

Advanced Statistical Methods and Optimization

Applied AI for Digital Production Management

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Deggendorf Institute of Technology

Advanced Statistical Methods and Optimzation

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To those who came before

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Preface

This is the script for the lecture “Advanced Statistical Methods and Optimization” at the DIT/Campus Cham. I do realize, that this body of knowledge has been repeated over and over, but have decided to do my own nonetheless so I can add my own flavor to the realms of statistics. This work is heavily inspired by (Wickham and Grolemund 2016). Please note that this material is copyrighted, you are not allowed to copy, at least ask for permission - you are likely to get it.

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Tim Weber, Oct. 2024

Glossary

List Of Acronyms

ANOVA Analysis of Variance

CDF Cumulative Density Function

CI Confidence Interval

CLT Central Limit Theorem

H0 Null-Hypothesis

Ha alternative Hypothesis

IQR Interquartile Range

LLN Law of Large Numbers

ME Margin of Error

PDF Probability Density Function

PMF Probability Mass Function

PI Parameter of Interest

QC Quality Control

SE Standard Error

Z Standard Score / Z-Score

cl confidence level

dof degree of freedom

wrt with respect to

Glossary

Symbol Abbreviations

Greek

α : significance level
 ϵ : residuals
 $\varphi(x)$: probability density function

β : false negative risk, β -risk
 μ_0, μ : the true mean of a population
 $\phi(x)$: cumulative probability density function or cumulative distribution function

Latin

C_g : potential Measurement System Capability Index
 C_p : potential process capability
 $\mathbb{E}[X]$: expected value of random variable X
 n : number of data points/observations in the sample
 MSE : mean squared error
 r : range of values
 $r^2_{adjusted}$: adjusted Coefficient of determination
 SSE : Sum of squared errors as calculated by

C_{gk} : Measurement Capability Index with systematic error
 C_{pk} : actual process capability including centering
 k : number of predictors in a model
 N : number of datapoints/observations in the population
 P : Probabilities
 r^2 : Coefficient of determination
 sd : the standard deviation of a dataset
Var: Variance

1 Basic Concepts

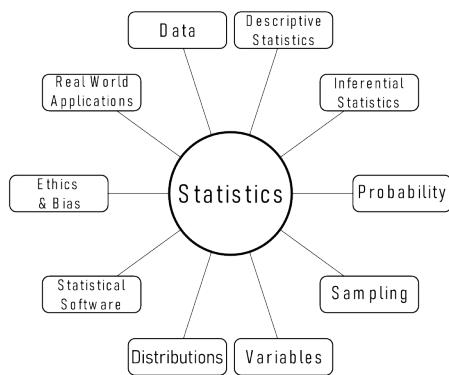


Figure 1.1: The necessary statistical ingredients.

Statistics is a fundamental field that plays a crucial role in various disciplines, from science and economics to social sciences and beyond. It's the science of collecting, organizing, analyzing, interpreting, and presenting data. In this introductory overview, we'll explore some key concepts and ideas that form the foundation of statistics:

1. **Data:** At the heart of statistics is data. Data can be anything from numbers and measurements to observations and information collected from experiments, surveys, or observations. In statistical analysis, we work with two main types of data: quantitative (numerical) and qualitative (categorical).
2. **Descriptive Statistics:** Descriptive statistics involve methods for summarizing and organizing data. These methods help us understand the basic characteristics of data, such as measures of central tendency (mean, median, mode) and measures of variability (range, variance, standard deviation).
3. **Inferential Statistics:** Inferential statistics is about making predictions, inferences, or decisions about a population based on a sample of data. This involves hypothesis testing, confidence intervals, and regression analysis, among other techniques.
4. **Probability:** Probability theory is the foundation of statistics. It deals with uncertainty and randomness. We use probability to describe the likelihood of events occurring in various situations, which is essential for making statistical inferences.

1 Basic Concepts

5. **Sampling:** In most cases, it's impractical to collect data from an entire population. Instead, we often work with samples, which are smaller subsets of the population. The process of selecting and analyzing samples is a critical aspect of statistical analysis.
6. **Variables:** Variables are characteristics or attributes that can vary from one individual or item to another. They can be categorized as dependent (response) or independent (predictor) variables, depending on their role in a statistical analysis.
7. **Distributions:** A probability distribution describes the possible values of a variable and their associated probabilities. Common distributions include the normal distribution, binomial distribution, and Poisson distribution, among others.
8. **Statistical Software:** In the modern era, statistical analysis is often conducted using specialized software packages like R, Python (with libraries like NumPy and Pandas), SPSS, or Excel. These tools facilitate data manipulation, visualization, and complex statistical calculations.
9. **Ethics and Bias:** It's essential to consider ethical principles in statistical analysis, including issues related to data privacy, confidentiality, and the potential for bias in data collection and interpretation.
10. **Real-World Applications:** Statistics has a wide range of applications, from medical research to marketing, finance, and social sciences. It helps us make informed decisions and draw meaningful insights from data in various fields.

1.1 Probability

1.1.1 Overview

Probability theory is a fundamental concept in the field of statistics, serving as the foundation upon which many statistical methods and models are built.

1.1.2 What is Probability?

Probability is a mathematical concept that quantifies the uncertainty or randomness of events. It provides a way to measure the likelihood of different outcomes occurring in a given situation. In essence, probability is a numerical representation of our uncertainty.

1.1.3 Basic Probability Terminology

- **Experiment:** An experiment is any process or procedure that results in an outcome. For example, rolling a fair six-sided die is an experiment.
- **Outcome:** An outcome is a possible result of an experiment. When rolling a die, the outcomes are the numbers 1 through 6.
- **Sample Space (S):** The sample space is the set of all possible outcomes of an experiment. For a fair six-sided die, the sample space is $\{1, 2, 3, 4, 5, 6\}$.
- **Event (E):** An event is a specific subset of the sample space. It represents a particular set of outcomes that we are interested in. For instance, “rolling an even number” is an event for a six-sided die, which includes outcomes $\{2, 4, 6\}$.

1.1.4 Probability Notation

In probability theory, we use notation to represent various concepts:

- **P(E):** Probability of event E occurring.
- **P(A and B):** Probability of both events A and B occurring.
- **P(A or B):** Probability of either event A or event B occurring.
- **P(E'): Complement of E:** Probability of the complement of event E, which is the probability of E not occurring.

1.1.5 The Fundamental Principles of Probability

There are two fundamental principles of probability:

- **The Addition Rule:** It states that the probability of either event A or event B occurring is given by the sum of their individual probabilities, provided that the events are mutually exclusive (i.e., they cannot both occur simultaneously).

$$P(A \text{ or } B) = P(A) + P(B) \quad (1.1)$$

- **The Multiplication Rule:** It states that the probability of both event A and event B occurring is the product of their individual probabilities, provided that the events are independent (i.e., the occurrence of one event does not affect the occurrence of the other).

$$P(A \text{ and } B) = P(A) * P(B) \quad (1.2)$$

1 Basic Concepts

1.1.6 Example: Rolling a Fair Six-Sided Die

Consider rolling a fair six-sided die.

- Sample Space (S): $\{1, 2, 3, 4, 5, 6\}$ (Figure 1.2)
- Event A: Rolling an even number = $\{2, 4, 6\}$ (Figure 1.2)
- Event B: Rolling a number greater than 3 = $\{4, 5, 6\}$ (Figure 1.2)

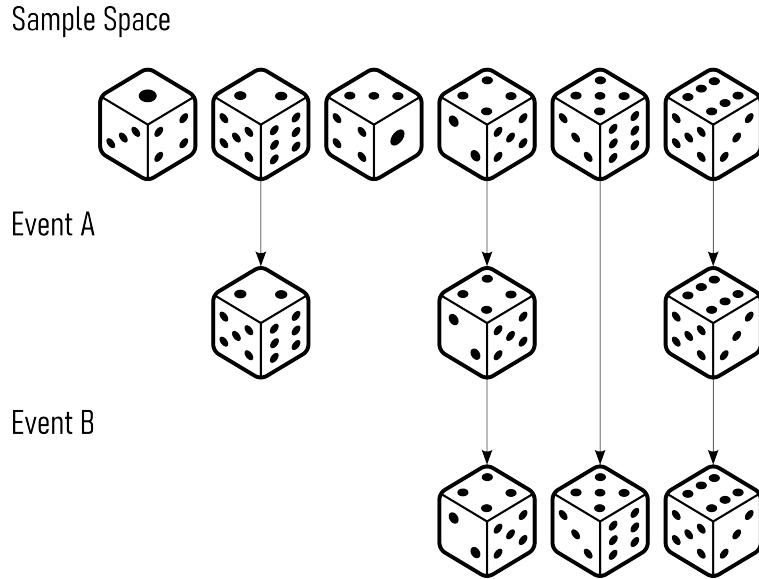


Figure 1.2: This example's sample space, as well as event A and event B.

1.1.7 Probability in action - The Galton Board

A Galton board, also known as a bean machine or a quincunx, is a mechanical device that demonstrates the principles of probability and the normal distribution. It was invented by Sir Francis Galton¹ in the late 19th century. The Galton board consists of a vertical board with a series of pegs or nails arranged in triangular or hexagonal patterns.

A Galton board, also known as a bean machine or a quincunx, is a mechanical device that demonstrates the principles of probability and the normal distribution. It was invented by Sir Francis Galton in the late 19th century. The Galton board consists of a vertical board with a series of pegs or nails arranged in triangular or hexagonal patterns.

1. **Initial Release:** At the top of the Galton board, a ball or particle is released. This ball can take one of two paths at each peg, either to the left or to the right.

¹Sir Francis Galton (1822-1911): Influential English scientist, notable for his contributions to statistics and genetics.

1.1 Probability

The decision at each peg is determined by chance, such as the flip of a coin or the roll of a die. This represents a random event.

2. **Multiple Trials:** As the ball progresses downward, it encounters several pegs, each of which randomly directs it either left or right. The ball continues to bounce off pegs until it reaches the bottom.
3. **Accumulation:** Over multiple trials or runs of the Galton board, you will notice that the balls accumulate in a pattern at the bottom. This pattern forms a bell-shaped curve, which is the hallmark of a normal distribution.
4. **Normal Distribution:** The accumulation of balls at the bottom resembles the shape of a normal distribution curve. This means that the majority of balls will tend to accumulate in the center, forming the peak of the curve, while fewer balls will accumulate at the extreme left and right sides.

The Galton board is a visual representation of the central limit theorem, a fundamental concept in probability theory. It demonstrates how random events, when repeated many times, tend to follow a normal distribution. This distribution is commonly observed in various natural phenomena and is essential in statistical analysis.

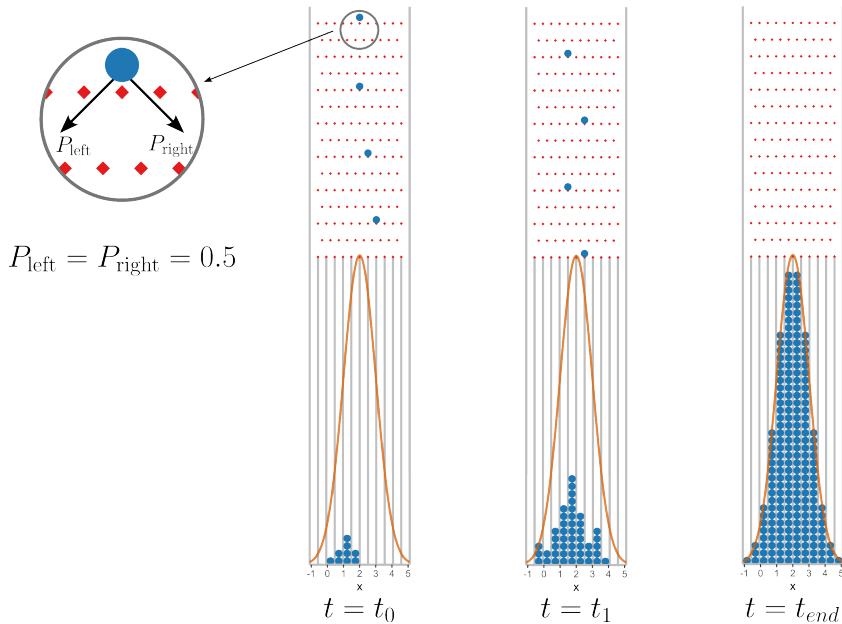


Figure 1.3: A Galton board in action.

1.1.7.1 Statistics and Probability

The Galton board is a nice example how statistics emerge from probability.

1 Basic Concepts

1.1.7.1.1 Define the problem

- The board has n rows of pegs (columns)
- Each ball has an equal probability of moving left or right (assuming no bias)
- The number of rightward moves determines the final position in the bins

1.1.7.1.2 Step 2: Binomial Probability Distribution

Each ball independently moves right (R) or left (L) with a probability of $p = 0.5$.

