

Numerical Measures

Chapter 3

Learning Objectives

- Calculate the arithmetic mean, weighted mean median, and the mode.
- Explain the characteristics, uses, advantages, and disadvantages of each measure of location.
- Identify the position of the mean, median, and mode for both symmetric and skewed distributions.
- Compute and interpret the range, mean deviation, variance, and standard deviation.
- Understand the characteristics, uses, advantages, and disadvantages of each measure of dispersion.
- Calculate the mean and the standard deviation of grouped data.

The Population Mean

- For ungrouped data, the **population mean** is the sum of all the population values divided by the total number of population values:

- Population mean: $\mu = \frac{\sum x}{N}$, where:

μ : Represents the population mean.

N : Is the number of values in the population.

x : Represents any particular value.

$\sum x$: Is the sum of the x values in the population.

The Population Mean

- Example:

There are 12 automobile manufacturing companies in the United States. Listed below is the number of patents granted by the United States government to each company in a recent year.

Company	Number of Patents Granted	Company	Number of Patents Granted
General Motors	511	Mazda	210
Nissan	385	Chrysler	97
DaimlerChrysler	275	Porsche	50
Toyota	257	Mitsubishi	36
Honda	249	Volvo	23
Ford	234	BMW	13

Is this information a sample or a population? What is the arithmetic mean number of patents granted?

The Sample Mean

- For ungrouped data, the **sample mean** is the sum of all the sample values divided by the number of sample values.
- Sample Mean: $\bar{X} = \frac{\sum x}{n}$ where,
- \bar{X} : Is the sample Mean. It is read “X bar.”
- n : Is the number of values in the sample.

The Sample Mean

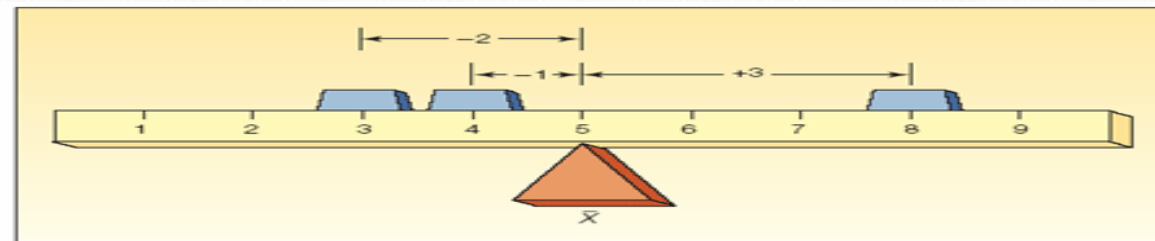
- **Example:** STC is studying the number of minutes used monthly by clients in the package “Postpaid 30”. A random sample of 12 clients showed the following number of minutes used last month. What is the arithmetic mean number of minutes used.

90	77	94	89	119	112
91	110	92	100	113	83

$$\bar{X} = \frac{\sum x}{n} = \frac{90 + 77 + 94 + \dots + 113 + 83}{12} = \frac{1170}{12} = 97.5 \text{ Minutes}$$

Properties of the Arithmetic Mean

- Every set of interval-level and ratio-level data has a mean.
- All the values are included in computing the mean.
- The mean is unique.
- The sum of the deviation of each value from the mean is zero.
- The mean is affected by unusually large or small data values.



The Median

- The **Median** is the midpoint of the values after they have been ordered from the smallest to the largest (ascending order) or from the largest to the smallest (descending order)

The Median

Example 1: The ages for a sample of five college students are:

21, 25, 19, 20, 22.

Arranging the data in ascending order gives:

19, 20, 21, 22, 25

Thus, the median is ...

Example 2: The height of four basketball players, in inches, are:

76, 73, 80, 75.

Arranging the data in descending order gives:

80, 76, 75, 73

Thus, the median is...

