Contingency Tables and Analysis of Variance

Mgmt 230: Introductory Statistics

Goal of this section

- Learn how to test for dependence/independence for categorical data.

Contingency table

- **Contingency table** (aka **two-way frequency table**) is a table which reports frequencies corresponding to two different sets of categories (variables).
- Example: mortality rates on the Titanic:

Table 10-5 *Titanic* Mortality

	Men	Women	Boys	Girls	**Total**
Survived	332	318	29	27	**706**
Died	1360	104	35	18	**1517**
Total	**1692**	**422**	**64**	**45**	**2223**

- Data in the table are always frequencies that fall into individual categories.
- Could use this table to test if two variables are independent.

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Test of independence

- **Null hypothesis**: there is no association between the row variable and the column variable.
- that is, the two variables are independent.
- **Alternative hypothesis**: The two variables are dependent.
- To test such a hypothesis, we'll need to use a new distribution
- **Chi-squared distribution**: a distribution skewed to the right whose support is always positive.
  - Only use one tailed test.
  - Values of χ^2 close to zero imply independence.
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Test statistic

- Test statistic:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

- O: observed frequency in a cell from the contingency table.
- E: expected frequency assuming the row and column variable are independent.

$$E = \frac{\text{(row total)(column total)}}{\text{grand total}}$$

- Degrees of freedom $= (r-1)(c-1)$
  - r = number of rows.
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Example

- Do helmet laws make a difference in the number of fatalities?

	No helmet law	Helmet Law
fatal accident	50	40
survived accident	180	200

- Compute Chi-squared statistic to test the hypothesis that motorcycle fatalities and helmet laws are independent.
- If they are independent, then helmet laws to not effect motorcycle fatalities. If they are dependent, then helmet laws do effect motorcycle fatalities.

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Homework

- Section 12.3, pages 481-482. Problems 12.20, 12.21, 12.24.