

# Surveys, Sampling and Observational Data

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# 1 Review

## 1.1 Basic Definition

**Definition 1.1.** *Random experiment* is the process of observing the outcome of a chance event.

**Definition 1.2.** *Elementary outcomes* are all possible results of the random experiment.

**Definition 1.3.** *Sample space* ( $\Omega$ ) is the set of all the elementary outcomes.

**Definition 1.4.** *Random variable*  $Y$  is a real-valued function defined over a sample space.

**Definition 1.5.** *Variable* is the function defined on population elements, characteristic of population elements. Variable can be quantitative (numerical) or qualitative (categorical).

**Definition 1.6.** *Distribution* or *frequency distribution* is the proportion of elements with value in an interval  $[a, b]$ ,  $\forall a, b$ .

## 1.2 Basic Notations

- Population:  $E = \{e_1, e_2, \dots, e_N\}$  with population size  $N$ , where  $e_i$ 's are elements.
- Variable:  $y, x, z, t, \dots$ .
- Range:  $\{y(e), e \in E\}$ .
- Probability: In discrete case,

$$P(y_i) = \frac{|\{e, y(e) = y_i\}|}{N} = \frac{N_i}{N}.$$

In continuous case,

$$P(a, b) = P(a < y < b) = \int_a^b f(y)dy,$$

where  $f(y)$  is the density function s.t.

$$f(y) \geq 0, \forall y \text{ and } \int_{-\infty}^{\infty} f(y)dy = 1.$$

## 1.3 Population Parameters

### 1.3.1 Population Mean ( $\mu_y$ )

- Using distribution:

$$\mu_y = \sum_{i=1}^k y_i P(y_i) = \frac{1}{N} \sum_{i=1}^k N_i y_i.$$

- Using population values:

$$\mu_y = \frac{1}{N} \sum_{i=1}^N y(e_i) = \frac{1}{N} \sum_{i=1}^N y_i.$$

### 1.3.2 Population Variance ( $\sigma_y^2$ )

- Using distribution:

$$\sigma_y^2 = \sum_{i=1}^k (y_i - \mu_y)^2 P(y_i) = \frac{1}{N} \sum_{i=1}^k N_i (y_i - \mu_y)^2.$$

- Using population values:

$$\sigma_y^2 = \frac{1}{N} \sum_{i=1}^N (y_i - \mu_y)^2 = \frac{1}{N} \sum_{i=1}^N y_i^2 - \mu_y^2.$$

- Population standard deviation is  $\sigma_y = \sqrt{\sigma_y^2}$ .

### 1.3.3 Population Total ( $\tau_y$ )

$$\tau_y = \sum_{i=1}^N y(e_i) = \sum_{i=1}^N y_i = \sum_{i=1}^N N_i y_i = N \mu_y.$$

### 1.3.4 Population Proportion

Define

$$y(e) = \begin{cases} 0, & e \text{ does not have the property} \\ 1, & e \text{ has the property} \end{cases},$$

then

$$p = \frac{1}{N} \sum_{i=1}^N y(e_i) = \frac{M}{N} = \mu,$$

where  $M$  is the number of elements with the property.

### 1.3.5 Population Ratio

Ratio of two variables' means or totals:

$$R_{y/x} = \frac{\mu_y}{\mu_x} = \frac{N \mu_y}{N \mu_x} = \frac{\tau_y}{\tau_x}.$$

## 1.4 Basic Rules from Probability

In probability, the covariance of  $X$  and  $Y$  is

$$\text{Cov}(X, Y) = \mathbb{E}[(X - \mathbb{E}[X])(Y - \mathbb{E}[Y])] = \mathbb{E}[XY] - \mathbb{E}[X]\mathbb{E}[Y].$$

In statistics, the covariance of  $x$  and  $y$  is

$$\begin{aligned} \text{Cov}(x, y) &= \frac{1}{N} \sum_{i=1}^N (x_i - \mu_x)(y_i - \mu_y) = \frac{1}{N} \sum_{i=1}^N x_i y_i - \mu_x \mu_y \\ &= \frac{1}{N} \sum_{i,j} N_{ij} (x_i - \mu_x)(y_j - \mu_y) = \frac{1}{N} \sum_{i,j} N_{ij} x_i y_j - \mu_x \mu_y. \end{aligned}$$

In probability, the correlation of  $X$  and  $Y$  is

$$\rho_{X,Y} = \rho_{Y,X} = \frac{\text{Cov}(X, Y)}{\sqrt{\text{Var}[X]\text{Var}[Y]}}.$$

In statistics, the correlation of  $x$  and  $y$  is

$$\rho_{x,y} = \rho_{y,x} = \frac{\text{Cov}(x,y)}{\sigma_x \sigma_y}.$$

## 1.5 Sample

**Definition 1.7.** *Sample* is a subset of the population.

**Definition 1.8.** *Random sample* is a sequence of random variables (independent or dependent)

$$Y_1 = y_1, \dots, Y_n = y_n,$$

where  $Y_i$  is the random variable and  $y_i$  is the obtained value.

**Definition 1.9.** *Statistic* is the function of sample values, such sample mean (average), sample variance, etc.

**Definition 1.10.** *Sampling distribution* is the distribution of the sample function. This distribution depends on the population distribution of  $y$  and function  $f$ .

**Theorem 1.1** (Central Limit Theorem). If one takes random sample from a population of mean  $\mu$  and standard deviation  $\sigma$ , then as  $n$  gets large,  $\bar{X}$  approaches the normal distribution with mean  $\mu$  and variance  $\frac{\sigma}{\sqrt{n}}$ .

## 1.6 Estimation

**Definition 1.11.** An *estimator*  $\hat{\theta} = \phi(y_1, \dots, y_n)$  is a sample function used to estimate population parameter  $\theta$ .

**Definition 1.12.** An *estimate* of  $\theta : \hat{\theta}_n = \phi_n(y_1, \dots, y_n)$  is the value of the sample function  $\hat{\theta}$  obtained from sample of size  $n$ .

**Example 1.1.** Suppose  $\eta = \psi(\theta)$ , then  $\hat{\eta} = \hat{\psi}(\theta) = \psi(\hat{\theta})$ .

### 1.6.1 Variance of Estimator

Suppose  $\text{Var}[\hat{\theta}] = \psi(\theta)$ , then  $\widehat{\text{Var}}[\hat{\theta}] = \psi(\hat{\theta})$ .

