

PLSC 502 – Fall 2022

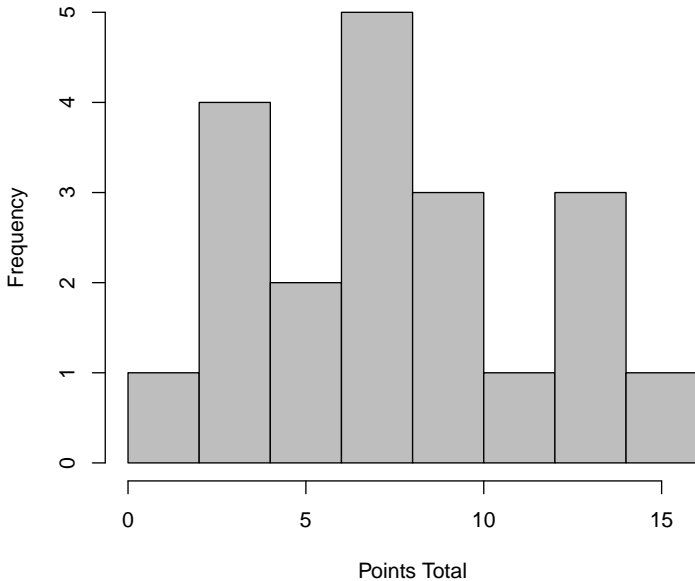
Central Tendency and Variation

September 15, 2022

Current Premier League Statistics

Team	Won	Drew	Lost	GoalsFor	GoalsAgainst	GoalDifference	Points
Arsenal	5	0	1	14	7	7	15
Manchester City	4	2	0	20	6	14	14
Tottenham Hotspur	4	2	0	12	5	7	14
Brighton and Hove Albion	4	1	1	11	5	6	13
Manchester United	4	0	2	8	8	0	12
Chelsea	3	1	2	8	9	-1	10
Liverpool	2	3	1	15	6	9	9
Brentford	2	3	1	15	9	6	9
Leeds United	2	2	2	10	10	0	8
Fulham	2	2	2	9	9	0	8
Newcastle United	1	4	1	7	6	1	7
Southampton	2	1	3	7	10	-3	7
Bournemouth	2	1	3	5	18	-13	7
Wolverhampton Wanderers	1	3	2	3	4	-1	6
Crystal Palace	1	3	2	7	9	-2	6
Everton	0	4	2	4	6	-2	4
Aston Villa	1	1	4	5	10	-5	4
West Ham United	1	1	4	3	8	-5	4
Nottingham Forest	1	1	4	4	14	-10	4
Leicester City	0	1	5	8	16	-8	1

Premier League Points: Histogram



The Arithmetic Mean

The “mean”:

$$\bar{X} = \frac{1}{N} \sum_{i=1}^N X_i$$

implies that:

$$\sum_{i=1}^N X_i = N\bar{X}$$

and so:

$$\sum_{i=1}^N (X_i - \bar{X}) = 0$$

\bar{X} Minimizes Squared Deviations

Find the value of X μ that minimizes the sum of squared deviations...

$$\begin{aligned} f(X) &= \sum_{i=1}^N (X_i - \mu)^2 \\ &= \sum_{i=1}^N (X_i^2 + \mu^2 - 2\mu X_i) \end{aligned}$$

$$\frac{\partial f(X)}{\partial X} = \sum_{i=1}^N (2\mu - 2X_i)$$

\bar{X} Minimizes Squared Deviations

Solve:

$$\sum_{i=1}^N (2\mu - 2X_i) = 0$$

$$2N\mu - 2 \sum_{i=1}^N X_i = 0$$

$$2N\mu = 2 \sum_{i=1}^N X_i$$

$$\mu = \frac{1}{N} \sum_{i=1}^N X_i \equiv \bar{X}$$

Means from Sums of Frequencies

Frequency table:

Points	Frequency f_j
1	1
4	4
6	2
7	3
\vdots	\vdots
15	1

For J different unique values of X :

$$\bar{X} = \frac{1}{N} \sum_{j=1}^J f_j X_j$$

Weighted Means

For “weights” w_i , the *weighted mean* is:

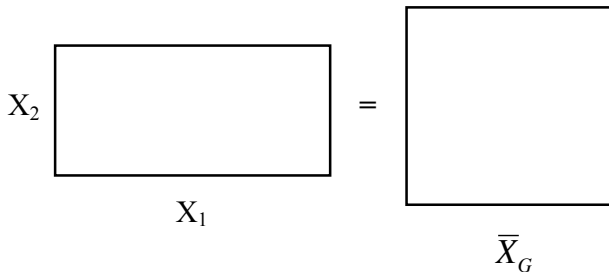
$$\bar{W} = \frac{\sum_{i=1}^N w_i X_i}{\sum_{i=1}^N w_i}$$

Things to remember:

- If $w_i = \frac{1}{N} \forall i$, then $\bar{W} = \bar{X}$
- If $w_i = w \forall i$, then $\bar{W} = w\bar{X}$
- Weighted means are simpler if $\sum_{i=1}^N w_i = 1.0...$
- ... we can normalize any set of weights by $w'_i = \frac{w_i}{\sum_{j=1}^N w_j}$.

Geometric Mean

$$\begin{aligned}\bar{X}_G &= \left(\prod_{i=1}^N X_i \right)^{\frac{1}{N}} \\ &= \sqrt[N]{X_1 \cdot X_2 \cdot \dots \cdot X_N} \\ &= \exp \left[\frac{1}{N} \sum_{i=1}^N \ln X_i \right]\end{aligned}$$



Geometric Mean (continued)

Note: Geometric means don't like negative values...

- Formally, \bar{X}_G is defined only if $X_i > 0 \forall i$
- R's `geometric.mean()` defaults to removing them before calculation...
- If *all* values of X are negative, the geometric mean will be NaN.

Consider percentage changes:

$$\{ +12\%, +5\%, -9\%, +2\%, -10\% \}$$

```
> geometric.mean(c(12,5,-9,2,-10))  
[1] 4.932424
```

Warning message:

```
In log(x) : NaNs produced
```

```
> geometric.mean(c(1.12,1.05,0.91,1.02,0.90))  
[1] 0.9964563
```

Harmonic Mean

The harmonic mean is:

$$\begin{aligned}\bar{X}_H &= \frac{N}{\sum_{i=1}^N \frac{1}{X_i}} \\ &= \frac{1}{\left(\frac{1}{\bar{X}}\right)}\end{aligned}$$

Note that:

$$\bar{X}_H \leq \bar{X}_G \leq \bar{X}$$

Median:

$$\begin{aligned}\check{X} &= \text{“middle observation” of } X \\ &= 50\text{th } \textit{percentile} \text{ of } X.\end{aligned}$$

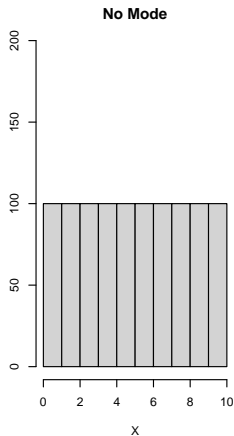
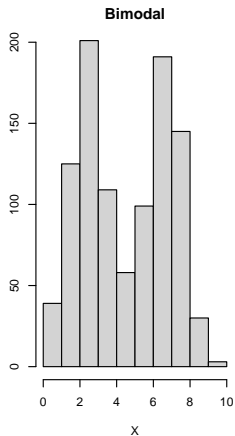
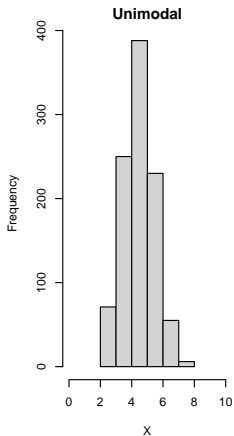
Minimizes *absolute* distance:

$$\check{X} = \min \left(\sum_{i=1}^N |X_i - c| \right).$$

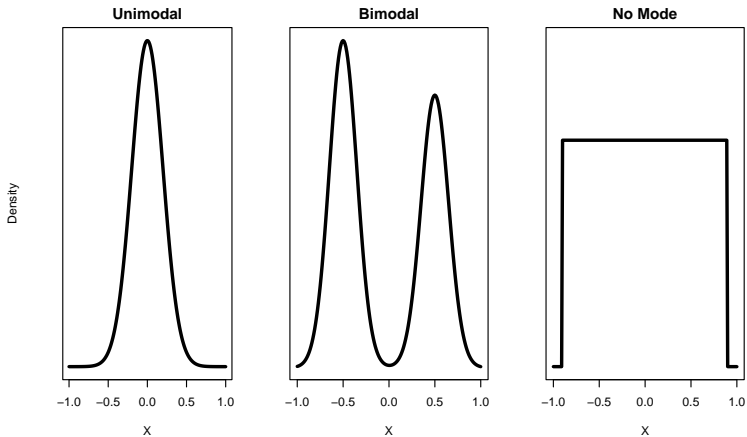
The mode of X is “the value of X that appears most frequently in the data.”

- That works fine for discrete variables...
 - There can be zero, one, two, or more modes,
 - If (say) two values of X have *nearly* the same number of cases, we often refer to that as “bimodal” data.
- For continuous variables:
 - There is often no mode (no two observations have *exactly* the same values of X)
 - Modes are usually defined as any *local maximum* of the probability density function of X

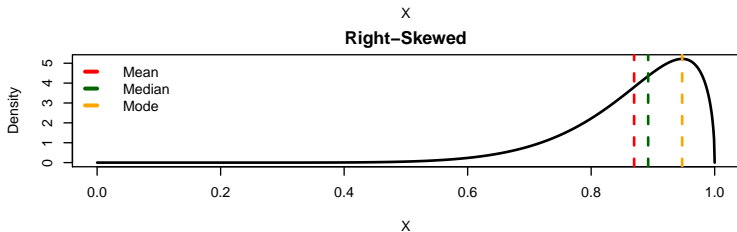
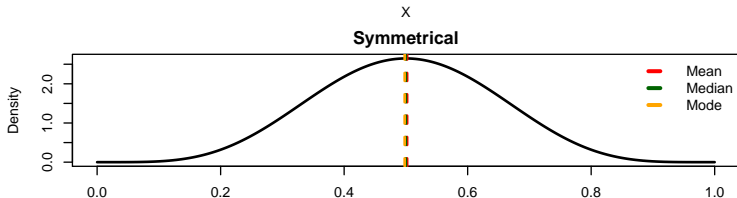
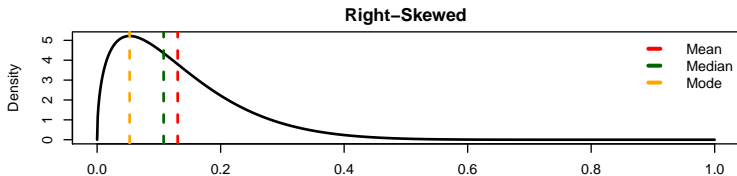
Modes: Discrete X



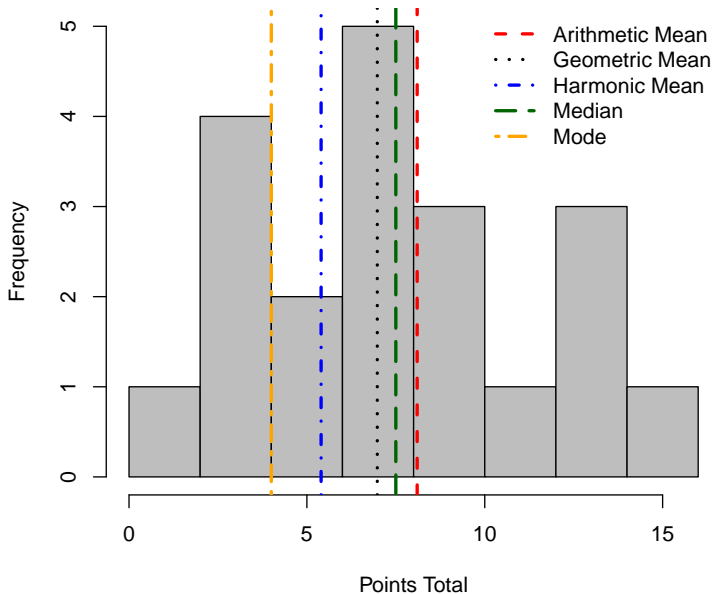
Modes: Continuous X



Means, Medians, Modes, and Skewness



Central Tendencies: Premier League Data



Variation

Range and Percentiles

Range:

$$\text{Range}(X) = \max(X) - \min(X)$$

The ***k*th percentile** is the value of the variable below which *k* percent of the observations fall.