The number of rightwards moves follows a binomial distribution.

$$P(k) = \binom{n}{k} p^k (1-p)^{n-k} \quad (1.3)$$

n total number of columns (or pegs encountered)

k number of rightward moves

$\binom{n}{k}$ binomial coefficient, given by $\binom{n}{k} = \frac{n!}{k!(n-k)!}$

with $p = 0.5$ this simplifies to

$$P(k) = \binom{n}{k} \left(\frac{1}{2}\right)^n \quad (1.4)$$

1.1.7.1.3 Step 3: Position Mapping

The final position of a ball in a bin corresponds to the number of rightwards moves k . If the bins are indexed from 0 to n (where $k = 0$ means all left moves and $k = n$ means all right moves) the probability of landing in bin k is:

$$P(k) = \frac{n!}{k!(n-k)!} \left(\frac{1}{2}\right)^n \quad (1.5)$$

1.2 Central Limit Theorem (CLT)

The primary reason for the existence of the normal distribution in many real-world datasets is the CLT (Taboga 2017). The CLT states that when you take a large enough number of random samples from any population, the distribution of the sample means

1.2 Central Limit Theorem (CLT)

Central Limit Theorem Demonstration

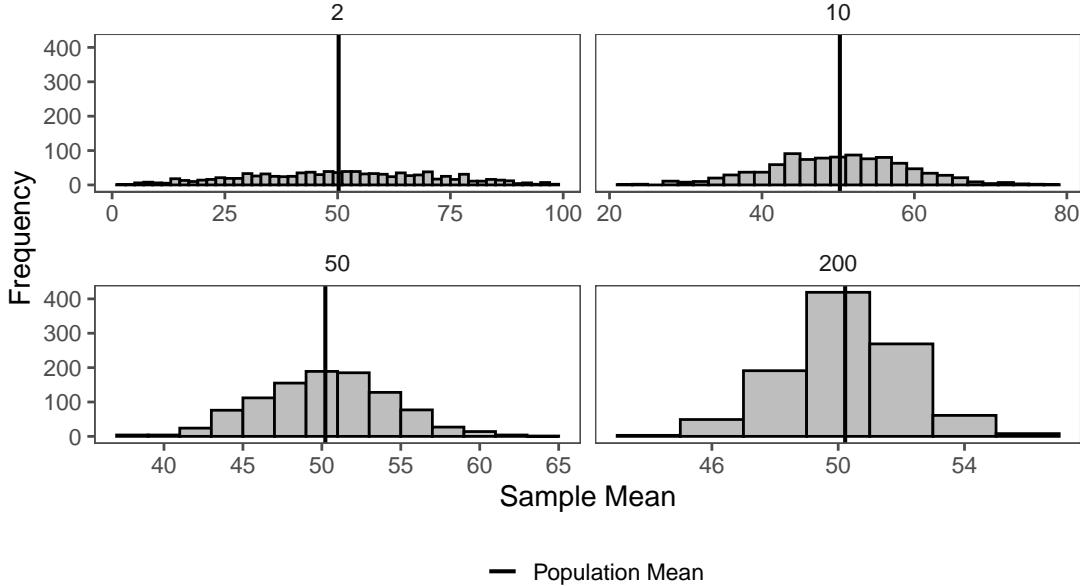


Figure 1.4: The central limit theorem in action.

will tend to follow a normal distribution, even if the original population distribution is not normal. This means that the normal distribution emerges as a statistical consequence of aggregating random data points. This is shown in Figure 1.4.

From $n = 10000$ uniformly distributed data points (the *population*) ($\min = 1, \max = 100$) either 2, 10, 50 or 200 samples are taken randomly (the *samples*). For each of the samples the mean is calculated, resulting in 1000 mean values for each (2, 10, 50 or 200) sample size. In Figure 1.4 the results from this numerical study are shown. The larger the sample size, the closer the mean calculated \bar{x} is to the population mean (μ_0). The effect is especially large on the standard deviation, resulting in a smaller standard deviation the larger the sample size is.

1.3 Law of Large Numbers (LLN)

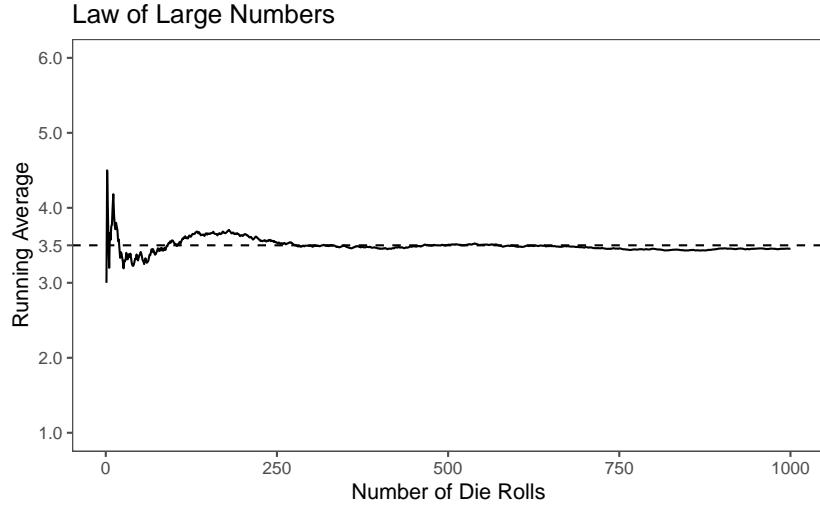


Figure 1.5: The Law of Large Numbers in Action with die rolls as an example.

The CLT states that as the size of a random sample increases, the sample average converges to the population mean. This law, along with the CLT, explains why the normal distribution frequently arises. When you take many small, independent, and identically distributed measurements and compute their averages, these averages tend to cluster around the true population mean, forming a normal distribution Johnson (1994).

The LLN at work is shown in Figure 1.5. A fair six-sided die is rolled 1000 times and the running average of the roll results after each roll is calculated. The resulting line plot shows how the running average approaches the expected value of 3.5, which is the average of all possible outcomes of the die. The line in the plot represents the running average. It fluctuates at the beginning but gradually converges toward the expected value of 3.5. To emphasize this convergence, a dashed line indicating the theoretical expected value which is essentially the expected value applied to each roll. This visualization demonstrates the Law of Large Numbers, which states that as the number of trials or rolls increases, the *sample mean* (running average in this case) approaches the *population mean* (expected value) with greater accuracy, showing the predictability and stability of random processes over a large number of observations.

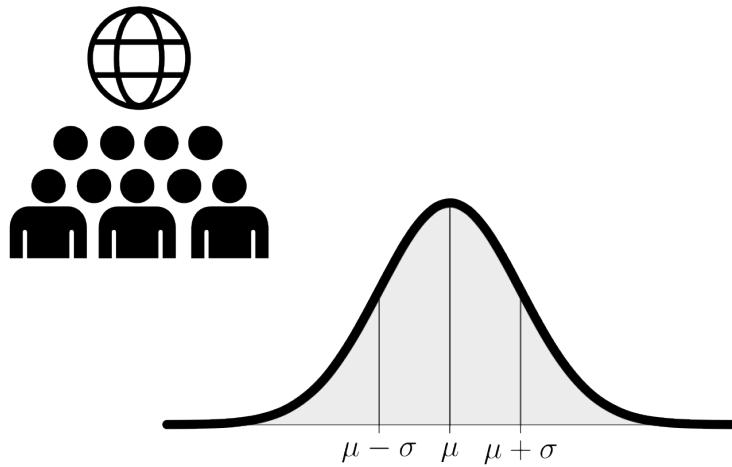


Figure 1.6: An example for a population.

1.4 Population

In statistics, a population is the complete set of individuals, items, or data points that are the subject of a study. Understanding populations and how to work with them is fundamental in statistical analysis, as it forms the basis for making meaningful inferences and drawing conclusions about the broader group being studied. It is the complete collection of all elements that share a common characteristic or feature and is of interest to the researcher. The population can vary widely depending on the research question or problem at hand. A populations *true mean* is depicted with μ_0 and the variance is depicted with σ_0^2 .

1.5 Sample

The key principles behind a sample include its role as a manageable subset of data, which can be chosen randomly or purposefully. Ideally, it should be representative, reflecting the characteristics and diversity of the larger population. Statistical techniques are then applied to this sample to make inferences, estimate population parameters, or test hypotheses. The size of the sample matters, as a larger sample often leads to more precise estimates, but it should be determined based on research goals and available resources. Various sampling methods, such as random sampling, stratified sampling, or cluster sampling, can be employed depending on the research objectives and population characteristics. A samples *true mean* is depicted with \bar{x} and the variance is depicted with sd .

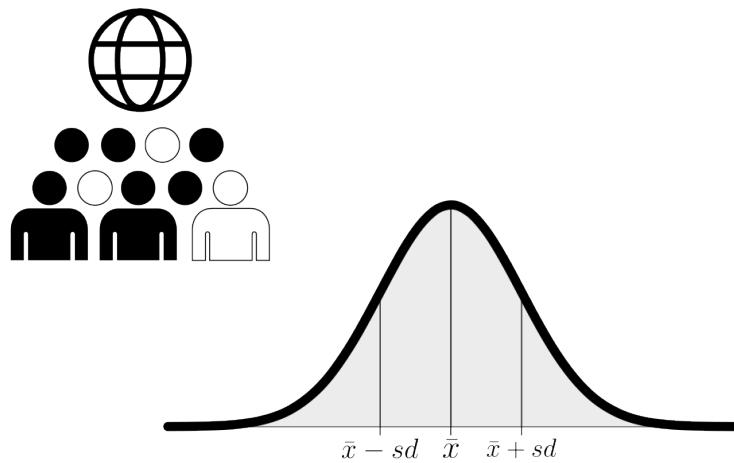


Figure 1.7: A sample drawn from the population.

1.6 Descriptive Statistics

Descriptive statistics are used to summarize and describe the main features of a data set. They provide a way to organize, present, and analyze data in a meaningful and concise manner. Descriptive statistics do not involve making inferences or drawing conclusions beyond the data that is being analyzed. Instead, they aim to provide a clear and accurate representation of the data set. Some common techniques and measures used in descriptive statistics include:

1.6.1 Example Data: The drive shaft exercise

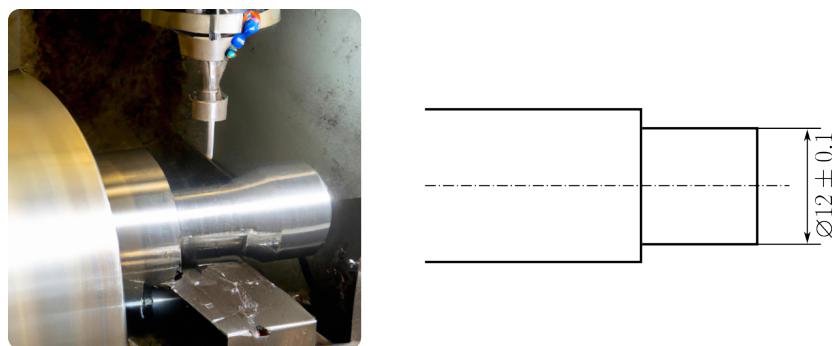


Figure 1.8: The drive shaft specification.

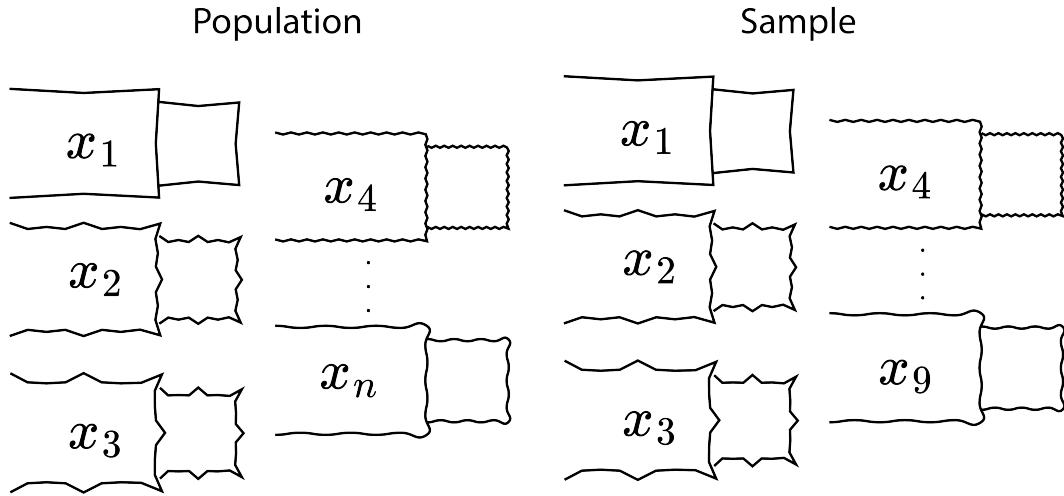


Figure 1.9: Difference between the population of ALL drive shafts and a sample of drive shafts.

1.6.2 Measures of Central Tendency

Measures of central tendency are essential in statistics because they provide a single value that summarizes or represents the center point or typical value of a dataset. The main reasons for using these measures include:

- Simplification of Data: They condense large sets of data into a single representative value, making the data easier to understand and interpret.
- Comparison Across Datasets: They allow for straightforward comparison between different groups or datasets by providing a common reference point.
- Foundation for Further Analysis: Many statistical techniques and models rely on an understanding of central tendency as a starting point, such as in regression analysis or hypothesis testing.
- Decision-Making: In fields such as economics, education, and public policy, central tendency helps inform decisions based on typical outcomes or behaviors (e.g., average income, median test scores).
- Identification of Patterns: They help identify patterns and trends over time, especially in time-series data or longitudinal studies.