**Example 1.2.** In sample random sampling,  $\hat{\mu} = \bar{y}, \hat{\sigma}^2 = S^2$ . We have

$$\text{Var}[\hat{\mu}] = \text{Var}[\bar{y}] = \frac{\sigma^2}{n},$$

then

$$\widehat{\text{Var}}(\hat{\mu}) = \frac{S^2}{n}.$$

### 1.6.2 Properties of Estimators

**Definition 1.13.** If  $\mathbb{E}[\hat{\theta}] = \theta$ , then the estimator is called *unbiased*.

**Definition 1.14.** *Bias* of  $\hat{\theta}$  is defined as

$$B(\hat{\theta}) = \mathbb{E}[\hat{\theta}] - \theta.$$

**Definition 1.15.** If  $\mathbb{E}[\hat{\theta}] \rightarrow \theta$  as  $n \rightarrow \infty$ , then the estimator is called *asymptotically unbiased*.

**Definition 1.16.** If  $\hat{\theta}_1, \hat{\theta}_2$  are both unbiased estimators of  $\theta$  and  $\text{Var}[\hat{\theta}_1] < \text{Var}[\hat{\theta}_2]$ , then  $\hat{\theta}_1$  is more *efficient* than  $\hat{\theta}_2$ .

Note that estimator should be at least asymptotically unbiased and has small variance at least if sample size  $n$  is large. Also, an unbiased estimator may not have small variance.

**Definition 1.17.** The *mean squared error* of  $\theta$  is

$$\text{MSE} = \text{Var}[\hat{\theta}] + (\mathbb{E}[\hat{\theta}] - \theta)^2 = \text{Var}[\hat{\theta}] + (\mathbb{E}[\hat{\theta}] - \theta)^2.$$

**Definition 1.18.**  $\hat{\theta}$  is consistent for  $\theta$  if

$$\lim_{n \rightarrow \infty} \text{Var}[\hat{\theta}] = 0.$$

We have some rules for comparing estimators:

- If  $\hat{\theta}_1$  and  $\hat{\theta}_2$  are unbiased estimators for  $\theta$  and  $\text{Var}[\hat{\theta}_1] < \text{Var}[\hat{\theta}_2]$ , then we prefer  $\hat{\theta}_1$ .
- If  $\hat{\theta}_1$  and  $\hat{\theta}_2$  are biased estimators and  $\text{MSE}(\hat{\theta}_1) < \text{MSE}(\hat{\theta}_2)$ , then we prefer  $\hat{\theta}_1$ .

### 1.6.3 Error of Estimation

The error of estimation  $|\hat{\theta} - \theta|$  is not known in practice.

**Definition 1.19.** The *error bound*  $B_\alpha$  at level  $1 - \alpha$  is a value s.t.

$$P(|\hat{\theta} - \theta| < B_\alpha) = 1 - \alpha.$$

We say  $B_\alpha$  is an error bound with confidence  $1 - \alpha$  and the *confidence interval* is

$$[\hat{\theta} - B_\alpha, \hat{\theta} + B_\alpha].$$

**Example 1.3.** Suppose  $\hat{\theta} \sim \mathcal{N}(\theta, \sigma_\theta^2)$ , then

$$\begin{aligned} P(|\hat{\theta} - \theta| < B_\alpha) &= P(-B_\alpha < \hat{\theta} - \theta < B_\alpha) \\ &= P\left(-\frac{B_\alpha}{\sigma_\theta} < \frac{\hat{\theta} - \theta}{\sigma_\theta} < \frac{B_\alpha}{\sigma_\theta}\right) = P\left(-\frac{B_\alpha}{\sigma_\theta} < Z < \frac{B_\alpha}{\sigma_\theta}\right) = 1 - \alpha. \end{aligned}$$

Suppose  $Z_{\frac{\alpha}{2}}$  and  $Z_{1-\frac{\alpha}{2}}$  are the critical values of  $Z$ , then  $P(-Z_{\frac{\alpha}{2}} < Z < Z_{\frac{\alpha}{2}}) = 1 - \alpha$ .

Therefore,

$$B_\alpha = Z_{\frac{\alpha}{2}} \sigma_\theta = Z_{\frac{\alpha}{2}} \sqrt{\text{Var}[\hat{\theta}]}.$$

## 2 Elements of the Sampling Problem

### 2.1 Definition

**Definition 2.1.** *Element* is the object on which measurement is taken.

**Definition 2.2.** *Population* is a set of elements defined according to the aims and objects of the survey.

**Definition 2.3.** *Target population* is the population intended to be investigated (sampled).

**Definition 2.4.** *Sampling population* is the population effectively sampled.

**Definition 2.5.** *Sampling units* is the non-overlapping collections of elements that cover the population effectively sampled.

**Definition 2.6.** *Frame* is the list or any technical device which provides sampling units, or access to sampling units.

**Definition 2.7.** *Sample* is the collection of sampling units selected from a frame.

### 2.2 Design of Sample Survey

#### 2.2.1 Preparation and Execution

The general procedure is

- Identify target survey group.
- Develop questions.
- Pilot or test the questions/surveys.
- Determine the method of conducting the survey.
- Conduct the survey.
- Use an appropriate analysis technique to analyze the information collected.

Here are the steps in sampling process:

- Define the population.
- Identify the sampling frame.
- Select a sampling design or procedure (probability sampling or nonprobability sampling)
- Determine the sample size.
- Draw the sample.

### 2.2.2 Methods to Select a Sample

- **Census**: Complete survey of a population.
- **Probability/Random sampling**: Every element in the population has a known nonzero probability (not necessarily equal) of being sampled and involves random selection at some point.
- **Nonprobability/Nonrandom sampling**: Accidental sampling, quota sampling and purposive/judgmental sampling.
  - \* **Quota sampling**: The criteria for selection of elements are based on quotas - assumptions regarding the population of interest. After the quotas are decided, the choice of actual sampling units to fit into quotas is mostly left to the interviewer.

The key problem with nonrandom sampling is the selection of elements does not allow proper estimation of sampling errors.