Properties of the Median

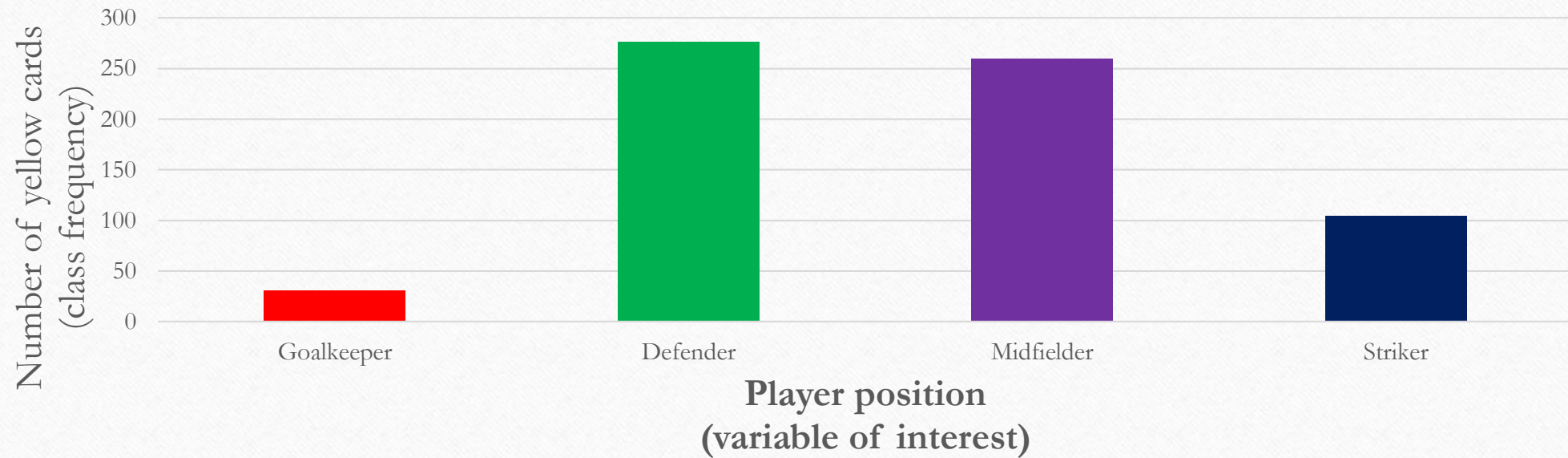
- There is a unique median for each data set.
- It is not affected by extremely large or small values and is therefore a valuable measure of central tendency when such values occur.
- It can be computed for ratio-level, interval-level, and ordinal-level data.
- It can be computed for an open-ended frequency distribution if the median does not lie in an open-ended class.

The Mode

- The **mode** is the value of the observation that appears most frequently.

The Mode

- Example 1:



The Mode

- Example 2:

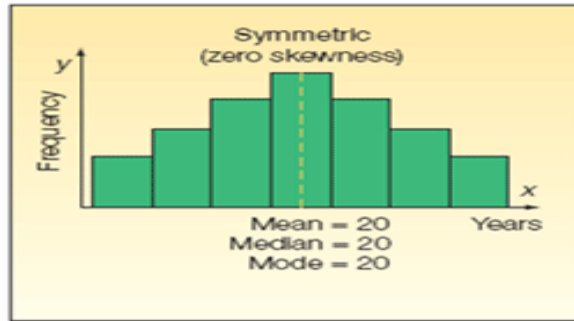
The annual salaries of quality-control managers in selected states are shown below. What is the modal annual salary?

State	Salary	State	Salary	State	Salary
Arizona	\$35,000	Illinois	\$58,000	Ohio	\$50,000
California	49,100	Louisiana	60,000	Tennessee	60,000
Colorado	60,000	Maryland	60,000	Texas	71,400
Florida	60,000	Massachusetts	40,000	West Virginia	60,000
Idaho	40,000	New Jersey	65,000	Wyoming	55,000

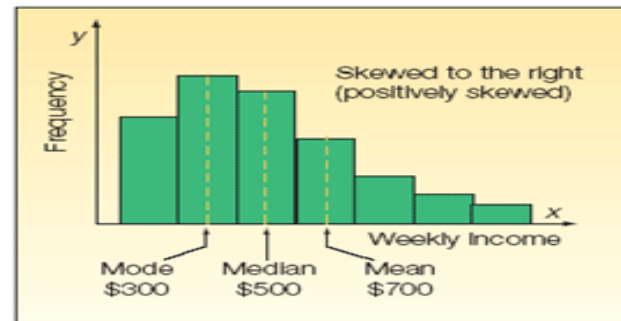
Properties of the Mode

- It can be determined for all levels of measurement.
- Not affected by extremely high or low values.
- Might not exist.
- For some data set there are more than one mode.

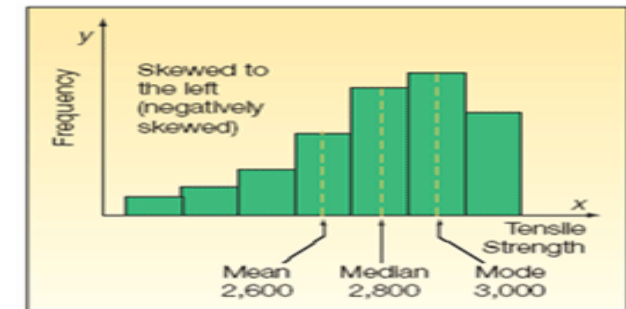
The Relative Positions of the Mean, Median and the Mode



zero skewness
mode = median = mean



positive skewness
mode < median < mean



negative skewness
mode > median > mean

Dispersion

Why Study Dispersion?

- A measure of location, such as the mean or the median, only describes the center of the data. It is valuable from that standpoint, but it does not tell us anything about the spread of the data.
- For example, if your nature guide told you that the river ahead averaged 3 feet in depth, would you want to wade across on foot without additional information? Probably not. You would want to know something about the variation in the depth.
- A second reason for studying the dispersion in a set of data is to compare the spread in two or more distributions.

The Range

- The **range** is the difference between the largest value and the smallest values in a data set.

$$\text{Range} = \text{Largest value} - \text{Smallest value}$$

- Very easy to calculate and understand.
- Only two values are considered.