1 Basic Concepts

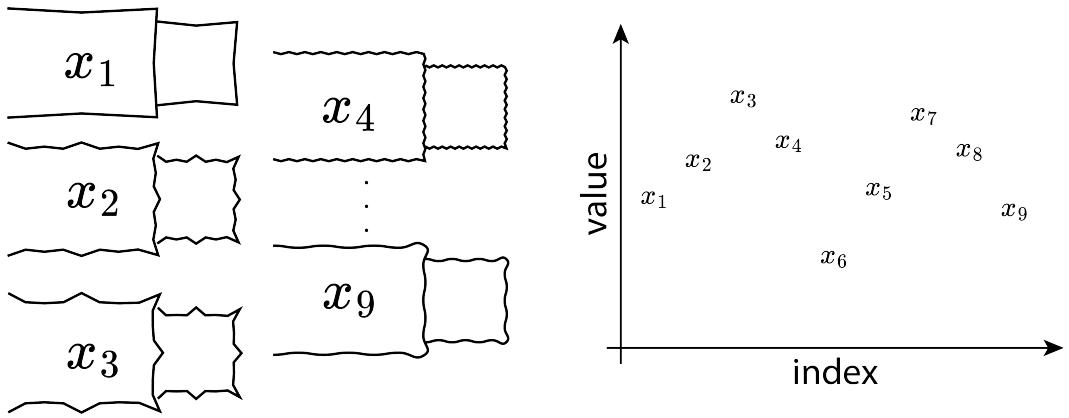


Figure 1.10: Some drive shaft sample data in a 2D plot of sample index vs. variable value

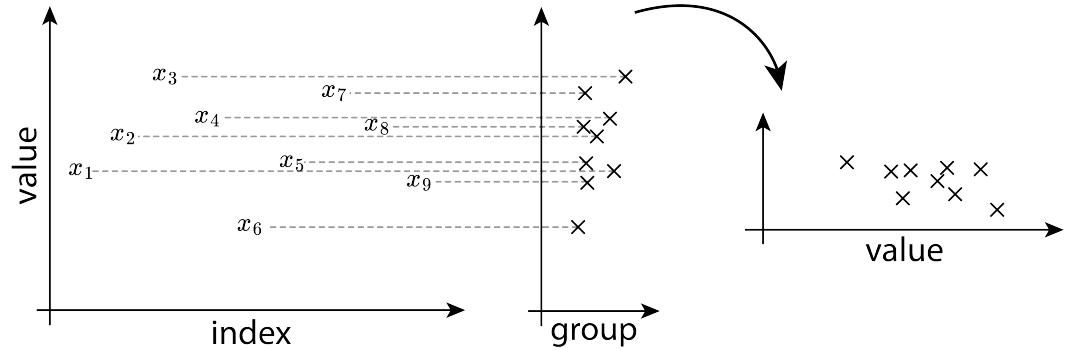


Figure 1.11: Some drive shaft sample data in a 2D plot of sample index vs. variable value

1.6.2.1 Mean

$$\text{discrete: } \mu = \mathbb{E}[X] = \sum_{i=1}^n x_i p_i \quad (1.6)$$

$$\text{continuous: } \mu = \mathbb{E}[X] = \int_{-\infty}^{\infty} x f(x) dx \quad (1.7)$$

$$\text{population: } \mu = \frac{1}{N} \sum_i^N x_i \quad (1.8)$$

$$\text{sample: } \bar{x} = \frac{1}{n} \sum_i^n x_i \quad (1.9)$$

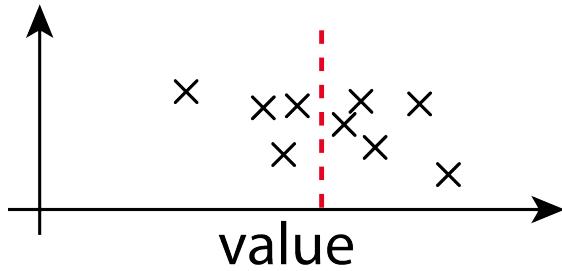


Figure 1.12: A graphical depiction of the mean

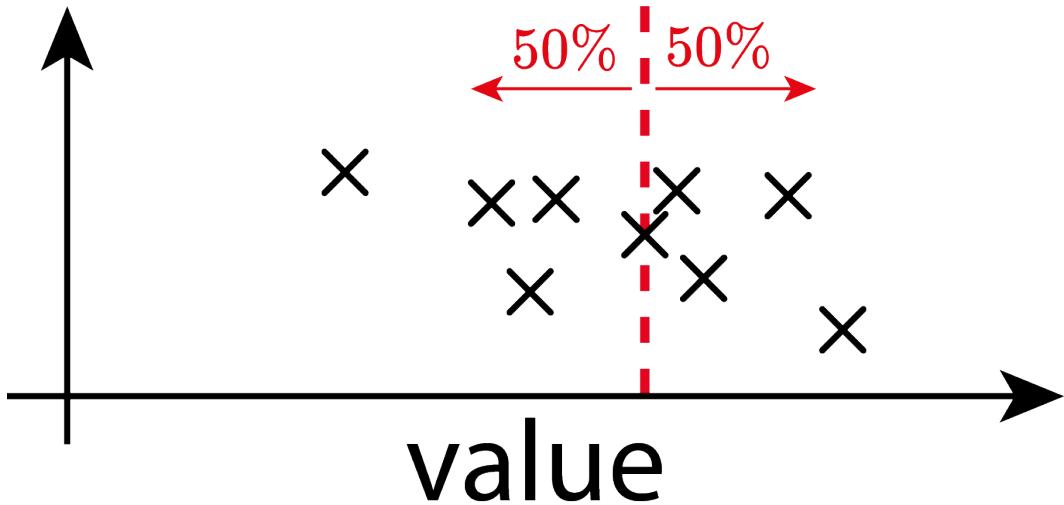


Figure 1.13: A graphical depiction of the median

1.6.2.2 Median

$$\text{population: } m = \begin{cases} x_{\left(\frac{N+1}{2}\right)} & \text{if } N \text{ is odd} \\ \frac{1}{2} \left(x_{\left(\frac{N}{2}\right)} + x_{\left(\frac{N}{2}+1\right)} \right) & \text{if } N \text{ is even} \end{cases} \quad (1.10)$$

$$\text{sample: } \tilde{x} = \begin{cases} x_{\left(\frac{n+1}{2}\right)} & \text{if } n \text{ is odd} \\ \frac{1}{2} \left(x_{\left(\frac{n}{2}\right)} + x_{\left(\frac{n}{2}+1\right)} \right) & \text{if } n \text{ is even} \end{cases} \quad (1.11)$$

1.6.3 Measures of Spread

Measures of spread (also called measures of dispersion or variability) are essential in statistics to provide information about the distribution of data — specifically, how much the data values differ from each other and from the central tendency.

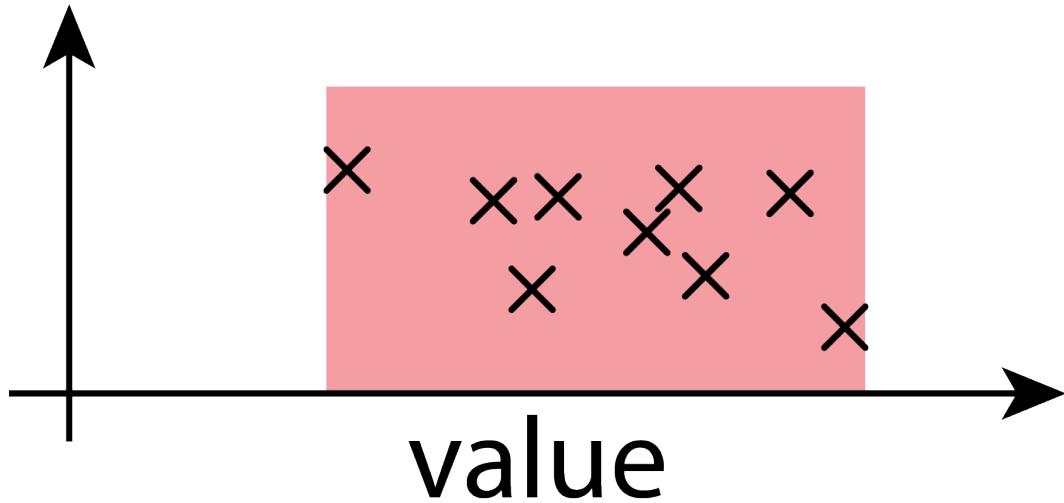


Figure 1.14: Spread, Dispersion, Variance ... many names for measuring variability of data

- Contextualizing Central Tendency: The mean or median alone does not give a complete picture of the data. Two datasets can have the same mean but very different spreads.
- Understanding Data Consistency: Measures of spread indicate how consistent or reliable the data are. A small spread suggests the values are closely clustered around the mean, while a large spread indicates greater variability and less predictability.
- Identifying Outliers: Large measures of spread may indicate the presence of outliers — values that are significantly different from others in the dataset. This can be important in quality control, risk assessment, and anomaly detection.
- Comparing Distributions: Spread allows for meaningful comparison between different datasets.
- Informing Statistical Models: Many statistical methods, such as regression, hypothesis testing, and confidence intervals, rely on measures of spread (like variance or standard deviation) to estimate error, assess significance, or make predictions.

1.6.3.1 Range

$$\text{Range} = x_{\max} - x_{\min} \quad (1.12)$$

There is no difference in computing the range for the population or the sample

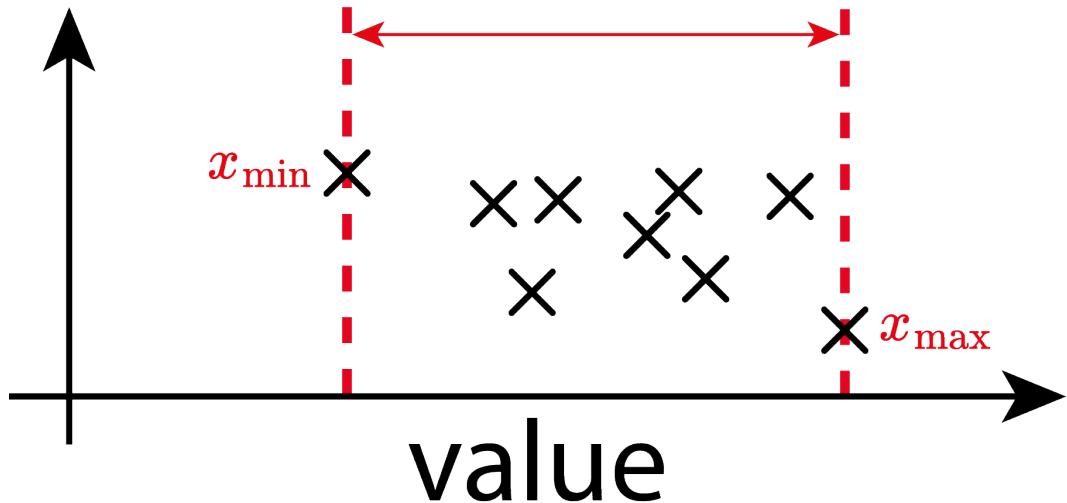


Figure 1.15: A graphical depiction of the range

1.6.3.2 Variance

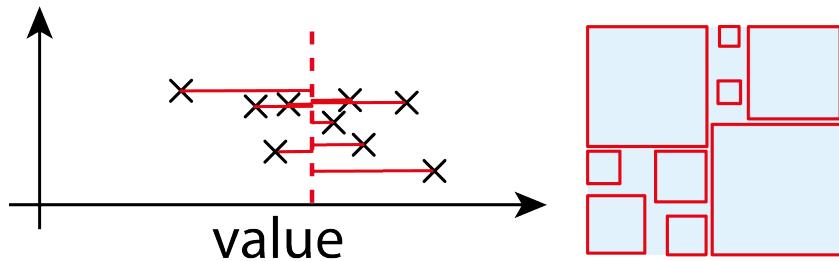


Figure 1.16: A graphical depiction of the variance

For a random variable X with mean $\mu = \mathbb{E}(X)$:

$$\text{Var}(X) = \mathbb{E}[(X - \mu)^2] \quad (1.13)$$

$$\text{Var}(X) = \mathbb{E}[X^2] - (\mathbb{E}[X])^2 \quad (1.14)$$

It is the **expected squared deviation** from the mean.

- Always non-negative.
- Units: square of the units of X

1.6.3.3 Standard Deviation

$$\sigma_0 = \sqrt{\text{Var}} \quad (1.15)$$

$$\text{population: } \sigma = \sqrt{\frac{1}{N} \sum_{i=1}^N (x_i - \mu)^2} \quad (1.16)$$

$$\text{sample: } sd = \sqrt{\frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})^2} \quad (1.17)$$

$$\text{sample: } sd^2 = \frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})^2$$

? ? ?

Figure 1.17: Why do we divide by $n-1$ for the sample variance?

1.6.3.3.1 The Bessel's correction

The variance calculated from a sample has one degree of freedom (dof) less, than the population variance.

Imagine you have 5 candies, and you want to give them to 5 friends — one candy to each. You decide how to give the first candy, then the second, third, and fourth. But when you get to the last candy, you have no choice — you have to give it to the last friend, so everyone gets one.

That's kind of like degrees of freedom in statistics. It means how many things you're free to choose before something has to be a certain way.

So if you're working with 5 numbers, and they all have to add up to a certain total (like a mean), you can choose 4 of them freely, but the last one has to be whatever makes the total come out right. That's why we say there are 4 degrees of freedom — 4 numbers you can choose any way you want.

$$\{2, 4, 6\}$$

- Mean: $\bar{x} = \frac{2+4+6}{3} = 4$

- Deviations: $-2, 0, 2$
- Squared Deviations: $4, 0, 4$
- Sum of squared deviations: 8

with Bessel's correction: $sd^2 = \frac{8}{3-1} = 4$

without Bessel's correction: $sd^2 = \frac{8}{3} \approx 2.67$ (biased, underestimates variance)

When computing the variance from a sample, we need to calculate \bar{x} , which *uses up* one degree of freedom and biases our estimate

1.6.3.3.2 Bessel's correction with increasing sample size

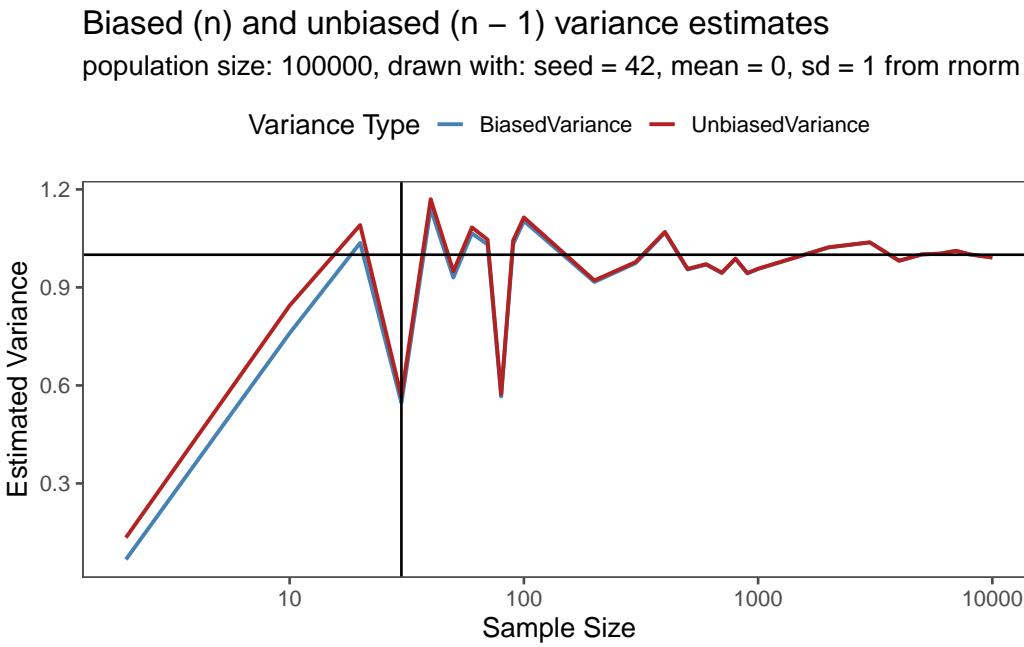


Figure 1.18: The biased (n) variance is not as precise as the unbiased ($n-1$) variance estimate. This effect decreases with increasing sample size.