### 2.3 Random Sampling

- **Simple random sampling**: Sample is selected completely at random. No special constraints on the sample are imposed. Note that it is an unbiased sample.
- **Stratified sampling**: The population is divided into sub-populations (strata) and random sample is selected from every stratum. The constraint imposed is stratification.
- **Cluster sampling (one stage)**: The population is divided into large number of (small) clusters, equal or nonequal and clusters are selected at random. The sample is all elements from selected clusters and the constraint imposed is clustering.
  - \* For stratified sampling, population divided into **few** subgroups; for cluster sampling, population divided into **many** subgroups.
  - \* For stratified sampling, **homogeneity within subgroups** and **heterogeneity between subgroups**; for cluster sampling, **heterogeneity within subgroups** and **homogeneity between subgroups**.
  - \* For stratified sampling, choosing elements from within each subgroup; for cluster sampling, random choosing subgroups.
- **Cluster sampling (two stage)**: The population is divided into large number of (bigger) clusters. Sample of clusters is selected and then sample comes from each selected cluster. The sample is all selected elements and the constraint imposed is clustering.
- **Cluster sampling (multi-stage)**: The population is divided into clusters on several levels and sampling is performed at every stage. Sampling is performed at every stage. The sample is all sampling units selected at the last stage and the constraint imposed is multi-clustering.
- **Double sampling (two-phase sampling)**: Sample from sample. Take a bigger sample with some basic measurements and then take a subsample from previously selected sample with more detailed measurements. The sample is the selected elements from the second phase.

**Example 2.1.** Phase I: Large sample and stratification variable. Phase II: Subsample and variable of interest.



- **Systematic sampling:** Elements are selected from an ordered sampling frame. First element is selected at random, and subsequent elements follow a predetermined pattern, usually an interval.
- **Composite designs:** Most large scale surveys are done using cluster sampling combined with stratification.

**Example 2.2.** Clusters are selected from each stratum and then elements are selected from each cluster.

## 2.4 Errors in Surveys

**Definition 2.8. Sampling errors** are due to random sampling, controlled by sample design, sample size and error bound.

**Definition 2.9. Non-Sampling errors** are caused by factors other than those related to sample selection. They are not easily identified or quantified.

Non-Sampling errors may come from:

- Imperfect sampling population (inadequate frame-coverage error)
- Poorly designed questionnaire
- Selection bias, sampling bias
- Non-Response problem
- Response error (inaccurate response)
- Systematic error (interviewer bias)
- Processing, editing, entering error

### 2.4.1 Inadequate Frame-Coverage Error

The sampling design excludes or under-represents a specific groups in the sample, deliberately or not. If the group is different, with respect to survey issues, bias will occur.

### 2.4.2 Selection and Interviewer Bias

- Voluntary response bias: Sample members are self-selected volunteers, as in voluntary samples. Individuals with strong opinions about the survey issues or those with substantial knowledge will tend to be over-represented, creating bias.
- Interviewer error: interviewers incorrectly record information; are not neutral or objective; influence the respondent to answer in a particular way; or assume responses based on appearance or other characteristics.

### 2.4.3 Response Error

Respondents intentionally or accidentally provide inaccurate responses. It occurs when concepts, questions or instructions are not clearly understood by the respondent; there are high levels of respondent burden and memory recall required; some questions can result in a tendency to answer in a socially desirable way; questions are sensitive.

#### 2.4.4 Non-Response Bias

We fail to obtain a response from some units because of absence, non-contact, refusal, not-able or some other reason. There are two types:

1. Complete/Unit non-response: No data has been obtained at all from a selected unit .
2. Partial/Item non-response: The answers to some questions have not been provided by a selected unit.

Non-Response bias will occur if people who refuse to answer are different, with respect to survey issues, from those who respond. If the response rate is low, bias can occur because respondents may tend consistently to have views that are more extreme than those of the population in general.

#### 2.4.5 Summary of Common Sampling Mistakes

- Use a bad sampling frame: An SRS from an incomplete or out-of-data sampling frame introduces bias because the individuals included may differ from the ones not in the frame.
- Undercoverage bias occurs when a portion of the population is systematically left out of the selection process.
- Nonresponse bias occurs when a portion of the selected sample declines to participate in the study.
- Response bias occurs when individuals give what they perceive to be the preferred response rather than their true opinion. It refers to anything in the survey design that influences the responses.
- In convenience sampling, we simply include the individuals who are convenient for us to sample.
- In voluntary response sample, a large group of individuals is invited to respond, and those who choose to respond are counted. The respondents, rather than the researcher, decide who will be in the sample.

### 2.5 Data Collection

- Direct measurement: observation
- Personal interview (face-to-face)
- Telephone interview
- Mailed questionnaire
- Traditional: paper-and-pencil interviewing
- Modern: computer-assisted interviewing
- Online/Internet survey
- Mobile data collection survey
- Mixed mode survey

## 2.6 Designing a Questionnaire

### 2.6.1 Basic Problems of a Questionnaire

- Question ordering
- Open and closed questions
- Response options
- Wording of question

## 2.7 Others Methods of Studies: Observational or Experimental

**Definition 2.10.** An *observational study* observes individuals and measures variables without influencing the responses.

**Definition 2.11.** An *experiments* applies a treatment to the individuals and observes or measures variables to see the effect of the treatment.

In order to observe a cause-and-effect relationship, an experiment is much better than an observational study.

**Definition 2.12.** A *confounding variable* is a variable that both affects the response variable and the explanatory variable. The effect of a confounding variable on the response variable cannot be separated from the effect of the explanatory variable.

Confounding variables are especially a problem in observational studies. Randomized experiments help control the influence of confounding variables.

**Definition 2.13.** In an experiment, the individuals are called *subjects*, the explanatory variables are called *factors*, and a *treatment* is a specific combination of values of the factors.

**Definition 2.14.** A *randomized experiment* is one in which the subjects are assigned at random to the different groups.

Randomizing protects us from the influence of all the features of our population by making sure that, on average, the sample looks like the rest of the population.

### 2.7.1 Observational Study

**Definition 2.15.** *Retrospective study* is an observation study in which subject are selected and then their previous condition or behaviors are determined. It does not need to be based on random sample and focus on estimating differences between groups or associations between variables.

**Definition 2.16.** *Prospective study* is an observation study in which subject are followed to observe future outcomes. It focus on estimation differences among groups that might appear as the groups.

Because no treatment are applied, a prospective study is not an experiment.

## 3 Simple Random Sampling

### 3.1 Probability Sampling Designs

#### 3.1.1 Condition

- The set of samples  $\{s\}$ , that are possible to obtain with the sampling procedure.
- A known probability of selection  $p(s)$  is assigned with each possible sample  $s$ .
- The procedure gives every element a nonzero probability of inclusion (unbiasedness)  $\pi$ .
- Random mechanism for selection. One sample is selected by the mechanism giving each possible sample exactly the probability  $p(s)$ .