- 50th percentile = \check{X}
- 0th percentile = $\text{minimum}(X)$
- 100th percentile = $\text{maximum}(X)$

More Percentiles

- *Quartiles* = {25th, 50th, 75th percentiles}
- *Interquartile Range* (IQR):

$$\text{IQR}(X) = 75\text{th percentile}(X) - 25\text{th percentile}(X)$$

- *Deciles* = {10th, 20th, 30th, etc. percentiles}

“Mean Deviation”

$$\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X}).$$

$$\begin{aligned} \frac{1}{N} \sum_{i=1}^N (X_i - \bar{X}) &= \frac{1}{N} \left[\left(\sum_{i=1}^N X_i \right) - N\bar{X} \right] \\ &= \frac{1}{N} \left[\sum_{i=1}^N X_i - N \left(\frac{1}{N} \sum_{i=1}^N X_i \right) \right] \\ &= \frac{1}{N} \left(\sum_{i=1}^N X_i - \sum_{i=1}^N X_i \right) = \frac{1}{N}(0) \\ &= 0 \end{aligned}$$

Squared Deviation

Mean squared deviation:

$$\text{MSD} = \frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^2$$

Also known as *mean squared error* (“MSE”) in regression models...

Note that MSD is “average squared difference from the mean”
→ expressed in “squared” units of X ...

A more useful quantity is “root mean squared deviation”:

$$\text{RMSD} = \sqrt{\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^2}$$

An Important Fact

Consider $N = 1$:

Team Points	
Tottenham Hotspur	14

This gives:

$$\bar{X} = \frac{14}{1} = 14 \quad \text{and} \quad RMSD = \sqrt{\frac{(14 - 14)^2}{1}} = 0$$

For $N = 2$:

Team Points	
Tottenham Hotspur	14
Leeds United	8

we get:

$$\bar{X} = \frac{14 + 8}{2} = 11 \quad \text{and} \quad RMSD = \sqrt{\frac{(14 - 11)^2 + (8 - 11)^2}{2}} = 3$$

You cannot learn about more characteristics of data than you have observations.

Variance:

$$\sigma^2 = \frac{1}{N-1} \sum_{i=1}^N (X_i - \bar{X})^2$$

Standard deviation:

$$\sigma = \sqrt{\frac{1}{N-1} \sum_{i=1}^N (X_i - \bar{X})^2}$$

“Geometric” Standard Deviation:

$$\sigma_G = \exp \left[\sqrt{\frac{\sum_{i=1}^N (\ln X_i - \ln \bar{X}_G)^2}{N}} \right]$$

PL Points Data

```
> summary(PL$Points)
```

Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
1.0	5.5	7.5	8.1	10.5	15.0

```
> var(PL$Points)
```

```
[1] 15.35789
```

```
> sd(PL$Points)
```

```
[1] 3.918915
```

Standardizing Variables

Sometimes useful to put variables on a common scale...
("z-scores")...

Typically:

$$Z_i = \frac{X_i - \bar{X}}{\sigma}$$

A standardized variable Z has:

- A mean of zero, and
- A standard deviation (and therefore variance) of 1.0

Standardizing Example

```
> library(psych)
> PLSmall<-PL[,4:10] # subset of variables
> describe(PLSmall,trim=0,skew=FALSE)
```

	vars	n	mean	sd	min	max	range	se
Won	1	20	2.10	1.45	0	5	5	0.32
Drew	2	20	1.80	1.20	0	4	4	0.27
Lost	3	20	2.10	1.37	0	5	5	0.31
GoalsFor	4	20	8.75	4.59	3	20	17	1.03
GoalsAgainst	5	20	8.75	3.67	4	18	14	0.82
GoalDifference	6	20	0.00	6.69	-13	14	27	1.50
Points	7	20	8.10	3.92	1	15	14	0.88

```
> PL.Z<-scale(PLSmall) # standardize
> describe(PL.Z,trim=0,skew=FALSE)
```

	vars	n	mean	sd	min	max	range	se
Won	1	20	0	1	-1.45	2.00	3.45	0.22
Drew	2	20	0	1	-1.50	1.84	3.34	0.22
Lost	3	20	0	1	-1.53	2.11	3.64	0.22
GoalsFor	4	20	0	1	-1.25	2.45	3.71	0.22
GoalsAgainst	5	20	0	1	-1.29	2.52	3.82	0.22
GoalDifference	6	20	0	1	-1.94	2.09	4.04	0.22
Points	7	20	0	1	-1.81	1.76	3.57	0.22