1.6.3.4 Percentiles, quantiles

- Percentiles: Divide data into 100 equal parts. The p th percentile is the value below which $p\%$ of the observations fall.
- Quantiles: Generalization of percentiles. The q -th quantile is the value below which a fraction q of the data falls. For example:
 - 0.25 quantile: 25th percentile - first quartile (Q1)

1 Basic Concepts

- 0.50 quantile: 50th percentile - median
- 0.75 quantile: 75th percentile - third quartile (Q3)

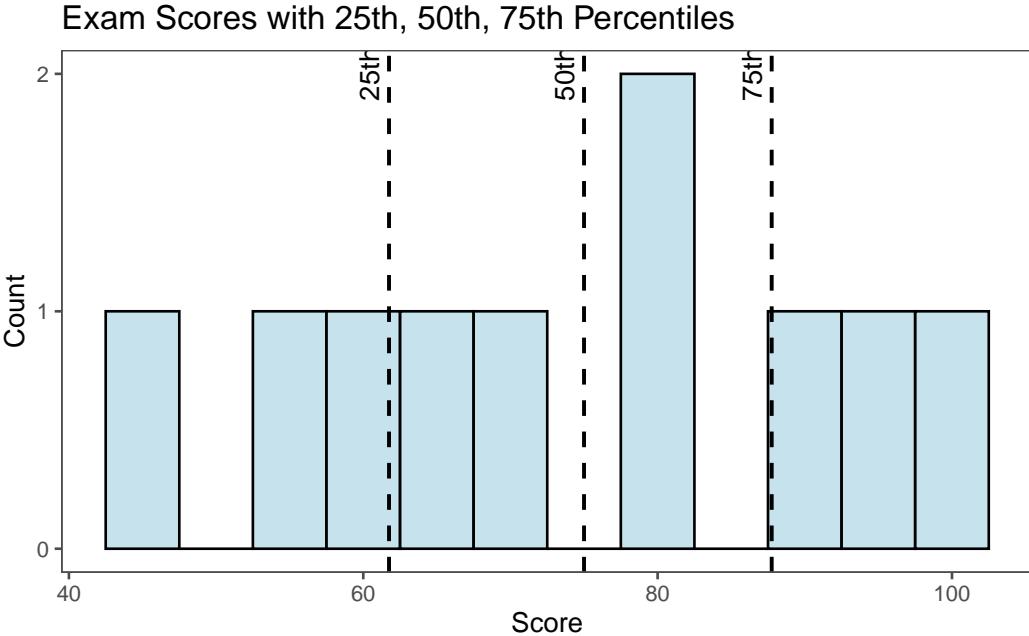


Figure 1.19: A graphical depiction of various percentiles, quantiles

1.6.4 Histogram

An example for descriptive statistics is shown in Figure 1.20 as a histogram. It shows data from a company that produces pharmaceutical syringes, taken from Ramalho (2021). During the production of those syringes, the so called *barrel diameter* is a critical parameter to the function of the syringe and therefore of special interest for the Quality Control.

A histogram as shown in Figure 1.20 shows the data of 150 measurements during the QC. On the **x-axis** the *barrel diameter* is shown, while the count of each *binned* diameter is shown on the **y-axis**. The binning and of data is a crucial parameter for such a plot, because it already changes the appearance and width of the bars. Binning is a trade-off between visibility and readability.

1.6.5 Density plot

Density plots are another way of displaying the statistical distribution of an underlying dataset. The biggest strength of those plots is, that no binning is necessary in order to

A histogram of the syringe data.

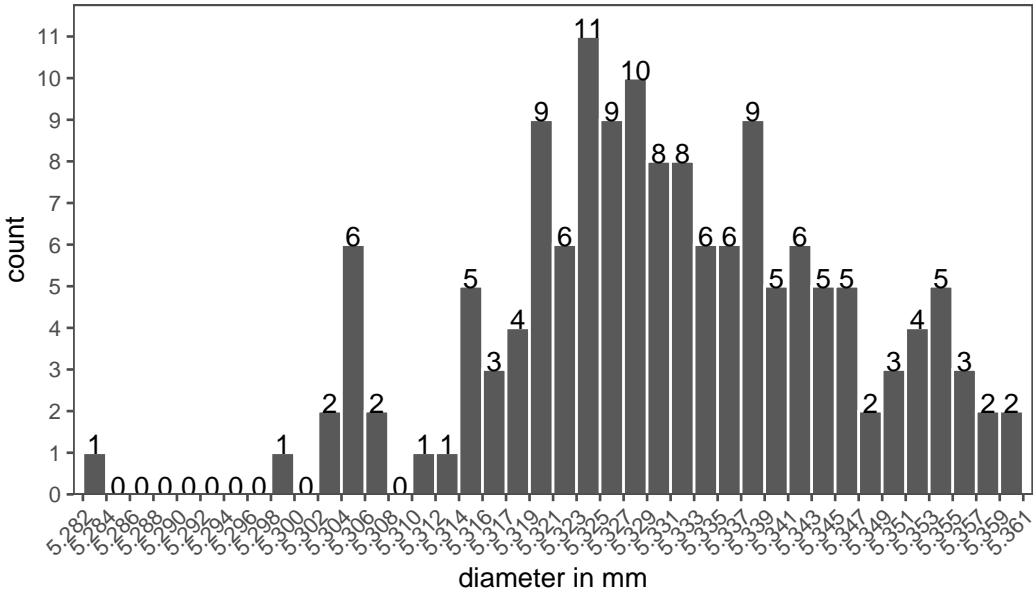


Figure 1.20: An example for descriptive statistics (histogramm)

show the data. The limitation of this kind of plot is the interpretability. An example of a density plot for the syringe data is shown in Figure 1.21. On the **x-axis** the syringe barrel diameter is shown (as in a histogram). The **y-axis** in contrast does not display the count of a binned category, but rather the Probability Density Function (PDF) for the specific diameter. The grey area under the density curve depicts the probability of a syringe diameter to appear in the data. The complete area under the curve equals to 1 meaning that a certain diameter is sure to appear in the data.

1 Basic Concepts

A density plot of the syringe data.

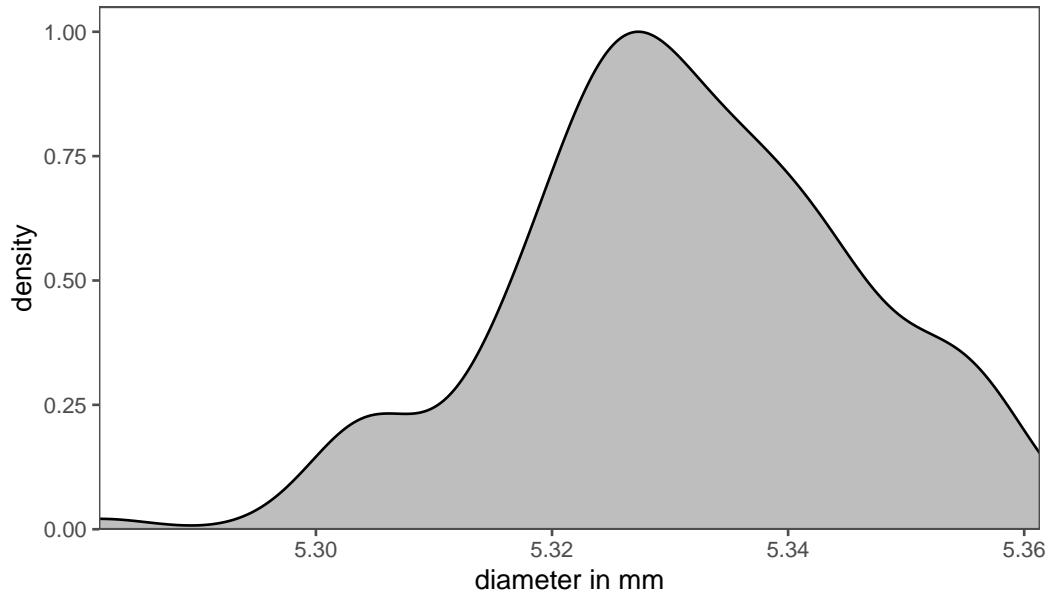


Figure 1.21: An example for a density plot for the syringe data (barrel diameter).

1.6.6 Boxplot

A histogram of the syringe data with an overlayed boxplot.

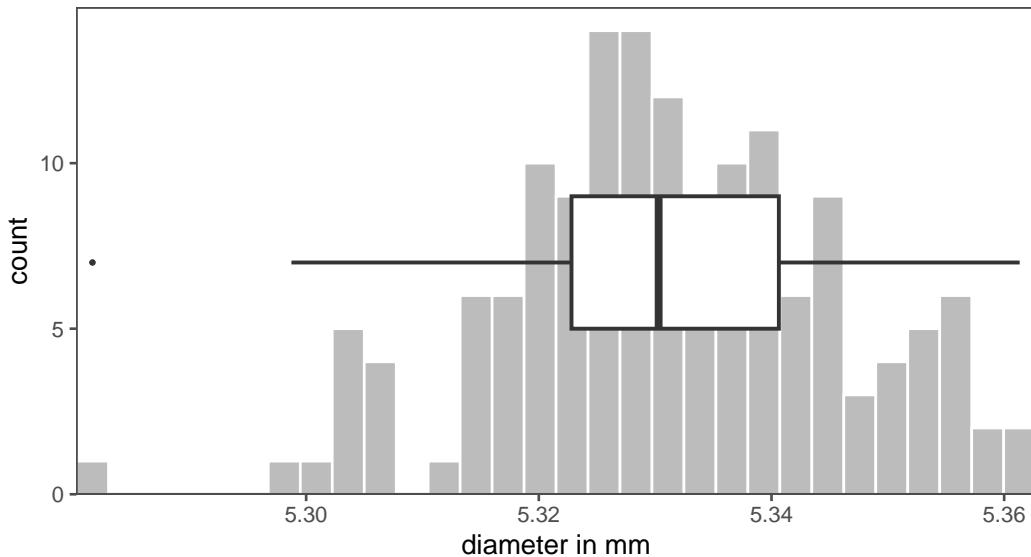


Figure 1.22: A boxplot of the same syringe data combined with the according histogram.

It is very common to include and inspect measures of central tendency in the graphical depiction of data. A **boxplot**, also known as a box-and-whisker plot, is a very common way of doing this. A **boxplot** is a graphical representation of a dataset's distribution. It displays the following key statistics:

1. Median (middle value).
2. Quartiles (25^{th} and 75^{th} percentiles), forming a box.
3. Minimum and maximum values (whiskers).
4. Outliers (data points significantly different from the rest).

The syringe data in boxplot form is shown in Figure 1.22 as an overlay of the histogram plot before. Boxplots are useful for quickly understanding the central tendency, spread, and presence of outliers in a dataset, making them a valuable tool in data analysis and visualization.

1.6.7 Average, Standard deviation and Range

Very popular measures of central tendency include the *average* (mean) and the *standard deviation* (variance) of a dataset. The computed mean from an actual dataset is depicted with \bar{x} and calculated via (1.18).

1 Basic Concepts

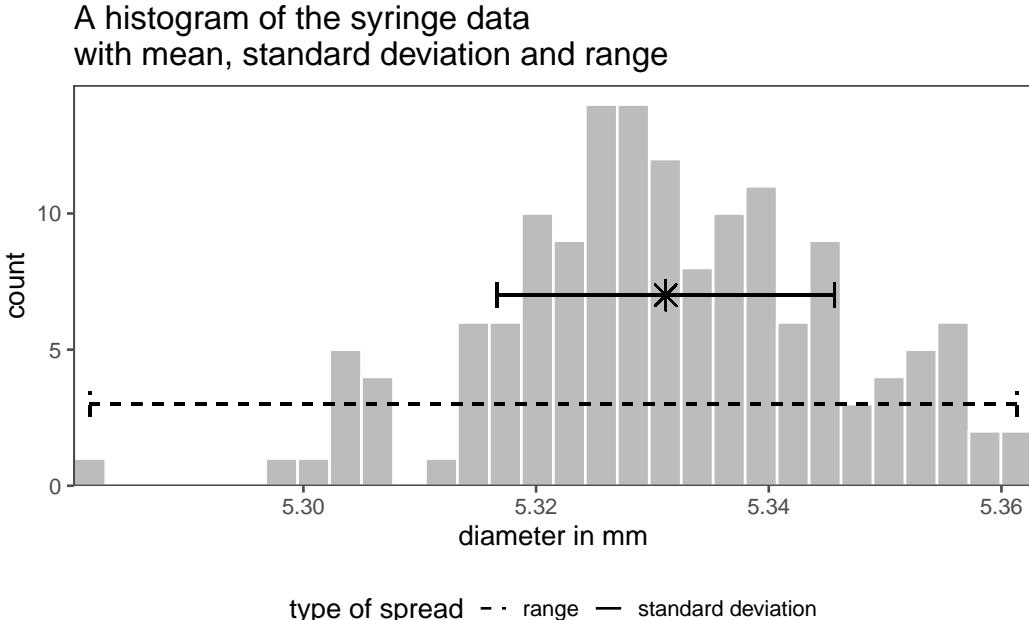


Figure 1.23: A histogram of the syringe data with mean, standard deviation and range.

$$\bar{x} = \frac{1}{n} \sum_{i=1}^n x_i \quad (1.18)$$

With $[n]\{\text{index.qmd}\#\text{n-gloss}\}$ being the number of datapoints and x_i being the datapoints. The *mean* is therefore the sum of all datapoints divided by the total number n of all datapoints. It is not to be confused with the true mean μ_0 of a population.

The computed *standard deviation* from an actual dataset is depicted with $[sd]\{\text{index.qmd}\#\text{sd-gloss}\}$ and calculated via (1.19).

$$sd = \sqrt{\frac{1}{n} \sum_{i=1}^n (x_i - \bar{x})^2} \quad (1.19)$$

The *standard deviation* can therefore be explained as the square root of the sum of all differences of each individual datapoints to the mean of a dataset divided by the number of datapoints. It is not to be confused with the true variance σ_0^2 of a population. The variance of a dataset can be calculated via (1.20).

$$\sigma = sd^2 \quad (1.20)$$

The *range* from an actual dataset is depicted with r and calculated via (1.21).

$$r = \max(x_i) - \min(x_i) \quad (1.21)$$

The *range* can therefore be interpreted as the range from minimum to maximum in a dataset.