A sample obtained under conditions above is called a probability sample. Most commonly, we first describe the selection mechanism and then find  $p(s)$ .

#### 3.1.2 Basic Notation

Suppose  $N$  is the population size, i.e., there are  $N$  units in the universe or finite population of interest. The  $N$  units in the population are denoted by an index set of labels:

$$\varepsilon = \{1, \dots, N\}.$$

From the population, a sample of  $n$  units is to be taken. Let  $s$  represent a sample of  $n$  units. A probability  $p(s)$  is assigned to every possible sample  $s$ .

Let  $y_i$  be the value of the population characteristic of interest associated with unit  $i$ , the population of  $y$  values is  $\{y_1, \dots, y_N\}$ .

The probability that unit  $i$  will be included in a sample is denoted by  $\pi_i$  and is called inclusion probability for unit  $i$ .

### 3.2 Simple Random Sampling

**Definition 3.1.** *Simple random sampling* of size  $n$  is the probability sampling design for which a fixed number of  $n$  units are selected from a population of  $N$  units s.t. every possible sample of  $n$  units has equal probability of being selected. A resulting sample is called a simple random sample.

It is the simplest sample design. Each element has an equal probability of being selected from a list of all population units (sample of  $n$  from  $N$  population). SRS are EPSEM samples, i.e., equal probability of selection method. There are two types of SRS: with replacement (SRSWR) and without replacement (SRS).

For SRSWR:

- One unit of element is randomly selected from population is the first sampled unit.
- Then the sampled unit is replaced in the population.
- The second sample is drawn with equal probability.
- The procedure is repeated until the requisite sample units  $n$  are drawn.

- The probability of selection of an element remains unchanged after each draw.
- The same units could be selected more than once.

Unlike SRSWR, once an element is selected as a sample unit, it will not be replaced in the population pool. The selected sample units are distinct.

In practice, SRSWR is not attractive: we do not want to interview same individuals more than once. But in mathematical term it is simpler to relate the sample to population by SRSWR. SRS provides two additional advantages: elements are not repeated and variance estimation is smaller than SRSWR with same sample size.

### 3.2.1 Combinatorial Notation

- $n!$  : The number of unique arrangements or permutations of  $n$  distinct items.

$$n! = n(n-1) \cdots 2 \cdot 1.$$

- $\binom{N}{n}$  : The number of combinations of  $n$  items selected from a population of size  $N$ .

$$\binom{N}{n} = \frac{N!}{n! \cdot (N-n)!}.$$

### 3.2.2 Simple Random Sampling without Replacement

**Definition 3.2.** Sample of size  $n$ ,  $s = \{e_{i_1}, \dots, e_{i_n}\}$  is called **simple random sample** (SRS) if every sample of size  $n$  from the population  $\varepsilon = \{e_1, \dots, e_N\}$  has the same probability of being selected.

There are  $\binom{N}{n}$  possible SRSs of size  $n$  selected from a population of size  $N$ . For any SRS of size  $n$  from a population of size  $N$ , we have

$$p(s) = \frac{1}{\binom{N}{n}}.$$

**Example 3.1.** Consider  $\varepsilon = \{A, B, C, D\}$ ,  $N = 4$ . List of all possible sample of size  $n = 2$ .

*Solution.* There are  $\binom{4}{2} = 6$  samples which are  $\{A, B\}, \dots$ . Sampling will be simple random, if probability of selection is

$$P(AB) = \dots = \frac{1}{6}.$$

## 3.3 How to Draw a SRS

Selecting directly from the list of samples would be very inconvenient even for small populations. Instead of selecting samples directly, we select elements into samples from a list of elements:

- Find/Create a list (frame) of elements.
- Select one element at a time at random.

**Example 3.2.**  $\varepsilon = \{A, B, C, D\}$ ,  $n = 2$ . Selecting  $\{A, B\}$  is the same as selecting  $A$  first and  $B$  second, or  $B$  first and  $A$  second.

**Property 3.1.**  $\{e_1, \dots, e_n\}$  can be selected any order ( $n!$  different orders).

*Proof.* We have

$$\begin{aligned} P(\{e_1, \dots, e_n\}) &= n!P(e_1 \cdots e_n) = n!P(e_1)P(e_2|e_1) \cdots P(e_n|e_1 \cdots e_{n-1}) \\ &= n! \frac{1}{N} \cdot \frac{1}{N-1} \cdots \frac{1}{N-(n-1)} = \frac{1}{\binom{N}{n}}. \end{aligned}$$

□

### 3.3.1 Table of Random Numbers (TRN)

**Definition 3.3.** *Table of random numbers* is a list of digits produced by an random number generator (RNG) convenient for manual/field/small size problems sampling.

We use TRN to simulate events with given probability:

- Assign certain digits, or groups of digits to the events  $A_1, A_2, \dots$  we want to simulate, depending on  $P(A_1), P(A_2), \dots$ .
- Decide how we will read the table, that is, select some digits from the table.
- Read the table, and see which one of the events has occurred.

**Example 3.3.** A population consists of  $N = 8743$  elements/sampling units. Select an SRS of size  $n = 8$ :

- List of the elements:  $a_1, a_2, \dots, a_{8743}$ .
- Number of digits( $N$ ) is 4 so we use groups of 4 consecutive digits.
- Assign to every element on group of 4 digits.
- Read the table from left to right, starting with the first row and use first 4 digits out of every group of 5 digits until 8 elements are selected.

In R,

---

```
N = 8743
n = 8
# SRS without replacement
S1 = sample(N, n, replace = F)
# SRS with replacement
S2 = sample(N, n, replace = T)
```

---

## 3.4 Inference

### 3.4.1 Estimation of the Population Mean

The estimator of  $\mu$  is

$$\hat{\mu} = \bar{y} = \frac{1}{n} \sum_{i=1}^n y_i = \frac{\hat{\tau}}{N},$$

where  $\hat{\tau}$  is the estimator of  $\tau$  (population total):

$$\hat{\tau} = \frac{N}{n} \sum_{i=1}^n y_i.$$

**Property 3.2.** In SRSWR,  $\hat{\mu}$  is unbiased estimator of  $\mu : \mathbb{E}[\hat{\mu}] = \mu$ , and  $\text{Var}[\hat{\mu}] = \frac{\sigma^2}{n}$ .