Absolute Deviations and MAD

Median Absolute Deviation (“MAD”):

$$\text{MAD} = \text{median}[|X_i - \check{X}|]$$

Mean Absolute Deviation:

$$\text{Mean Absolute Deviation} = \frac{1}{N} \sum_{i=1}^N |X_i - \bar{X}|$$

Moments

Moments are functions of distributions that characterize their shape...

For a random variable X , the k th *raw moment* is:

$$m_k = \begin{cases} \sum f(X) \Pr(X) & \text{if } X \text{ is discrete} \\ \int f(X) \Pr(X) dX & \text{if } X \text{ is continuous.} \end{cases}$$

The k th *central moment* is:

$$M_k = \begin{cases} E[(X - \mu)^k] & \text{for discrete } X \\ \int_{-\infty}^{+\infty} (X - \mu)^k f(X) dX & \text{for continuous } X \end{cases}$$

A distribution for X can be completely characterized by its non-zero moments...

Why Might We Care?

The first (raw) moment of a variable is the mean:[†]

$$\mu = E(X)$$

The second (central) moment of a variable is its variance:

$$\sigma^2 = E[(X - \mu)^2]$$

[†]The first central moment is zero (why?)...

Third central moment:

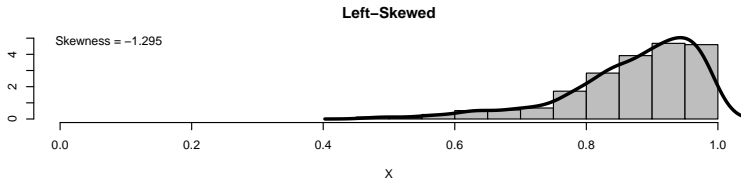
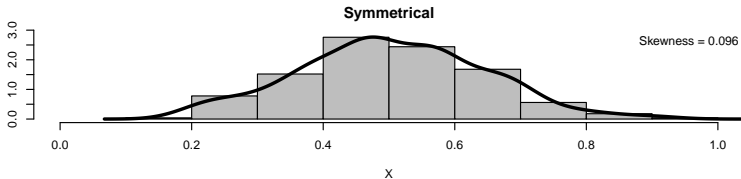
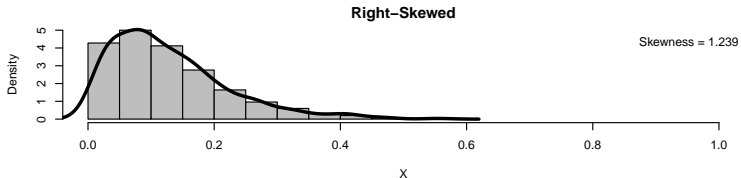
$$M_3 = E[(X - \mu)^3]$$

More typically, we use the third *standardized moment* (usually called *skewness*):

$$\begin{aligned}\mu_3 &= \frac{M_3^2}{\sigma^3} \\ &= \frac{\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^3}{\left[\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^2 \right]^{3/2}}\end{aligned}$$

- Skewness = 0 \rightarrow symmetrical
- Skewness $> 0 \rightarrow$ “positive” (tail to the right)
- Skewness $< 0 \rightarrow$ “negative” (tail to the left)

Skewness Illustrated



If a distribution is *symmetrical*, then:

- $\mu_3 = 0$
- $\check{X} = (Q_{25} + Q_{75})/2,$
- $\text{MAD} = \frac{\text{IQR}}{2}$

Note that:

- Both discrete and continuous variables can be symmetrical or asymmetrical;
- Every distribution with *no mode* is symmetrical, but
- Unimodal, bimodal, etc. distributions can be symmetrical or asymmetrical.