1.7 Visualizing Groups

1.7.1 Boxplots

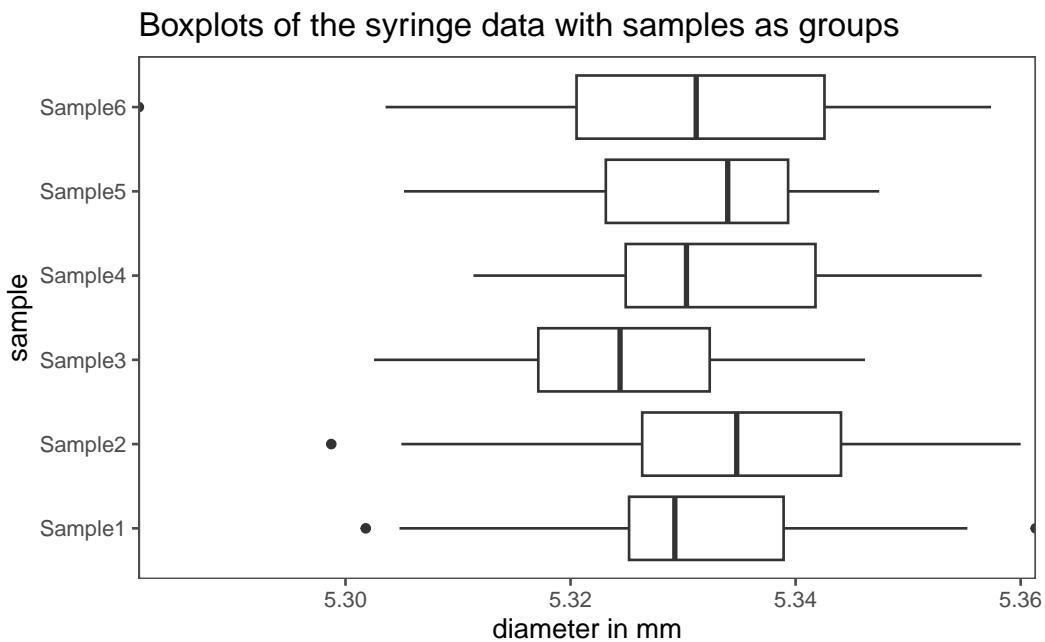


Figure 1.24: Boxplots of the syringe data with the samples as groups.

The methods described above are especially useful when it comes to visualizing groups in data. The data is discretized and the information density is increased. As with every discretization comes also a loss of information. It is therefore strongly advised to choose the right tool for the job.

1 Basic Concepts

If the underlying distribution of the data is unknown, a good start to visualize groups within data is usually a boxplot as shown in Figure 1.24. The syringe data from Ramalho (2021) contains six different groups, one for every sample drawn. Each sample consists of 25 observations in total. On the x-axis the *diameter* in mm is shown, the y-axis depicts the sample number. The boxplots are then drawn as described above (median, 25th and 75th percentile box, 5th and 95th whisker). The 25th and 75th percentile box is also known as the Interquartile Range (IQR).

1.7.2 Mean and standard deviation plots

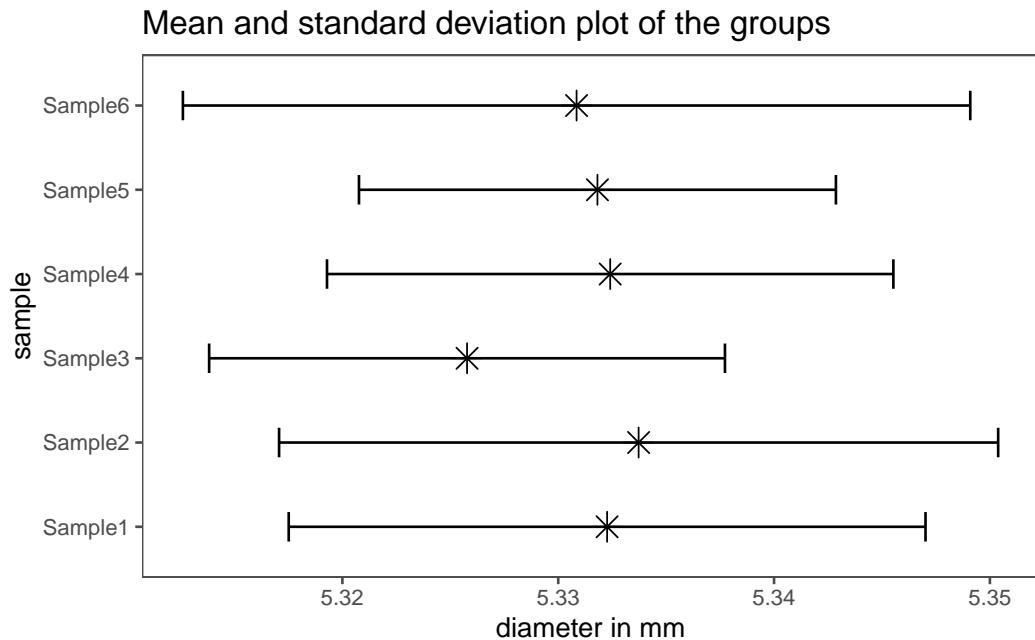


Figure 1.25: Mean and standard deviation plots of the groups in the dataset.

If the data follows a normal distribution, showing the mean and standard deviation for each group is also very common. For the syringe dataset, this is shown in Figure 1.25. The plot follows the same logic as for the boxplots (*x-axis-data*, *y-axis-data*), but the data itself shows the mean with a \times -symbol, as the length of the horizontal errorbars accords to $\bar{x} \pm sd(x)$.

1.7.3 Half-half plots

Boxplots and mean-and-standard-deviation plots sometimes hide some details within the data, that may be of interest or simply important. Half-half plots, as shown in Figure 1.26, incorporate different plot mechanisms. The left half shows a violin plot,

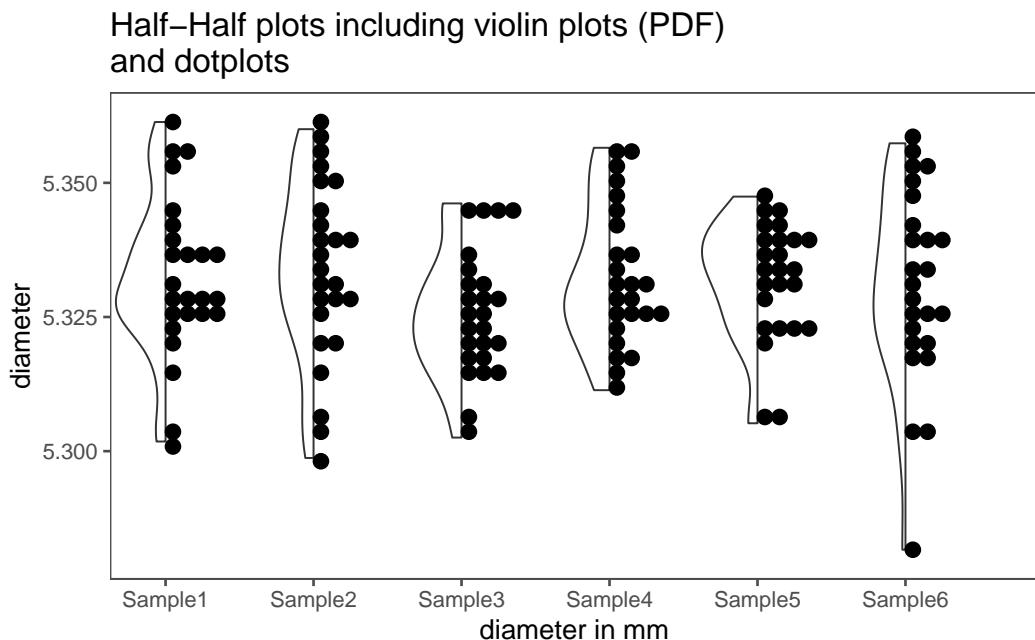


Figure 1.26: Half-half plots that incorporate different types of plots

which outlines the underlying distribution of the data using the PDF. This is very similar to a density plot. The right half shows the original data points and give the user a visible clue about the sample size in the data size. Note that the y-position of the points is jittered to counter *overplotting*. Details can be found in Tiedemann (2022).

1.7.4 Ridgeline plots

Figure 1.27 shows so called *ridgeline* plots as explained in Wilke (2022). They are in essence density plots that use the **y-axis** to differentiate between the groups. On the **x-axis** the density of the underlying dataset is shown. More info on the creation of these plots and graphics is available in Wickham (2016) as well as “The R Graph Gallery – Help and Inspiration for r Charts” (2022).

1.8 The drive shaft exercise

1.8.1 Introduction

A drive shaft is a mechanical component used in various vehicles and machinery to transmit rotational power or torque from an engine or motor to the wheels or other

1 Basic Concepts

Ridgeline plots showing the PDF for every group.

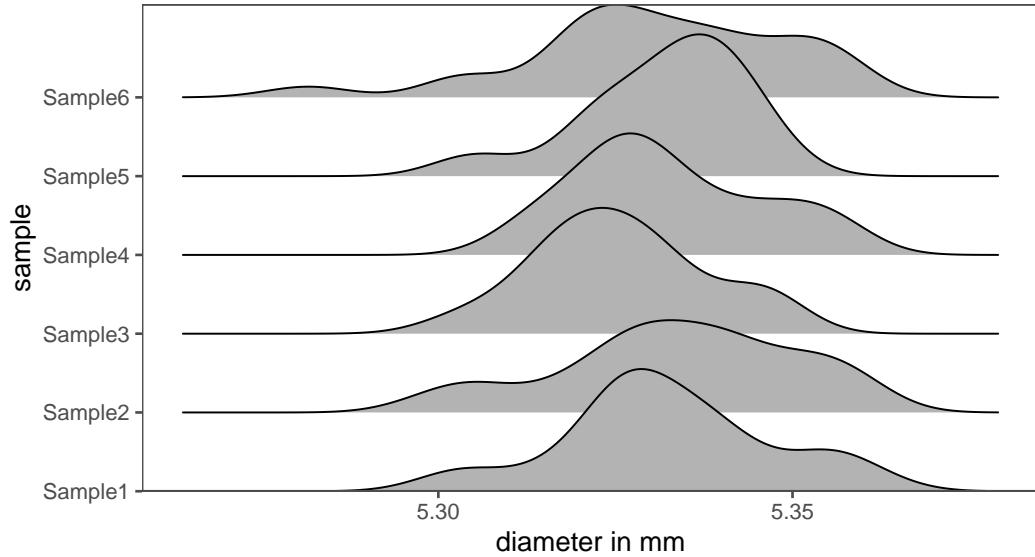


Figure 1.27: Ridgeline plots for distributions within groups.

driven components. It serves as a linkage between the power source and the driven part, allowing the transfer of energy to propel the vehicle or operate the machinery.

1. Material Selection: Quality steel or aluminum alloys are chosen based on the specific application and requirements.
2. Cutting and Machining: The selected material is cut and machined to achieve the desired shape and size. Precision machining is crucial for balance and performance.
3. Welding or Assembly: Multiple sections may be welded or assembled to achieve the required length. Proper welding techniques are used to maintain structural integrity.
4. Balancing: Balancing is critical to minimize vibrations and ensure smooth operation. Counterweights are added or mass distribution is adjusted.
5. Surface Treatment: Drive shafts are often coated or treated for corrosion resistance and durability. Common treatments include painting, plating, or applying protective coatings.
6. Quality Control: Rigorous quality control measures are employed to meet specific standards and tolerances. This includes dimensional checks, material testing, and defect inspections.

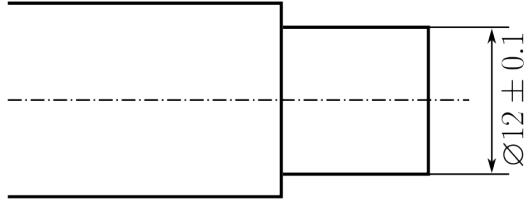
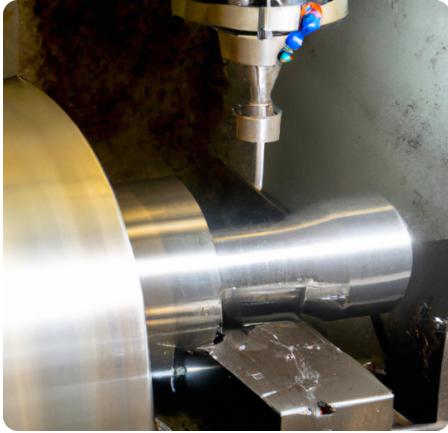


Figure 1.28: The drive shaft specification.

Table 1.1: The summary table of the drive shaft data

Variable	N = 500 ¹
diameter	12.17 (0.51), 12.03 (0.58)

¹Mean (SD), Median (IQR)

7. Packaging and Distribution: Once quality control is passed, drive shafts are packaged and prepared for distribution to manufacturers of vehicles or machinery.

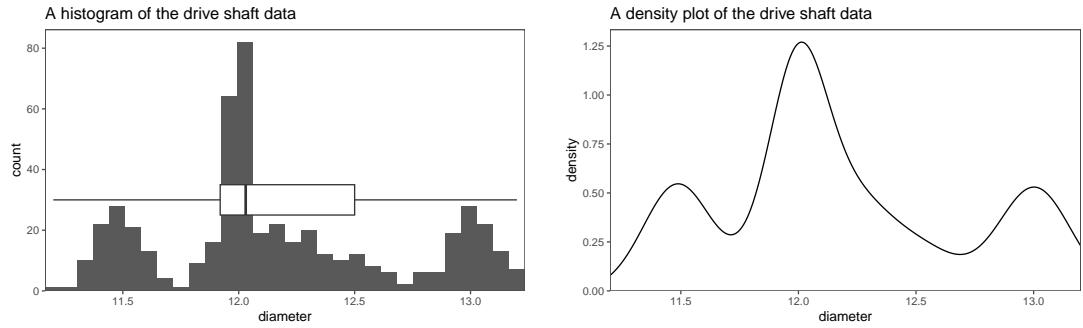
The end diameter of a drive shaft is primarily determined by its torque capacity, length, and material selection. It needs to be designed to handle the maximum torque while maintaining structural integrity and flexibility as required by the specific application. For efficient load transfer, there are ball bearings mounted on the end diameter. Ball bearings at the end diameter of a drive shaft support its rotation, reducing friction. They handle axial and radial loads, need lubrication for longevity, and may include seals for protection. Proper alignment and maintenance are crucial for their performance and customization is possible to match specific requirements.