*Proof.* In sampling with replacement,  $y_1, \dots, y_n$  are i.i.d., i.e.,  $\mathbb{E}[y_i] = \mu, \text{Var}[y_i] = \sigma^2$ . Note that, identically distributed means

$$P(y_i = y | y_{i-1}, \dots, y_1) = P(y_i = y) = \frac{1}{N}, i = 1, \dots, n.$$

Therefore,

$$\mathbb{E}[\hat{\mu}] = \mathbb{E}\left[\frac{1}{n} \sum_{i=1}^n y_i\right] = \frac{1}{n} \mathbb{E}[y_1 + \dots + y_n] = \frac{1}{n} (\mathbb{E}[y_1] + \dots + \mathbb{E}[y_n]) = \frac{1}{n} n\mu = \mu,$$

and

$$\text{Var}[\hat{\mu}] = \text{Var}\left[\frac{1}{n} \sum_{i=1}^n y_i\right] = \frac{1}{n^2} \text{Var}[y_1 + \dots + y_n] = \frac{1}{n^2} (\text{Var}[y_1] + \dots + \text{Var}[y_n]) = \frac{1}{n^2} n\sigma^2 = \frac{\sigma^2}{n}.$$

□

**Property 3.3.** In SRS (without replacement),  $\hat{\mu}$  is unbiased estimator of  $\mu : \mathbb{E}[\hat{\mu}] = \mu$ , and  $\text{Var}[\hat{\mu}] = \frac{(N-n)\sigma^2}{(N-1)n}$ .

*Proof.* In sampling without replacement,  $y_1, \dots, y_n$  are dependent, but identically distributed. For instance,

$$P(y_1 = y) = \frac{1}{N}, P(y_2 | y_1) = \frac{1}{N-1}, y \neq y_1, \dots.$$

But they have same marginal distribution

$$P(y_i = y) = \frac{1}{N}$$

since for example

$$P(y_2 = y) = P(y_1 \neq y)P(y_2 = y | y_1 \neq y) = \frac{N-1}{N} \frac{1}{N-1} = \frac{1}{N}.$$

We can easily show that  $\mathbb{E}[\hat{\mu}] = \mu$  since  $y_i$ 's are identically distributed.

We have

$$\text{Var}[\hat{\mu}] = \text{Var}\left[\frac{1}{n} \sum_{i=1}^n y_i\right] = \frac{1}{n^2} \left( \sum_{i=1}^n \text{Var}[y_i] + \sum_{i \neq j} \text{Cov}(y_i, y_j) \right) = \frac{\sigma^2}{n} + \frac{1}{n^2} \sum_{i \neq j} \text{Cov}(y_i, y_j).$$

To find  $\text{Cov}(y_i, y_j)$ , we first find the joint distribution of  $(y_i, y_j) : p(y_i, y_j) = \frac{1}{N(N-1)}$  and so

$$\begin{aligned} \mathbb{E}[y_i y_j] &= \sum_{i=1}^N \sum_{j \neq i}^N y_i y_j p(y_i, y_j) = \frac{1}{N(N-1)} \sum_{i=1}^N \sum_{j \neq i}^N y_i y_j \\ &= \frac{1}{N(N-1)} \left( \sum_{i=1}^N \sum_{j=1}^N y_i y_j - \sum_{i=1}^N y_i^2 \right) \\ &= \frac{1}{N(N-1)} ((N\mu)^2 - N\sigma^2 - N\mu^2). \end{aligned}$$

Thus,

$$\text{Cov}(y_i, y_j) = \mathbb{E}[(y_i - \mu)(y_j - \mu)] = \mathbb{E}[y_i y_j] - \mu^2 = -\frac{\sigma^2}{N-1}.$$

Therefore,

$$\text{Var}[\hat{\mu}] = \frac{\sigma^2}{n} - \frac{(n-1)\sigma^2}{n(N-1)} = \frac{(N-n)\sigma^2}{(N-1)n}.$$

□

### 3.4.2 Estimation of the Population Variance

We want to estimate

$$\text{Var}[\bar{y}] = \begin{cases} \frac{\sigma^2}{n}, & \text{SRSWR} \\ \frac{(N-n)\sigma^2}{(N-1)n}, & \text{SRS} \end{cases},$$

which are linear functions of  $\sigma^2$ .

**Property 3.4.** We consider the sample variance  $S^2 = \frac{1}{n-1} \sum_{i=1}^n (y_i - \bar{y})^2$ . We have

$$\mathbb{E}[S^2] = \begin{cases} \sigma^2, & \text{SRSWR} \\ \frac{N}{N-1}\sigma^2, & \text{SRS} \end{cases}$$

*Proof.* We have

$$\begin{aligned} \mathbb{E}[S^2] &= \frac{1}{n-1} \mathbb{E} \left[ \sum_{i=1}^n (y_i - \bar{y})^2 \right] = \frac{1}{n-1} \sum_{i=1}^n \mathbb{E}[(y_i - \bar{y})^2] \\ &= \frac{1}{n-1} \sum_{i=1}^n \mathbb{E}[(y_i - \mu) - (\bar{y} - \mu)]^2 = \frac{1}{n-1} \sum_{i=1}^n \mathbb{E}[(y_i - \mu)^2 - 2(y_i - \mu)(\bar{y} - \mu) + (\bar{y} - \mu)^2] \\ &= \frac{1}{n-1} \left[ \sum_{i=1}^n \mathbb{E}[(y_i - \mu)^2] + \sum_{i=1}^n \mathbb{E}[(\bar{y} - \mu)^2] \right] = \frac{1}{n-1} (n\sigma^2 - n\text{Var}[\bar{y}]). \end{aligned}$$

For SRSWR we have

$$\mathbb{E}[S^2] = \frac{1}{n-1} (n\sigma^2 - \sigma^2) = \sigma^2.$$

For SRS, we have

$$\mathbb{E}[S^2] = \frac{1}{n-1} \left( n\sigma^2 - \frac{(N-n)\sigma^2}{N-1} \right) = \frac{N}{N-1}\sigma^2.$$

