**Keys:**

1. For each of the following statements, indicate whether it is True/False. If false, explain why.
   1. The sample size of the survey should at least be a fixed percentage of the population size in order to produce representative results.

Answer: **True**, the representation of the survey results should have a sample size. The sample size must be a fixed percentage of the total population size of the survey.

* 1. The sampling frame is a list of every item that appears in a survey sample, including those that did not respond to questions.

Answer: **False**, the sampling frame refers to a list of an item that responds to the question and not the ones which do not respond to the questions.

* 1. Larger surveys convey a more accurate impression of the population than smaller surveys.

Answer: **True**, More the size of the sample, it captures maximum patterns that helps to build an accurate model.

1. *PC Magazine* asked all of its readers to participate in a survey of their satisfaction with different brands of electronics. In the 2004 survey, which was included in an issue of the magazine that year, more than 9000 readers rated the products on a scale from 1 to 10. The magazine reported that the average rating assigned by 225 readers to a Kodak compact digital camera was 7.5. For this product, identify the following:
2. The population –**9000**
3. The parameter of interest – **Rating of Kodak camera from 1 to 10**
4. The sampling frame **- 9000**
5. The sample size – is **225**
6. The sampling design – **Convenience sampling. Convenience sampling is a type of non-probability sampling in which people are sampled simply because they are "convenient" sources of data for researchers.**
7. Any potential sources of bias or other problems with the survey or sample.

**It is possible that the people who are particularly pleased or displeased with the product only participated in the survey, so that makes it biased.**

1. Suppose we want to estimate the average weight of an adult male in Mexico. We draw a random sample of 2,000 men from a population of 3,000,000 men and weigh them. We find that the average person in our sample weighs 200 pounds, and the standard deviation of the sample is 30 pounds. Calculate 94%, 98%, and 96% confidence intervals?

**Answer: CI = X̅ ± Z\*( ),**

**Where CI is the confidence interval; X̅ is the sample mean, z\* represents the appropriate z\*-value from the standard normal distribution for your desired confidence level, is the standard deviation and n is the sample size.**

**From Z table, the value of Z\* is:**

**CL=94% => 1.88**

**CL=98% => 2.05**

**CL=96% => 2.33**

**Here X̅ = 200, Z\* is given above, = 30, n=2000**

**Using the above Formula we find that:**

**CI (94%) = range(198.739, 201.261) pounds**

**CI (96%) = range(198.622, 201.377) pounds**

**CI (98%) = range(198.439, 201.561) pounds**

1. What are the chances that

*X* **?

1. ¼
2. ½
3. ¾
4. 1

**The chances of X̅>µ cannot be greater than 50%, so the probability will be at max ½.**

1. A book publisher monitors the size of shipments of its textbooks to university bookstores. For a sample of texts used at various schools, the 95% confidence interval for the size of the shipment was 250 ± 45 books. Which, if any, of the following interpretations of this interval are correct?
2. All shipments are between 205 and 295 books. **Incorrect** it is true only for 95 % of the total shipment.
3. 95% of shipments are between 205 and 295 books. - **Correct**
4. The procedure that produced this interval generates ranges that hold the population mean for 95% of samples. - **Correct**
5. If we get another sample, then we can be 95% sure that the mean of this second sample is between 205 and 295. - **Correct**
6. We can be 95% confident that the range 160 to 340 holds the population means. **Incorrect** as we have already known that a 95% confidence interval is between 205 to 295 books.
7. Which is shorter: a 95% *z*-interval or a 95% *t*-interval for *μ* if we know that σ=s?
8. **The z-interval is shorter**
9. The t-interval is shorter
10. Both are equal
11. We cannot say

95 % confidence interval for the mean is shorter for z-interval because t-critical is greater than the z-critical value. Yes, the z-interval is always shorter because the t-critical value cannot be smaller than the z-critical value.

Questions 7 and 8 are based on the following: To prepare a report on the economy, analysts need to estimate the percentage of businesses that plan to hire additional employees in the next 60 days.

1. How many randomly selected employers (minimum number) must we contact to guarantee a margin of error of no more than 4% (at 95%confidence)?

**A. 600**

B. 400

C. 550

D. 1000

n = ()2 \*p̅ \*(1-p̅), where n is sample size Z\* is Z value, M is margin of error and p̅ is the estimated value of proportion. As it is not given we take it as 0.50.

For 95% confidence, we have Z\*=1.96

Using the above formula we get n = 600.25.

1. Suppose we want the above margin of error to be based on a 98% confidence level. What sample size (minimum) must we now use?

A.1000

B. 757

**C. 848**

D. 543

For 98% confidence we have Z\*=2.33

Using the above formula we get n = 848.27.

1. Examine the following normal Quantile plots carefully. Which of these plots indicates that the data:
2. Are nearly normal?
3. Have a bimodal distribution? (One way to recognize a bimodal shape is a “gap” in the

spacing of adjacent data values.)

1. Are skewed (i.e. not symmetric)?
2. Have outliers on both sides of the center?



**Answer – C is nearly Normal**

**D is Bimodal Distribution**

**A is Skewed**

**B is Outliers on both sides of the center**

1. For each of the following statements, indicate whether it is True/False. If false, explain why.

The manager of a warehouse monitors the volume of shipments made by the delivery team. The automated tracking system tracks every package as it moves through the facility. A sample of 25 packages is selected and weighed every day. Based on current contracts with customers, the weights should have μ = 22 lbs. and σ = 5 lbs.

1. Before using a normal model for the sampling distribution of the average package weights, the manager must confirm that weights of individual packages are normally distributed.

The statement is **FALSE** because the individual values do not need to be normally distributed as long as the sample size condition is satisfied

1. The standard error of the daily average SE(𝑥̅) =1

**True**

The standard error of the mean is given by the formula SE(X) =σ/√n. For this example, this value is equal to  
​SE(X​)=5/25=1.

1. An educational startup that helps MBA aspirants write their essays is targeting individuals who have taken GMAT in 2012 and have expressed interest in applying to FT top 20 b-schools. There are 40000 such individuals with an average GMAT score of 720 and a standard deviation of 120. The scores are distributed between 650 and 790 with a very long and thin tail towards the higher end resulting in substantial skewness. Which of the following is likely to be true for randomly chosen samples of aspirants?
2. The standard deviations of the scores within any sample will be 120.
3. The standard deviations of the mean of across several samples will be 120.
4. The mean score in any sample will be 720.
5. The averages of the mean across several samples will be 720.
6. **The standard deviation of the mean across several samples will be 0.60**

**The Standard deviation of mean is sd/sqrt(n)=120/sqrt(40000)=0.6**