Fourth moment:

$$M_4 = E[(X - \mu)^4]$$

More typically, *kurtosis* (“excess kurtosis”):

$$\begin{aligned}\mu_4 &= \frac{M_4}{\sigma^4} - 3 \\ &= \frac{\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^4}{\left[\frac{1}{N} \sum_{i=1}^N (X_i - \bar{X})^2 \right]^2} - 3\end{aligned}$$

Note that:

$$\frac{M_4}{\sigma^4} \geq \left(\frac{M_3}{\sigma^3} \right)^2 + 1$$

Kurtosis Intuition

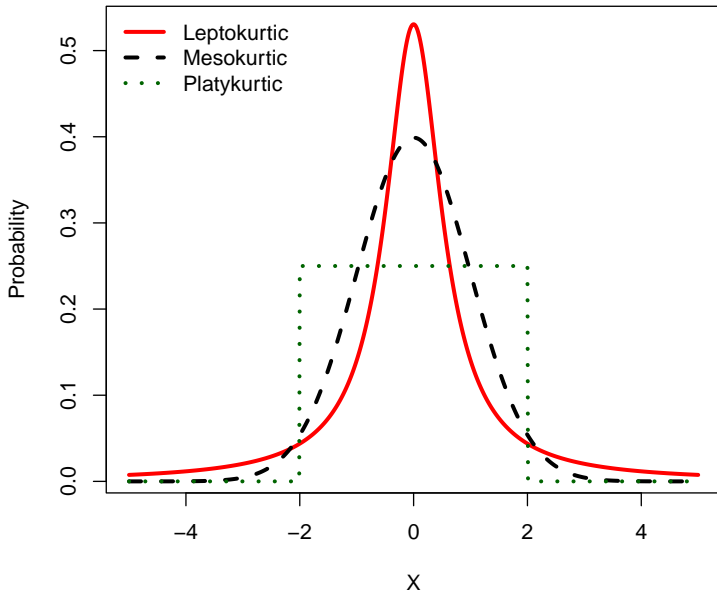
Kurtosis is “the average of the standardized X raised to the fourth power (minus three).”

- Values of standardized variables within one σ of \bar{X} have $|X| \leq 1$
- Taking X^4 when $|X| \leq 1$ gives values very close to 0
- \rightarrow only those values on the “tail” of the distribution contribute significantly to kurtosis

Kurtosis Explained

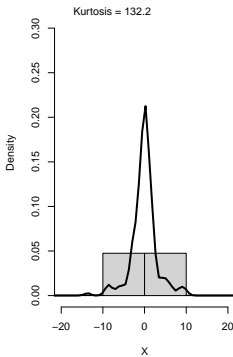
- “Fat-tailed” = *leptokurtic*: μ_4 is positive.
- “Medium-tailed” = *mesokurtic*: μ_4 is close to zero.
- “Thin-tailed” = *platykurtic*: μ_4 is negative.

Kurtosis Illustrated

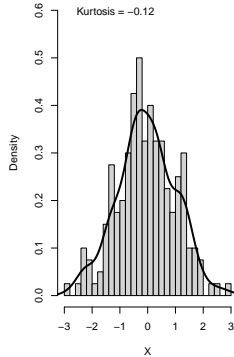


Kurtosis Examples

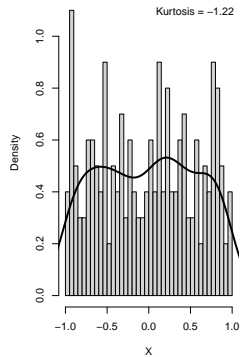
Leptokurtic



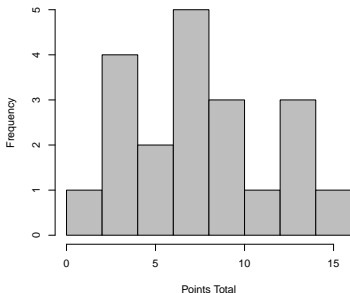
Mesokurtic



Platykurtic



PL Points Data



```
> library(moments)
```

```
> skewness(PL$Points)
```

```
[1] 0.2408431
```

```
> kurtosis(PL$Points)-3
```

```
[1] -0.8326687
```

