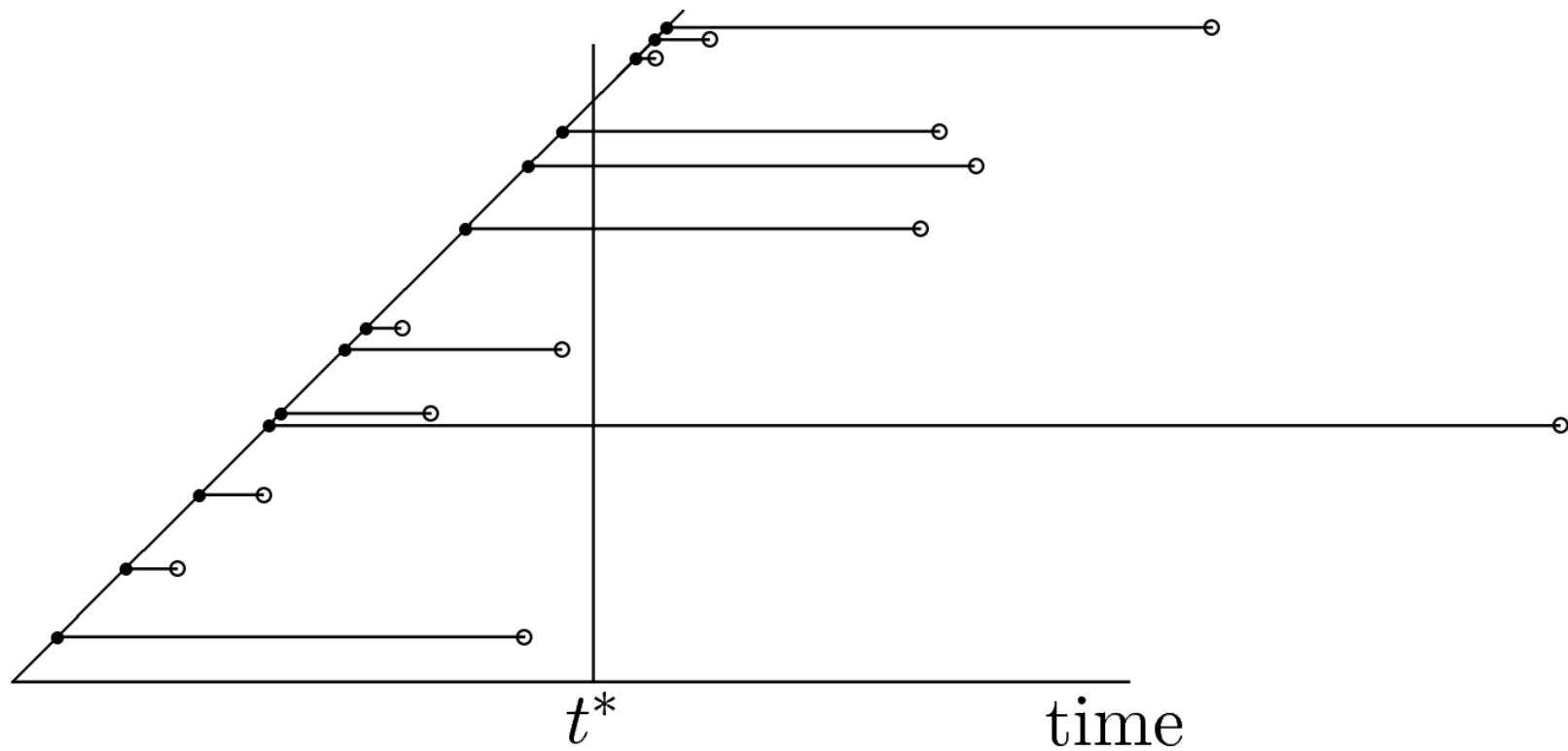
2.4 Difficulties and Pitfalls

The Becker diagram.



2.4 Difficulties and Pitfalls

The length sampling bias.



2.4 Difficulties and Pitfalls

The question of representativity.

- Goal: Data should be collected such that the sample is representative of the entire population.
- Length sampling bias: The sampled intervals are not representative. (They are too long.)
- A problem may occur whenever
 - the probability of being selected into the sample and
 - the variable of interestare somehow connected.