□

Hence,

$$\hat{\sigma}^2 = \begin{cases} S^2, & \text{SRSWR} \\ \frac{N-1}{N} S^2, & \text{SRS} \end{cases},$$

which is unbiased, and thus the unbiased estimate of  $\text{Var}[\bar{y}]$  is

$$\widehat{\text{Var}}[\bar{y}] = \begin{cases} \frac{S^2}{n}, & \text{SRSWR} \\ \left(1 - \frac{n}{N}\right) \frac{S^2}{n}, & \text{SRS} \end{cases}.$$



### 3.4.3 Estimation of the Population Standard Deviation

A general note on estimation: If  $\eta = g(\theta)$  and  $\hat{\theta}$  is an unbiased estimator of  $\theta$ , then  $\hat{\eta} = g(\hat{\theta})$  is not, in general an unbiased estimator of  $\eta$ , except when  $g(\theta) = a\theta + b$ , a linear function of  $\theta$ . In this case,

$$\mathbb{E}[\hat{\eta}] = \mathbb{E}[g(\hat{\theta})] = \mathbb{E}[a\hat{\theta} + b] = a\mathbb{E}[\hat{\theta}] + b = a\theta + b.$$

and

$$\text{Var}[\bar{y}] = .$$

We have  $\sigma = \sqrt{\sigma^2} = g(\sigma)$ , and  $\hat{\sigma} = g(\hat{\sigma}^2) = \sqrt{\hat{S}^2} = \tilde{S}$ .  $\hat{\sigma} = \tilde{S}$  is a biased estimator of  $\sigma$  but the bias is usually small.

The estimator of the standard deviation  $\hat{\sigma}_{\bar{y}}$  is

$$\hat{\sigma}_{\bar{y}} = \widehat{\text{SD}}(\bar{y}) = \sqrt{\widehat{\text{Var}}[\bar{y}]} = \begin{cases} \frac{S}{\sqrt{n}}, & \text{SRSWR} \\ \sqrt{\left(1 - \frac{n}{N}\right) \frac{S^2}{n}}, & \text{SRS} \end{cases} \sim \frac{S}{\sqrt{n}}.$$

Note that  $\hat{\sigma}_{\bar{y}}$  is biased and for large  $N$ ,  $\hat{\sigma}_{\bar{y}} \sim \frac{S}{\sqrt{n}}$ .

In SRS without replacement, we have

$$\begin{aligned} \hat{\mu} &= \bar{y} = \frac{1}{n} \sum_{i=1}^n y_i \\ \text{Var}[\bar{y}] &= \frac{N-n}{N-1} \frac{\sigma^2}{n} \\ \widehat{\text{Var}}[\bar{y}] &= \left(1 - \frac{n}{N}\right) \frac{S^2}{n} \\ B &= 2\hat{\sigma}_{\bar{y}} = 2\sqrt{\left(1 - \frac{n}{N}\right) \frac{S^2}{n}}, \end{aligned}$$

where  $B$  is the estimated bound on the error of estimation.

Note that taking a square root of  $\text{Var}[\bar{y}]$  yields the **standard deviation** of the estimator; taking a square root of an estimated variance  $\widehat{\text{Var}}[\bar{y}]$  yields the **standard error** of the estimator.

### 3.4.4 Finite Population Correction

The term  $1 - \frac{n}{N}$  in the estimated variance of  $\bar{y}$  is called the **finite population correction (f.p.c.)**.

If  $N$  is large (e.g.,  $N > 20n$ ), then f.p.c. can be ignored. In this case, the estimated variance is the more familiar quantity  $\frac{S^2}{n}$ . But since the f.p.c. will be less than 1, omitting the f.p.c. from the estimated variance formulas (i.e., replacing  $1 - \frac{n}{N}$  by 1) will slightly overestimate the true variance - there is a small positive bias.

If  $N$  is not large relative to  $n$  (e.g.,  $N < 20n$ ), then omitting the f.p.c. from the estimated variance formulas can seriously overestimate the true variance - there can be a large positive bias.

If  $N$  is known, we would rather not omit the f.p.c.. In many cases, the population size  $N$  is not clearly defined or is unknown and thus  $N$  can be assumed to be quite large and hence the f.p.c. can be ignored.

### 3.4.5 Estimation of the Population Total

From  $\tau = N\mu$ , we have

$$\text{Estimator of the population total } \tau : \hat{\tau} = N\hat{\mu} = N\bar{y} = \frac{N \sum_{i=1}^n y_i}{n}$$

$$\text{Variance of } \tau : \text{Var}[\hat{\tau}] = \text{Var}[N\bar{y}] = N^2 \text{Var}[\bar{y}] = \frac{N^2(N-n)}{N-1} \frac{\sigma^2}{n}$$

$$\text{Estimated Variance for } \tau \text{ (Unbiased)} : \widehat{\text{Var}}[\hat{\tau}] = \widehat{\text{Var}}[N\bar{y}] = N^2 \widehat{\text{Var}}[\bar{y}] = N^2 \left(1 - \frac{n}{N}\right) \frac{S^2}{n}$$

$$\text{Estimated SD (Biased)} : \hat{\sigma}_{\hat{\tau}} = \widehat{\text{SD}}(\hat{\tau}) = \sqrt{\widehat{\text{Var}}[\hat{\tau}]} = N\sqrt{\widehat{\text{Var}}[\bar{y}]} = N\widehat{\text{SD}}(\bar{y})$$

$$\text{Estimated bound on the error of estimation} : B = 2\hat{\sigma}_{\hat{\tau}} = 2\sqrt{N^2 \left(1 - \frac{n}{N}\right) \frac{S^2}{n}}$$

### 3.4.6 Confidence Intervals of $\mu$ and $\tau$

The  $100(1 - \alpha)\%$  error of bound is given by

$$B = Z_{\frac{\alpha}{2}} \times \sigma.$$

For  $\alpha = 5\%$ , the  $Z_{\frac{\alpha}{2}} = 1.96 \approx 2$  and thus the 95% bound on the error when estimating the population mean is

$$B_{\mu} \approx 2\sqrt{\text{Var}[\hat{\mu}]}$$

and the 95% bound on the error when estimating the population total is

$$B_{\tau} \approx 2\sqrt{\text{Var}[\hat{\tau}]}.$$

Note that the bound on the error of estimation is also called marginal of error.

For large samples,  $100(1 - \alpha)\%$  confidence interval for  $\mu$  is  $[\bar{y} \mp B_{\mu}]$  and for  $\tau$  is  $[\hat{\tau} \mp B_{\tau}]$ .