Binary Variables

For a Bernoulli (binary) variable D :

- $\text{mode}(D) = \check{D}$ (why?)
- The mean of D is:

$$\begin{aligned}\bar{D} &= \frac{1}{N} \sum D_i \\ &= \pi \quad [\equiv \Pr(D = 1)]\end{aligned}$$

- The variance is:

$$\sigma_D^2 = \pi \times (1 - \pi)$$

- and so the standard deviation is:

$$\sigma_D = \sqrt{\pi \times (1 - \pi)}$$

Implies:

- $\sigma_D > \sigma_D^2$
- $\max(\sigma_D^2) \leftrightarrow \pi = 0.5$

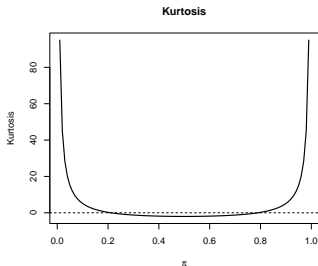
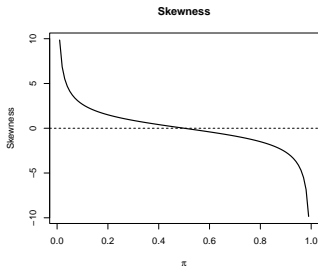
Binary Variables (continued)

For a binary variable, skewness is:

$$\mu_3 = \frac{1 - 2\pi}{\sqrt{\pi(1 - \pi)}}$$

and the (excess) kurtosis is:

$$\mu_4 = \frac{1 - 6\pi(1 - \pi)}{\pi(1 - \pi)}$$



Getting Summary Statistics

Good: summary

```
> summary(PLSmall)
```

Won	Drew	Lost	GoalsFor	GoalsAgainst
Min. :0.00	Min. :0.0	Min. :0.0	Min. : 3.00	Min. : 4.00
1st Qu.:1.00	1st Qu.:1.0	1st Qu.:1.0	1st Qu.: 5.00	1st Qu.: 6.00
Median :2.00	Median :1.5	Median :2.0	Median : 8.00	Median : 8.50
Mean :2.10	Mean :1.8	Mean :2.1	Mean : 8.75	Mean : 8.75
3rd Qu.:3.25	3rd Qu.:3.0	3rd Qu.:3.0	3rd Qu.:11.25	3rd Qu.:10.00
Max. :5.00	Max. :4.0	Max. :5.0	Max. :20.00	Max. :18.00
GoalDifference	Points			
Min. : -13.0	Min. : 1.0			
1st Qu.: -3.5	1st Qu.: 5.5			
Median : -0.5	Median : 7.5			
Mean : 0.0	Mean : 8.1			
3rd Qu.: 6.0	3rd Qu.:10.5			
Max. : 14.0	Max. :15.0			

Better: describe (in psych)

```
> describe(PLSmall)
```

	vars	n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
Won	1	20	2.10	1.45	2.0	2.06	1.48	0	5	5	0.43	-1.05	0.32
Drew	2	20	1.80	1.20	1.5	1.75	0.74	0	4	4	0.36	-1.06	0.27
Lost	3	20	2.10	1.37	2.0	2.06	1.48	0	5	5	0.41	-0.78	0.31
GoalsFor	4	20	8.75	4.59	8.0	8.38	4.45	3	20	17	0.72	-0.33	1.03
GoalsAgainst	5	20	8.75	3.67	8.5	8.25	2.97	4	18	14	1.03	0.31	0.82
GoalDifference	6	20	0.00	6.69	-0.5	0.00	6.67	-13	14	27	0.10	-0.59	1.50
Points	7	20	8.10	3.92	7.5	8.00	4.45	1	15	14	0.22	-1.04	0.88

Reporting Summary Statistics

```
> stargazer(PLSmall,title="Summary Statistics")
```

Table: Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Max
Won	20	2.100	1.447	0	5
Drew	20	1.800	1.196	0	4
Lost	20	2.100	1.373	0	5
Goals For	20	8.750	4.587	3	20
Goals Against	20	8.750	3.669	4	18
Goal Difference	20	0.000	6.689	-13	14
Points	20	8.100	3.919	1	15