The end diameter of the drive shaft shall be $\varnothing 12 \pm 0.1\text{mm}$ (see Figure 1.28). This example will haunt us the rest of this lecture.

1.8.2 Visualizing all the Data

First, some descriptive statistics of $N = 500$ produced drive shafts are shown in Table 1.1 ($\bar{x}(sd)$, $median(IQR)$). This first table does not tell us an awful lot about the sample, apart from the classic statistical measures of central tendency and spread.

1 Basic Concepts

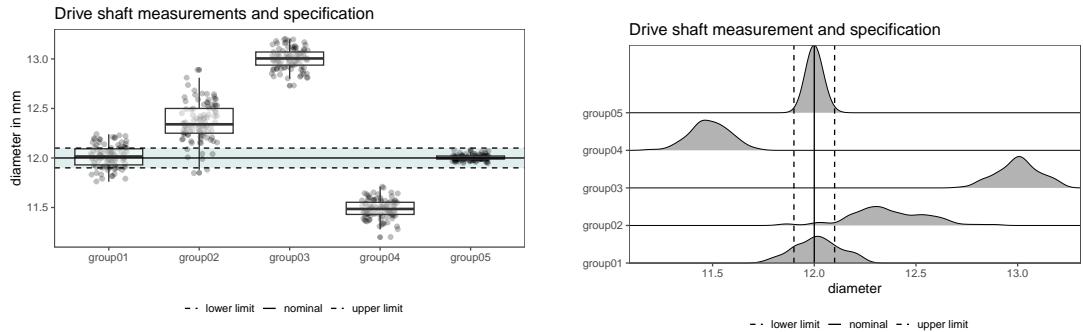


(a) The drive shaft data shown in a histogram. (b) The drive shaft data shown in a density plot.

Figure 1.29: The raw data of the measured drive shaft diameter.

In Figure 1.29 the data and the distribution thereof is visualized using different modalities. The complete `drive shaft data` is shown as a histogram (Figure 1.29a) and as a density plot (Figure 1.29b). A single boxplot is plotted over the histogram data in Figure 1.29a, providing a link to Table 1.1 (median and IQR). One important conclusion may be drawn from those plots already: There may be more than one dataset hidden inside the data. We will explore this possibility further.

1.8.3 Visualizing groups within the data



(a) The groups visualized as boxplots (including the specification) (b) The groups visualized as ridgeline plots

Figure 1.30: The raw data of the measured drive shaft diameter.

Fortunately for us, the groups that may be hidden within the data are marked in the original dataset and denoted as `group0x`. Unfortunately for us, it is not known (purely from the data) how these groups come about. Because we did get the dataset from a colleague, we need to investigate the *creation* of the dataset even further. This is an important point, for without knowledge about the history of the data, it is *impossible* or at least *unadvisable* to make valid statements about the data. We will go on with a table

Table 1.2: The group summary table of the drive shaft data

Variable	N = 100 ¹
group01	12.02 (0.11), 12.02 (0.16)
group02	12.36 (0.19), 12.34 (0.25)
group03	13.00 (0.10), 13.01 (0.13)
group04	11.49 (0.09), 11.49 (0.12)
group05	12.001 (0.026), 12.000 (0.030)

¹Mean (SD), Median (IQR)

of summary statistics, see Table 1.2. Surprisingly, there are five groups hidden within the data, something we would no be able to spot from the raw data alone.

Again, the table is good to have, but not as engagingi for ourself and our co-workers to look at. In order to make the data more approachable, we will use some techniques shown in Section 1.7.

First in Figure 1.30a the raw data points are shown as points with overlayed boxplots. On the **x-axis** the groups are depicted, while the Parameter of Interest (PoI) (in this case the *end diameter* of the drive shaft) is shown on the **y-axis**. Because we are interested how the manufactured drive shafts behave with respect to (wrt) the specification limit, the **nominal** value as well as the **upper** and the **lower** specification limit is also shown in the plot as horizontal lines.

In Figure 1.30b the data is shown as ridgeline density plots. On the **x-axis** the diameter is depicted, while the **y-axis** shows two types of data. First, the groups 1 ... 5 are shown. For the individual groups, the probability is depicted as a line, therefore indicating which values are most probable in the given group. Again, because we are interested how the manufactured drive shafts behave .w.r.t the specification limit, the **nominal** value as well as the **upper** and the **lower** specification limit is also shown in the plot as vertical lines.

2 Statistical Distributions

2.1 Why distributions?

Distributions are *models* of the *reality*.

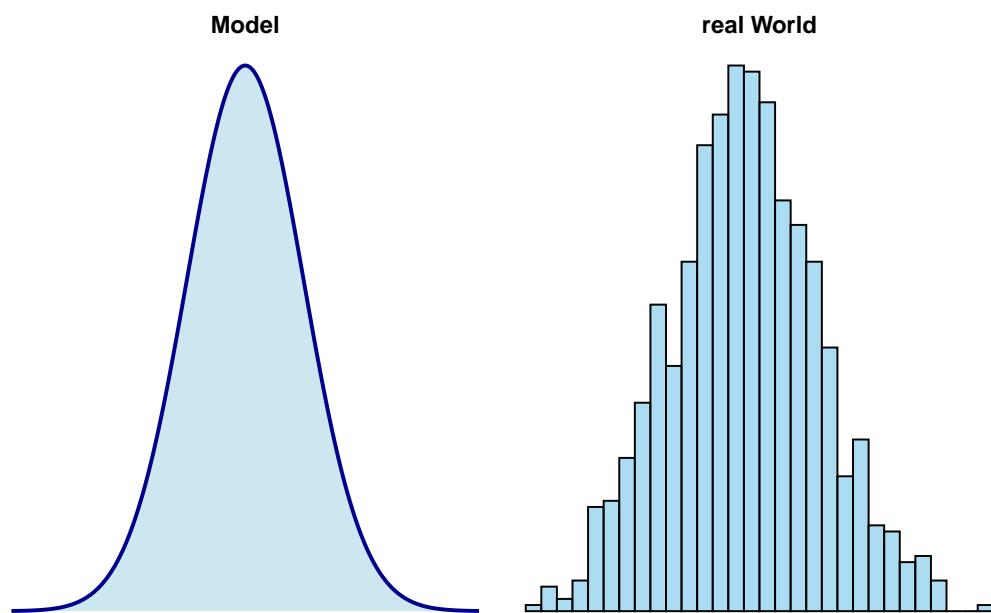


Figure 2.1: The model is perfect, but the real world is not.

2.2 Types of data

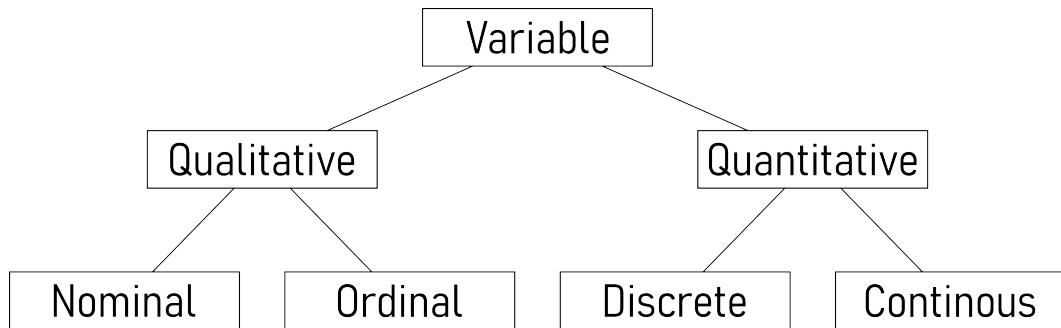


Figure 2.2: Data can be classified as different types.

1. Nominal Data:

- Description: Nominal data represents categories with no inherent order or ranking.
- Examples: Colors, gender, or types of fruits.
- Characteristics: Categories are distinct, but there is no meaningful numerical value associated.

2. Ordinal Data:

- Description: Ordinal data has categories with a meaningful order or ranking, but the intervals between them are not consistent or measurable.
- Examples: Educational levels (e.g., high school, bachelor's, master's), customer satisfaction ratings (e.g., low, medium, high).
- Characteristics: The order is significant, but the differences between categories are not precisely quantifiable.

3. Discrete Data:

- Description: Discrete data consists of separate, distinct values, often counted in whole numbers and with no intermediate values between them.
- Examples: Number of students in a class, number of cars in a parking lot.
- Characteristics: The data points are distinct and separate; they do not have infinite possible values within a given range.

4. Continuous Data:

- Description: Continuous data can take any value within a given range and can be measured with precision.
- Examples: Height, weight, temperature.
- Characteristics: Values can be any real number within a range, and there are theoretically infinite possible values within that range.

2.2.1 Nominal Data

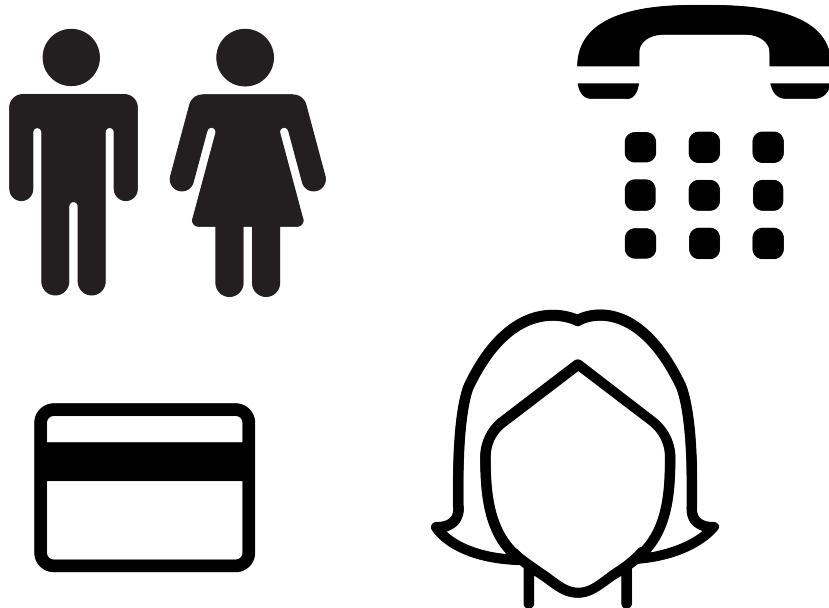


Figure 2.3: Some example for nominal data.

Nominal data is a type of data that represents categories or labels without any specific order or ranking. These categories are distinct and non-numeric. For example, colors, types of fruits, or gender (male, female, other) are nominal data. Nominal data can be used for classification and grouping, but mathematical operations like addition or subtraction do not make sense in this context.

2.2.2 Ordinal Data

Ordinal data represents categories that have a specific order or ranking. While the categories themselves may not have a consistent numeric difference between them, they can be arranged in a meaningful sequence. A common example of ordinal data is survey responses with options like “strongly agree,” “agree,” “neutral,” “disagree,” and “strongly disagree.” These categories indicate a level of agreement, but the differences between them may not be uniform or measurable.

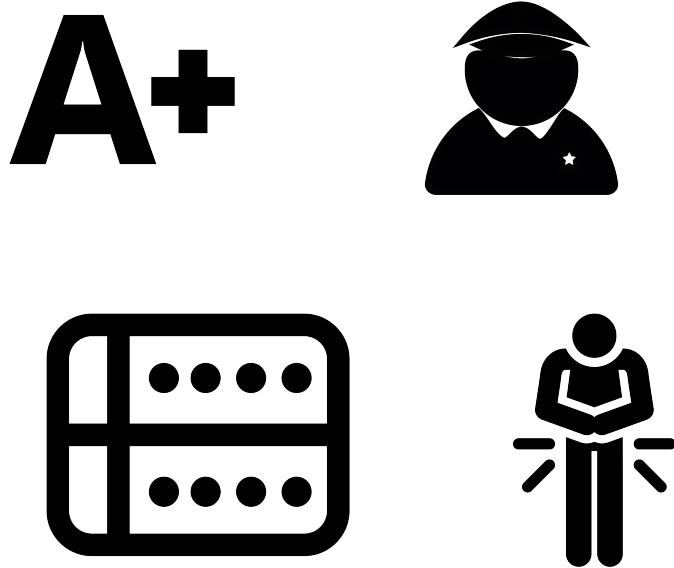


Figure 2.4: Some example for ordinal data.

2.2.3 Discrete Data

Discrete data consists of distinct, separate values that can be counted and usually come in whole numbers. These values can be finite or infinite, but they are not continuous. Examples include the number of students in a class, the count of cars in a parking lot, or the quantity of books in a library. Discrete data is often used in counting and can be represented as integers.

One quote in the literature about discrete data, shows how difficult the classification of data types can become (J. Bibby (1980)): "... All actual sample spaces are discrete, and all observable random variables have discrete distributions. The continuous distribution is a mathematical construction, suitable for mathematical treatment, but not practically observable. ..."