### 3.4.7 Estimation of the Population Proportion $p$ Using SRS

Proportion of elements which poses certain property or belong to certain specified group. Define

$$y(e) = \begin{cases} 1, & e \text{ has the property} \\ 0, & e \text{ does not have the property} \end{cases}.$$

The population proportion is defined by

$$p = \frac{1}{N} \sum_{i=1}^N y(e_i) = \frac{M}{N} = \frac{\text{Number of elements with property}}{N}.$$

The population mean for  $y$  is  $\mu_y = \mu = 0(1 - p) + 1p = p$  and the population total is  $\tau_y = \tau = N\mu = Np = M$ .

Note that  $y_i = y_i^2 = 0$  or  $1$ , then

$$p = \frac{\sum_{i=1}^N y_i}{N} = \frac{\sum_{i=1}^N y_i^2}{N} \Rightarrow \sum_{i=1}^N y_i = \sum_{i=1}^N y_i^2 = Np$$

and thus

$$\sigma^2 = \frac{1}{N} \sum_{i=1}^N (y_i - \mu)^2 = \frac{1}{N} \sum_{i=1}^N (y_i - p)^2 = \frac{1}{N} \left( \sum_{i=1}^N y_i^2 - Np^2 \right) = \frac{1}{N} (Np - Np^2) = p(1 - p).$$

Hence,

$$S^2 = \frac{1}{n-1} \sum_{i=1}^n (y_i - \bar{y})^2 = \frac{1}{n-1} \sum_{i=1}^n (y_i - \hat{p})^2 = \frac{1}{n-1} \left( \sum_{i=1}^n y_i^2 - n\hat{p}^2 \right) = \frac{1}{n-1} (n\hat{p} - n\hat{p}^2) = \frac{n}{1-n} \hat{p}(1-\hat{p}).$$

In SRS without replacement, we have

$$\text{Estimator of } p \text{ (Unbiased)} : \hat{p} = \bar{y} = \frac{1}{n} \sum_{i=1}^n y_i$$

$$\text{Variance of } \hat{p} : \text{Var}[\hat{p}] = \frac{N-n}{N-1} \frac{pq}{n}, q = 1 - p$$

$$\text{Estimated variance of } \hat{p} : \widehat{\text{Var}}[\hat{p}] = \left(1 - \frac{n}{N}\right) \frac{\hat{p}\hat{q}}{n-1}, \hat{q} = 1 - \hat{p}$$

$$\text{Estimated bound on the error of estimation} : B = 2\hat{\sigma}_{\hat{p}} = 2\widehat{\text{SD}}(\hat{p}) = 2\sqrt{\left(1 - \frac{n}{N}\right) \frac{\hat{p}\hat{q}}{n-1}}, \hat{q} = 1 - \hat{p}$$

### 3.5 Selecting Sample Size for Estimating $\mu, \tau$ and $p$ Using SRS

The number of observations needed to estimate a population mean  $\mu$  with a bound on the error of estimation  $B$  is found by setting  $2 \times \text{SD}$  of the estimator  $\mu = \bar{y}$ , equal to  $B$  :

$$2 \times \text{SD}(\hat{\mu}) = 2\sqrt{\text{Var}[\hat{\mu}]} = 2\sqrt{\frac{\sigma^2}{n} \frac{N-n}{N-1}} = B.$$

The required sample size can be found by solving equation for  $n$  and thus

$$n = \frac{N\sigma^2}{(N-1)D + \sigma^2}, D = \frac{B^2}{4}.$$

Similarly, the sample size required to estimate  $\tau$  with a bound on the error  $B$  is

$$n = \frac{N\sigma^2}{(N-1)D + \sigma^2}, D = \frac{B^2}{4N^2}.$$

Note that  $\sigma_y^2 = \sigma^2$  is unknown in practice and we can use  $S^2$  to estimate, usually obtain by using one of the following three methods: (1) use a previous study, experience, educated guess; (2) use a presample (usually more complex studies); (3) quick and dirty method - use the range of variable  $y$ ,  $\hat{\sigma}^2 = \frac{\text{Range}}{4}$ . If  $N$  is large ( $N$  unknown), then  $N-1$  can be replaced by  $N$  in the denominator.

Sample size required to estimate  $p$  with a bound on the error estimation  $B$  is

$$n = \frac{Npq}{(N-1)D + pq}, q = 1 - p \text{ and } D = \frac{B^2}{4}.$$

Note that  $p$  is unknown in practice and we can estimate from similar past surveys. If no past information is available, we can substitute  $p = 0.5$  to obtain a conservative sample size (one that is likely to be larger than required).

**Example 3.4.** We want to conduct a survey to determine the proportion of students who favor a proposed honor code. Because interviewing  $N = 2000$  student in a reasonable length of time is impossible, determine the sample size needed to estimate  $p$  with a bound on the error of estimation  $B = 0.05$ . Assuming that no prior information is available to estimate  $p$ .

*Solution.* We have

$$D = \frac{B^2}{4} = \frac{0.05^2}{4} = 0.000625$$

and

$$n = \frac{Npq}{(N-1)D + pq} = \frac{2000 \times 0.5 \times 0.5}{(2000-1) \times 0.000625 + 0.5 \times 0.5} = 333.56.$$

That is 334 students must be interviewed to estimate  $p$  with  $B = 0.05$ .

## 4 Ratio, Regression, and Difference Estimation

The estimation of the population mean and total are based on a sample of response measurements  $y_1, \dots, y_n$  obtained by SRS. Sometimes, other variables are closely related to the response  $y$ . By measuring  $y$  and one or more subsidiary (auxiliary) variable, we can obtain additional information for estimating the population parameter. We can use ratio, regression, and difference estimation.

### 4.1 Ratio Method Using SRS

#### 4.1.1 Ratio Estimation of the Population Ratio $R = \frac{\mu_y}{\mu_x}$

Suppose that a SRS of size  $n$  is to be drawn from a finite population containing  $N$  elements. The estimation of  $R$  is

$$r = \frac{\bar{y}}{\bar{x}} = \frac{\sum_{i=1}^n y_i}{\sum_{i=1}^n x_i}$$

and the estimated variance of  $r$  is

$$\widehat{\text{Var}}[r] = \left(1 - \frac{n}{N}\right) \frac{S_r^2}{\mu_x^2 n},$$

where  $\mu_x$  is the population mean for the r.v.  $X$  and

$$S_r^2 = \frac{1}{n-1} \sum_{i=1}^n e_i^2,$$

$e_i = y_i - rx_i$  is called residuals. Note that if  $\mu_x$  is unknown, we use  $\bar{x}^2$  to approximate  $\mu_x^2$  in the estimated variance.