The Range

- **Example:** The number of cappuccinos sold at the Starbucks location in Sahara Mall between 4 and 7 p.m. for a sample of 5 days last year were 20, 40, 50, 60, and 80. Determine the range for the number of cappuccinos sold.

Range = ...

The Mean Deviation

- The **mean deviation** is the arithmetic mean of the absolute values of the deviations from the arithmetic mean.

$$MD = \frac{\sum |X - \bar{X}|}{n}$$

- Uses all the values.
- Easy to understand.

The Mean Deviation

- **Example:** The number of cappuccinos sold at the Starbucks location in Sahara Mall between 4 and 7 p.m. for a sample of 5 days last year were 20, 40, 50, 60, and 80. In the Granada Center, the number of cappuccinos sold at Starbucks between 4 and 7 p.m. for a sample of 5 days last year were 20, 49, 50, 51, and 80. Determine the mean, median, rang, and the mean deviation for the number of cappuccinos sold for each location. Compare the differences.

The Mean Deviation

Sahara Mall

20, 40, 50, 60, and 80

$$\bar{X} = 50$$

Median = 50

Range = 60

MD= 16

The Granada Center

20, 49, 50, 51, and 80

$$\bar{X} = 50$$

Median = 50

Range = 60

MD= 12.4

The mean deviation is 16 cappuccinos per day and show that the number of cappuccinos sold deviates, on average, by 16 from the mean of 50 cappuccinos per day.

Variance and Standard deviation

- The **variance** is the arithmetic mean of the squared deviation from the mean.
- The **standard deviation** is the square root of the variance.

Variance and Standard deviation

Population:

Variance

$$\sigma^2 = \frac{\sum(X-\mu)^2}{n}$$

Standard deviation

$$\sigma = \sqrt{\frac{\sum(X-\mu)^2}{n}}$$

Sample:

Variance

$$s^2 = \frac{\sum(X-\bar{X})^2}{n-1}$$

Standard deviation

$$s = \sqrt{\frac{\sum(X-\bar{X})^2}{n-1}}$$

Variance and Standard deviation

- The process of computing the variance:
 1. Finding the mean.
 2. Finding the difference between each observation and the mean.
 3. Squaring the differences.
 4. Summing the squared differences.
 5. Dividing the sum by the number of items in the population OR the number of items in the sample minus one.

Variance and Standard deviation

- **Example:** The number of cappuccinos sold at the Starbucks location in Sahara Mall between 4 and 7 p.m. for a sample of 5 days last year were 20, 40, 50, 60, and 80. calculate the variance and the standard deviation of the number of cappuccinos sold.

$$s^2 = 500$$

$$s = 22.36$$

The arithmetic Mean of Grouped Data

ARITHMETIC MEAN OF GROUPED DATA

$$\bar{X} = \frac{\sum fM}{n}$$

[3-12]

where:

\bar{X} is the designation for the sample mean.

M is the midpoint of each class.

f is the frequency in each class.

fM is the frequency in each class times the midpoint of the class.

$\sum fM$ is the sum of these products.

n is the total number of frequencies.

The arithmetic Mean of Grouped Data

- **Example:** In an event we asked a sample from the audience about their ages and we construct the following table:

Class	Frequency(f)
5 up to 10	10
10 up to 15	3
15 up to 20	4
20 up to 25	3
25 up to 30	5

Q) Determine the arithmetic mean age.

The arithmetic Mean of Grouped Data

Class	Frequency(<i>f</i>)		
5 up to 10	10		
10 up to 15	3		
15 up to 20	4		
20 up to 25	3		
25 up to 30	5		

$$\bar{X} = \frac{\sum fM}{n} = \frac{387.5}{25} = 15.5$$

Standard Deviation of Grouped Data

STANDARD DEVIATION, GROUPED DATA

$$s = \sqrt{\frac{\sum f(M - \bar{X})^2}{n - 1}}$$

[3-13]

where:

s is the symbol for the sample standard deviation.

M is the midpoint of the class.

f is the class frequency.

n is the number of observations in the sample.

\bar{X} is the designation for the sample mean.

Standard Deviation of Grouped Data

Steps to find the standard deviation:

- Step 1: Subtract the mean from the class midpoint. That is, find $(M - \bar{X})$.
- Step 2: Square the difference between the class midpoint and the mean.
- Step 3: Multiply the squared difference between the class midpoint and the mean by the class frequency.
- Step 4: Sum the $f(M - \bar{X})^2$.
- Step 5: Divide the sum by the total number of frequencies minus 1
- Step 6: Take the squared root of step 5.

Standard Deviation of Grouped Data

- **Example:** In an event we asked a sample from the audience about their ages and we construct the following table:

Class	Frequency(f)
5 up to 10	10
10 up to 15	3
15 up to 20	4
20 up to 25	3
25 up to 30	5

Q) Compute the standard deviation of age.

Standard Deviation of Grouped Data

Class	Frequency(f)				
5 up to 10	10				
10 up to 15	3				
15 up to 20	4				
20 up to 25	3				
25 up to 30	5				
Total	25				

$$s = \sqrt{\frac{\sum f(M - \bar{X})^2}{n - 1}} = \sqrt{\frac{1550}{24}} = 8.04$$