2.2.4 Continuous Data

Continuous data encompasses a wide range of values within a given interval and can take on any real number. There are infinite possibilities between any two points in a continuous dataset, making it suitable for measurements with high precision. Examples of continuous data include temperature, height, weight, and time. It is important to note

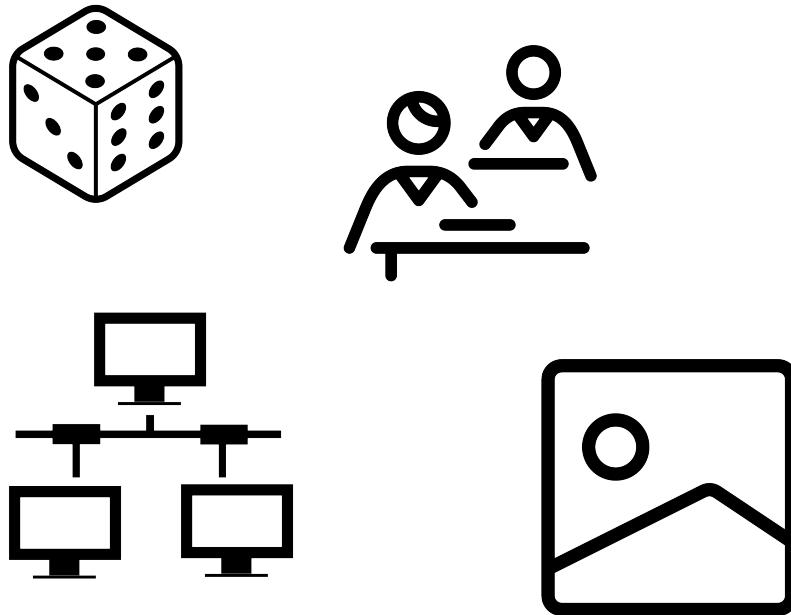


Figure 2.5: Some example for discrete data.

that continuous data can be measured with decimals or fractions and is not limited to whole numbers.

2.3 Uniform Distribution

2.3.1 Fairness

If you had to guess a number between 1 and 10 with no other information, what is the **fairest** way to assign probabilities to each number?

What if the range were 0 to 1 instead?

Every outcome is **equally** likely

2.3.2 Dice

2.3.3 Types of uniform distributions

- All outcomes in the range are *equally probable*

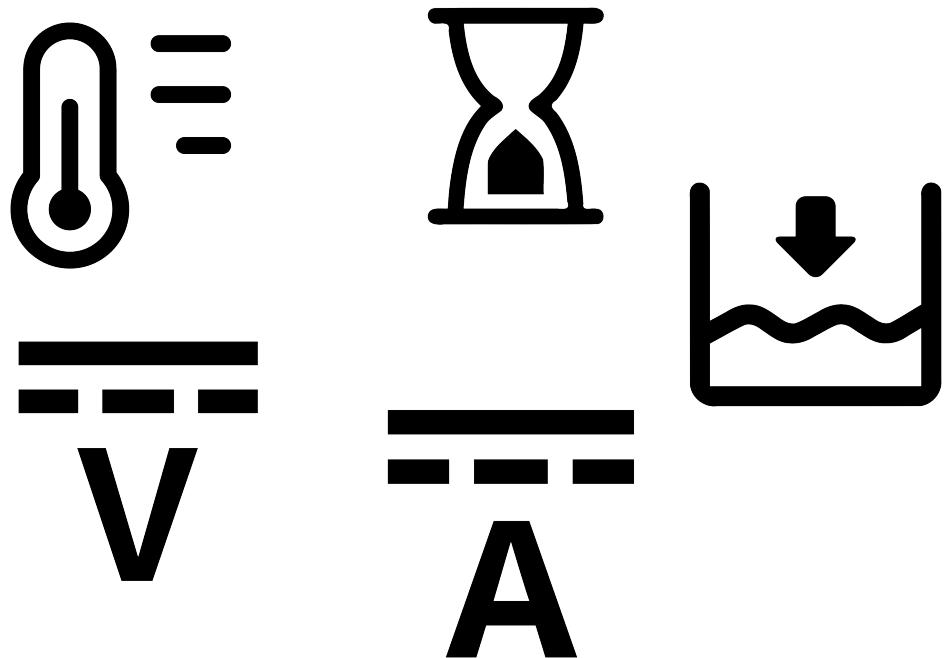


Figure 2.6: Some example for continuous data.

- The “range” can be:
 - a finite set of values (discrete)
 - a continuous interval (continuous)

$$X \sim \text{Uniform}(a, b) \text{ continuous} \quad (2.1)$$

$$X \sim \text{Uniform}\{a, a + 1, \dots, b\} \text{ discrete} \quad (2.2)$$

2.3.4 Visual comparison of discrete and continuous

2.3.5 Core properties

2.4 Probability Mass Function (PMF)

2.4.1 But why?

- PMFs provide a way to calculate and assign probabilities to each distinct outcome.

2.4 Probability Mass Function (PMF)

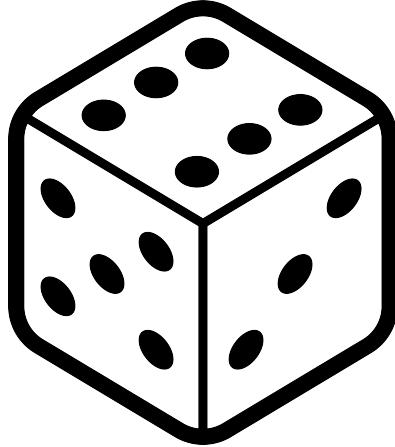


Figure 2.7: The probability for every face to turn up during a roll is uniformly distributed.

- Each outcome is assigned a probability that corresponds to its position in the total number of outcomes.

2.4.2 Basics

... assigns each outcome the same probability that always sum up to 1 (example: six-sided die)

$X \sim \text{Uniform}\{a, b\}$ where a and b are integers and $a \leq b$

$$f(k) = P(X = k) \quad (2.3)$$

- k meaning a specific value that X can take (e.g., $k = 0, 1, 2, \dots$)
- $f(k)$ is the probability that X equals k

2.4.3 Key Properties

1. $0 \leq f(k) \leq 1$ for all k
2. The sum of probabilities over all possible k must equal 1

$$\sum_{\text{all } k} f(k) = 1 \quad (2.4)$$

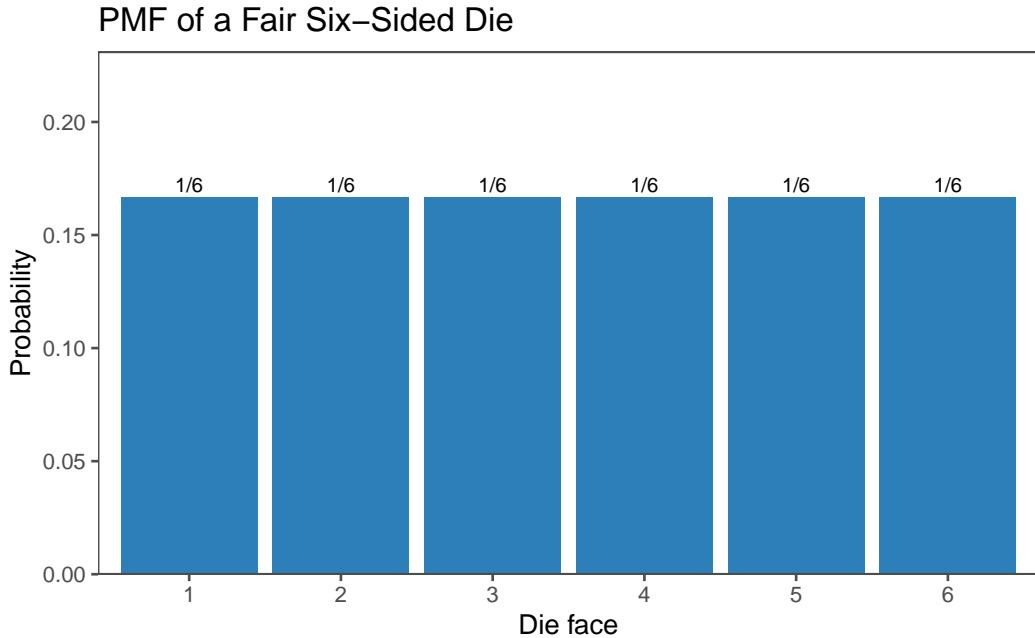


Figure 2.8: A plot of the probabilities that every face of a die turns up. They are all the same.

2.4.4 6-sided die

$$X \sim \text{Uniform}\{a, a + 1, \dots, b\} \quad (2.5)$$

$$X \sim \text{Uniform}\{1, 2, 3, 4, 5, 6\} \quad (2.6)$$

Number of outcomes:

$$N = b - a + 1 \quad (2.7)$$

$$N = 6 - 1 + 1 = 6 \quad (2.8)$$

Equal probability for each outcome: $f(k) = P(X = k)$

$$f(a) = f(a + 1) = \dots = f(b) = c \text{ (some constant)} \quad (2.9)$$

2.4 Probability Mass Function (PMF)

Discrete vs Continuous Uniform Distribution

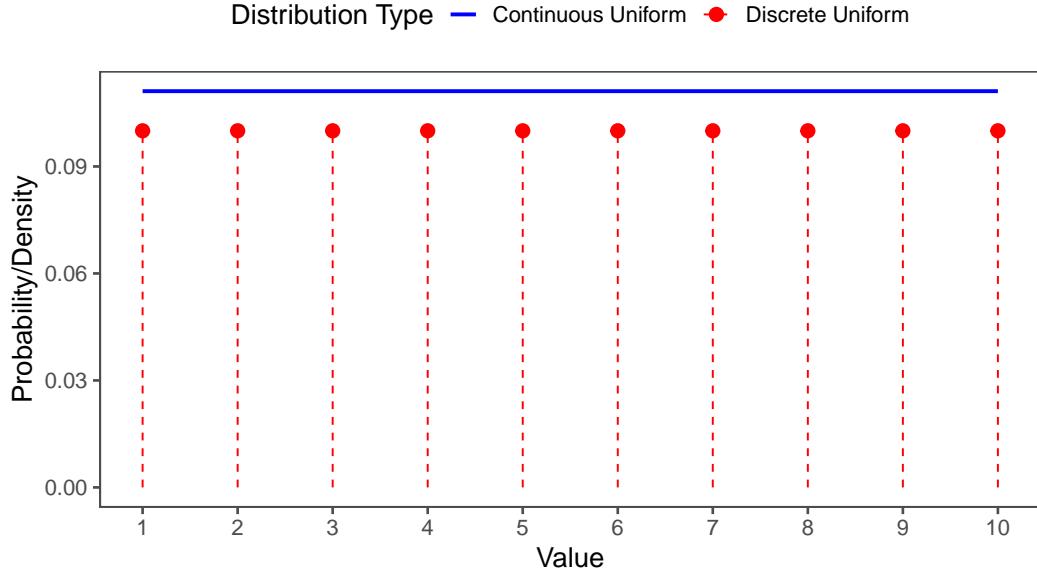


Figure 2.9: A comparison of continuous and discrete uniformly distributed data.

Sum of all probabilities must equal 1

$$\sum_{k=a}^b f(k) = \underbrace{c + c + \dots + c}_{N\text{times}} = N \cdot c = 1 \quad (2.10)$$

Solving for c

$$c = \frac{1}{N} = \frac{1}{b-a+1} \quad (2.11)$$

Formal PMF:

$$f(k) = \begin{cases} \frac{1}{b-a+1} & \text{if } k \in \{a, a+1, \dots, b\}, \\ 0 & \text{otherwise.} \end{cases} \quad (2.12)$$

2 Statistical Distributions

Table 2.1: The core properties between the discrete and continuous distribution are very similar.

[Core Properties: Discrete vs. Continuous Uniform Distributions

Equal probability everywhere, but for different types of data] Core Properties: Discrete vs. Continuous Uniform Distributions

Equal probability everywhere, but for different types of data

Property	Discrete Uniform	Continuous Uniform
Probability	Equal for each outcome.	Equal density over the interval.
Symmetry	Mean = midpoint of the range.	Mean = midpoint of the interval.
Intuition	'Fair die' with n sides.	'Fair spinner' on a line segment.
Use Cases	Counting problems (e.g., dice, cards).	Measuring problems (e.g., time, space).

Note: Both distributions share the 'fairness' property but apply to different data types.

2.4.5 Exercise

A tool changer in production randomly selects one of four tools (labeled 1 to 4) with equal probability.

- Describe the formal set in $X \sim \dots$

$$X \sim \text{Uniform}\{1, 2, 3, 4\}$$

- Formally calculate the number of outcomes (N)

$$N = 4 - 1 + 1 = 4$$

- Describe the PMF formally

$$f(k) = \begin{cases} \frac{1}{4} & \text{if } k \in \{1, 2, 3, 4\}, \\ 0 & \text{otherwise.} \end{cases} \quad (2.13)$$

- What is the probability to select tool 2

$$P(X = 2) = f(2) = \frac{1}{4} = 0.25$$

2.4.6 Summary PMF

- The PMF describes the probability distribution of a discrete random variable.
- The probabilities associated with all hypothetical values must be non-negative and sum up to 1.
- A PMF is specific to *discrete* random variables, while a PDF is associated with continuous random variables.
- Unlike a PDF, which requires integration over an interval, the PMF **directly** provides probabilities for individual values.
- “mass” is conserved (similar to how physical mass is conserved).

2.5 Binomial Distribution

2.5.1 Classroom example

If we roll a fair six-sided die 10 times, how many times do you expect to get a specific outcome?