#### 4.1.2 Ratio Estimation of the Population Total $\tau_y$

The ratio estimator of  $\tau_y$  is

$$\hat{\tau}_y = \frac{\sum_{i=1}^n y_i}{\sum_{i=1}^n x_i} (\tau_x) = r\tau_x$$

and the estimated variance of  $\hat{\tau}_y$  is

$$\widehat{\text{Var}}[\hat{\tau}_y] = \tau_x^2 \widehat{\text{Var}}[r] = (N\mu_x)^2 \left(1 - \frac{n}{N}\right) \frac{S_r^2}{\mu_x^2 n} = N^2 \left(1 - \frac{n}{N}\right) \frac{S_r^2}{n},$$

where  $\mu_x$  and  $\tau_x$  are the population mean and total for the r.v.  $X$ .

#### 4.1.3 Ratio Estimation of the Population Mean

The ratio estimator of  $\mu_y$  is

$$\hat{\mu}_y = \frac{\sum_{i=1}^n y_i}{\sum_{i=1}^n x_i} (\mu_x) = r\mu_x$$

and the estimated variance of  $\hat{\mu}_y$  is

$$\widehat{\text{Var}}[\hat{\mu}_y] = \mu_x^2 \widehat{\text{Var}}[r] = \mu_x^2 \left(1 - \frac{n}{N}\right) \frac{S_r^2}{\mu_x^2 n} = \left(1 - \frac{n}{N}\right) \frac{S_r^2}{n}.$$

#### 4.1.4 Sample Size Required for Estimating $R$

We set

$$2\sqrt{\text{Var}[r]} = 2\sqrt{\left(1 - \frac{n}{N}\right) \frac{\sigma^2}{\mu_x^2 n}} = B.$$

Solve for  $n$  we have

$$n = \frac{N\sigma^2}{ND + \sigma^2}, D = \frac{B^2\mu_x^2}{4}.$$

In practice, we do not know  $\sigma^2$ . If no past information is available to calculate  $S_r^2$  as an estimate of  $\sigma^2$ , we take a preliminary sample of size  $n'$  and compute

$$\hat{\sigma}^2 = \frac{1}{n' - 1} \sum_{i=1}^{n'} e_i^2,$$

where  $e_i = y_i - rx_i$ . If  $\mu_x$  is unknown, it can be replaced by  $\bar{x}$ , calculated from the  $n'$  preliminary observations.

#### 4.1.5 Sample Size Required for Estimating $\mu_y$

We have

$$n = \frac{N\sigma^2}{ND + \sigma^2}, D = \frac{B^2}{4}.$$

If no past information is available to calculate  $S_r^2$  as an estimate of  $\sigma^2$ , we take a preliminary sample of size  $n'$  as before. Note that we do not need to know  $\mu_x$ .

#### 4.1.6 Sample Size Required for Estimating $\tau_y$

We have

$$n = \frac{N\sigma^2}{ND + \sigma^2}, D = \frac{B^2}{4N^2}.$$

If no past information is available to calculate  $S_r^2$  as an estimate of  $\sigma^2$ , we take a preliminary sample of size  $n'$  as before. Note that we do not need to know  $\mu_x$ .

### 4.2 Regression Estimation Using SRS

Suppose there is evidence of linear relationship between observed  $y$  and  $x$  and we assume a simple linear regression model

$$y_i = \beta_0 + \beta_1 x_i + e_i, i = 1, \dots, n.$$

The estimated regression line is

$$\hat{y}_i = \hat{\beta}_0 + \hat{\beta}_1 x_i,$$

where

$$\hat{\beta}_0 = \bar{y} - \hat{\beta}_1 \bar{x} \text{ and } \hat{\beta}_1 = \frac{s_{xy}}{s_{xx}} = \frac{\sum_{i=1}^n (y_i - \bar{y})(x_i - \bar{x})}{\sum_{i=1}^n (x_i - \bar{x})^2}.$$

Regression line can be written as

$$\hat{y}_i = \bar{y} + \hat{\beta}_1 (x_i - \bar{x}).$$

The predicted value of  $e_i$  is

$$\hat{e}_i = y_i - \hat{y}_i = y_i - (\bar{y} + \hat{\beta}_1 (x_i - \bar{x})).$$

### 4.2.1 Regression Estimation of the Population Mean

Regression estimator of  $\mu_y$  is the predicted value of  $y$  when  $x = \mu_x$  :

$$\hat{\mu}_{yL} = \bar{y} + \hat{\beta}_1(\mu_x - \bar{x})$$

and the estimated variance of  $\hat{\mu}_{yL}$  is

$$\widehat{\text{Var}}[\hat{\mu}_{yL}] = \left(1 - \frac{n}{N}\right) \frac{\text{MSE}}{n},$$

where MSE is the estimated mean square error defined as

$$\text{MSE} = \frac{\sum_{i=1}^n \hat{e}_i^2}{n-2} = \frac{\sum_{i=1}^n (y_i - \hat{y}_i)^2}{n-2}.$$

## 4.3 Difference Estimation Using SRS

The difference method of estimating a population mean or total is similar to the regression method in that it adjusts the  $\bar{y}$  value up or down by an amount depending on the difference  $(\mu_x - \bar{x})$ . But in difference method, the regression coefficient  $\hat{\beta}_1$  is not computed, which is set equal to unity.

The difference method is then easier to employ than the regression method. Also, difference method frequently works well when the  $x$  values are highly correlated with the  $y$  values and both are measured on the same scale.

### 4.3.1 Difference Estimation of the Population Mean

Difference estimator of  $\mu_y$  is

$$\hat{\mu}_{yD} = \bar{y} + (\mu_x - \bar{x}) = \mu_x + \bar{d}, \bar{d} = \bar{y} - \bar{x}$$

and the estimated variance of  $\hat{\mu}_{yD}$  is

$$\widehat{\text{Var}}[\hat{\mu}_{yD}] = \left(1 - \frac{n}{N}\right) \left(\frac{1}{n}\right) \frac{\sum_{i=1}^n (d_i - \bar{d})^2}{n-1},$$

where  $d_i = y_i - x_i, i = 1, \dots, n$ .