- 10 trials
- P ? to roll a 6 (expected value)?
- record the number of times a specific outcome occurs
- repeat for 2-4 students

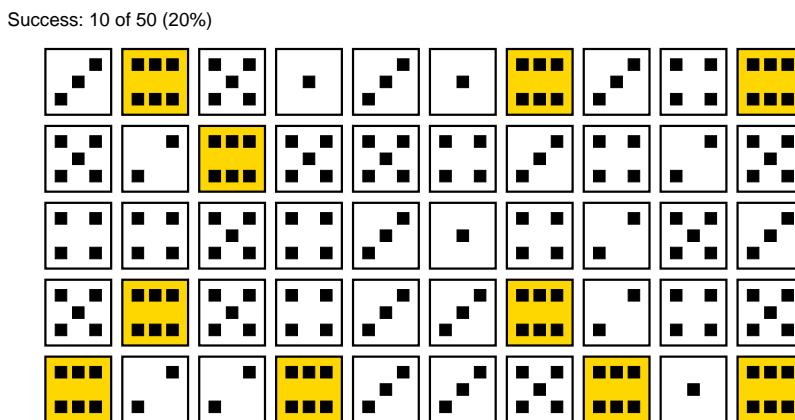


Figure 2.10: Simulated die rolls (The die is rolled 10 times, the experiment is repeated 5 times)

2 Statistical Distributions

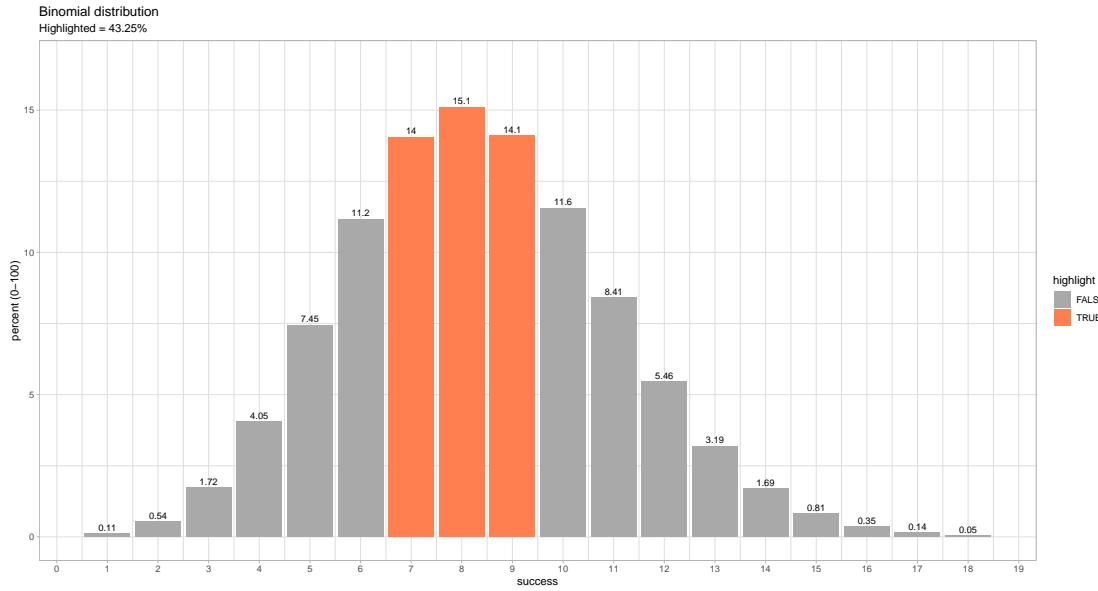


Figure 2.11: Is the outcome likely?

2.5.2 Theory

The binomial distribution is a **discrete** probability distribution that describes the number of successes in a fixed number of independent Bernoulli trials, each with the same probability of success. A Bernoulli trial, named after Swiss mathematician Jacob Bernoulli¹, is a random experiment or trial with two possible outcomes: success and failure. These outcomes are typically labeled as 1 for success and 0 for failure. The key characteristics of a Bernoulli trial are:

- Two Outcomes:** There are only two possible outcomes in each trial, and they are mutually exclusive. For example, in a coin toss, the outcomes could be heads (success, represented as 1) or tails (failure, represented as 0).
- Constant Probability:** The probability of success remains the same for each trial. This means that the likelihood of success and failure is consistent from one trial to the next.
- Independence:** Each trial is independent of others, meaning that the outcome of one trial does not influence the outcome of subsequent trials. For instance, the result of one coin toss doesn't affect the result of the next coin toss.

Examples of Bernoulli trials include:

¹Jacob Bernoulli (1654-1705): Notable Swiss mathematician, known for Bernoulli's principle and significant contributions to calculus and probability theory.

The binomial distribution and the influence of different parameter

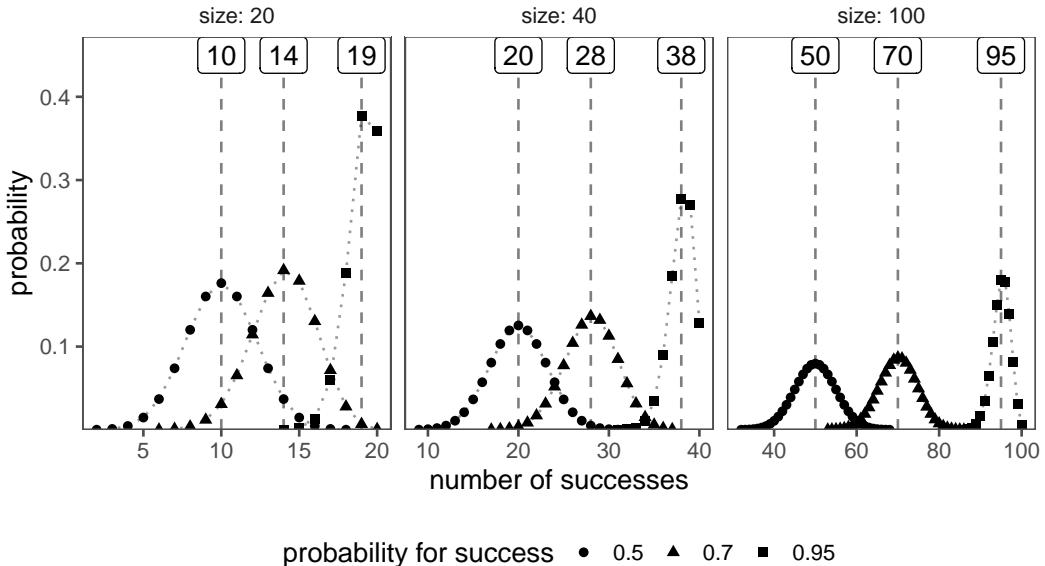


Figure 2.12: The binomial distribution

- Flipping a coin (heads as success, tails as failure).
- Rolling a die and checking if a specific number appears (the number as success, others as failure).
- Testing whether a manufactured product is defective or non-defective (defective as success, non-defective as failure).

The Bernoulli trial is the fundamental building block for many other probability distributions, including the binomial distribution, which models the number of successes in a fixed number of Bernoulli trials.

- probability distribution for discrete outcomes
- n repeated trials.
- two possible outcomes (e.g., success or failure).
- probability of success remains the same
- each trial is independent

The PMF for the binomial distribution is

2 Statistical Distributions

The binomial distribution and the influence of different parameter

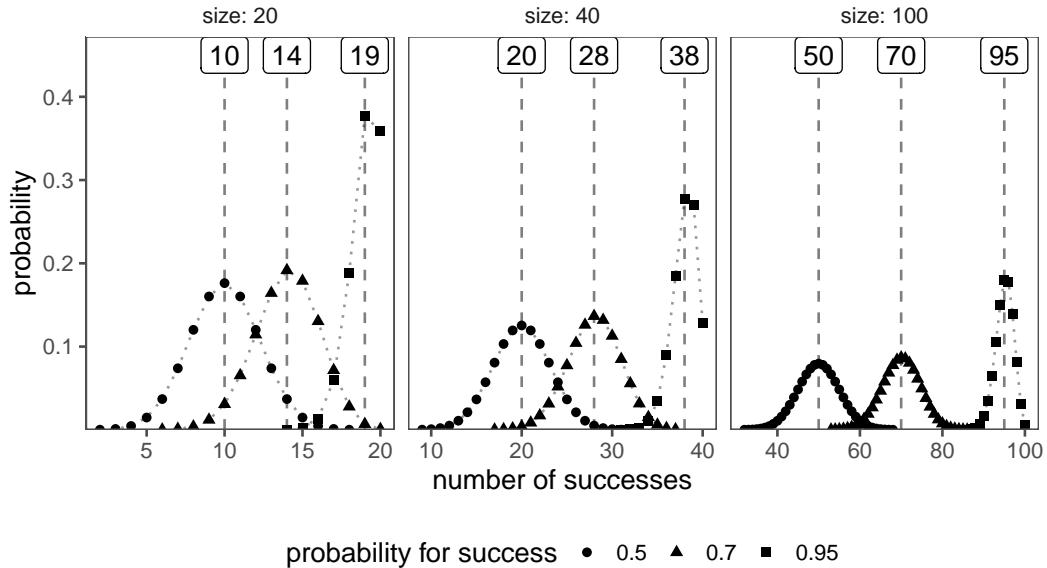


Figure 2.13: The binomial distribution

$$P(X = k) = \binom{n}{k} p^k (1-p)^{n-k}$$

- X random variable
- k specific value of the random variable (X), represents the number of successes
- n total number of independent trials or experiments
- p probability of success in a single trial $0 < p < 1$
- $(1 - p)$ probability of failure in a single trial
- $\binom{n}{k}$ binomial coefficient (“n choose k”) $\rightarrow \binom{n}{k} = \frac{n!}{k!(n-k)!}$

The PMF, also known as the discrete probability density function, is a fundamental concept in probability and statistics.

- Definition: The PMF describes the probability distribution of a discrete random variable. It gives the probability that the random variable takes on a specific value. In other words, the PMF assigns probabilities to each possible outcome of the random variable.
- Formal Representation: For a discrete random variable X , the PMF is denoted as $P(X = x)$, where x represents a specific value. Mathematically, the PMF is defined as: $P(X = x) = \text{probability that } X \text{ takes the value } x$

2.6 The Normal Distribution

- Properties: The probabilities associated with all hypothetical values must be non-negative and sum up to 1. Thinking of probability as “mass” helps avoid mistakes, as the total probability for all possible outcomes is conserved (similar to how physical mass is conserved).
- Comparison with PDF: A PMF is specific to *discrete* random variables, while a PDF is associated with continuous random variables. Unlike a PDF, which requires integration over an interval, the PMF **directly** provides probabilities for individual values.
- Mode: The value of the random variable with the largest probability mass is called the mode.
- Measure-Theoretic Formulation: The PMF can be seen as a special case of more general measure-theoretic constructions. It relates to the distribution of a random variable and the probability density function with respect to the counting measure.

The PMF for the binomial distribution is given in (2.14).

$$P(X = k) = \binom{n}{k} p^k (1-p)^{n-k} \quad (2.14)$$

2.5.3 The drive shaft exercise - Binomial Distribution

In the context of a drive shaft, you can think of it as a model for the number of defective drive shafts in a production batch. Each drive shaft is either good (success) or defective (failure).

Let's say you have a batch of 100 drive shafts, and the probability of any single drive shaft being defective is 0.05(5%). You want to find the probability of having a certain number of defective drive shafts in this batch.

2.6 The Normal Distribution

The normal distribution is a fundamental statistical concept that holds immense significance in the realms of engineering and production. It is often referred to as the Gaussian distribution or the bell curve, is a mathematical model that describes the distribution of data in various natural and human-made phenomena, see Johnson (1994). It forms a symmetrical curve when plotted, is centered around a mean (μ_0) and balanced on both sides (Figure 2.15). The spread or dispersion of the data points is characterized by σ_0^2 . Those two parameters completely define the normal distribution. A remarkable property of the normal distribution is the empirical rule, which states that approximately 68%

2 Statistical Distributions

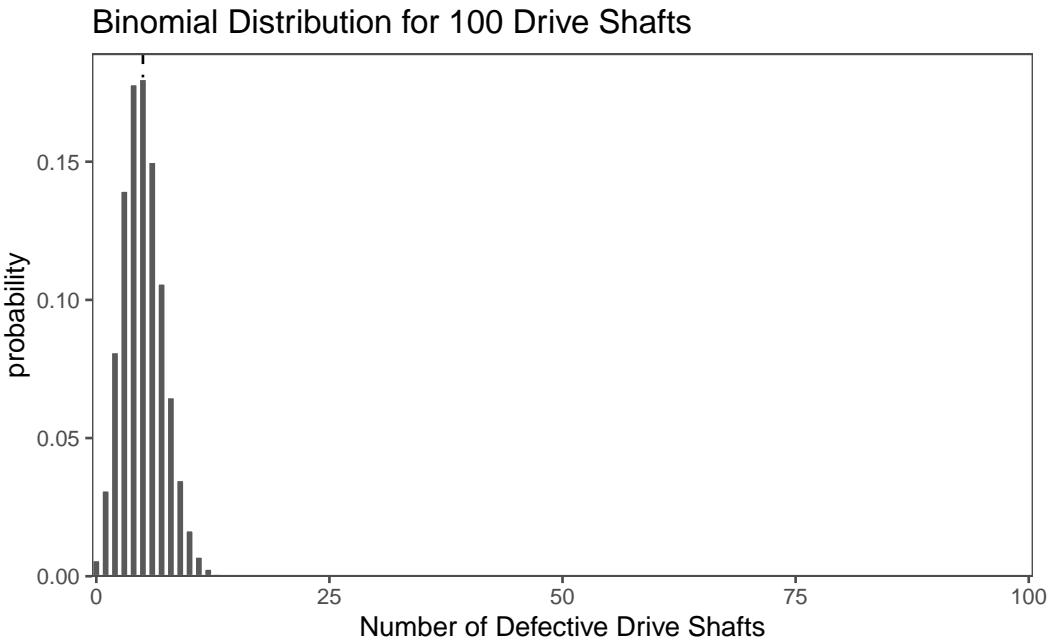


Figure 2.14: The binomial distribution and the drive shaft exercise.

of the data falls within one standard deviation from the mean, 95% falls within two standard deviations, and 99.7% falls within three standard deviations (Figure 2.15). The existence of the normal distribution in the real world is a result of the combination of several factors, including the principles of statistics and probability, the CLT, and the behavior of random processes in nature and society.

2.6 The Normal Distribution

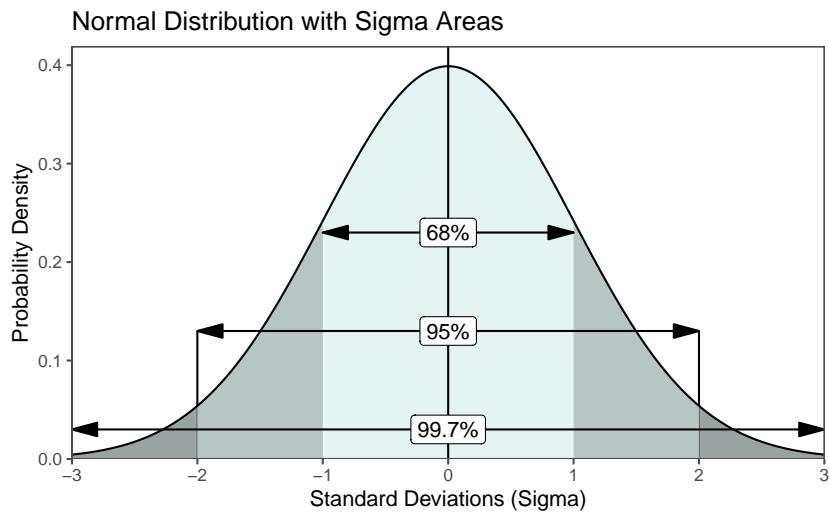
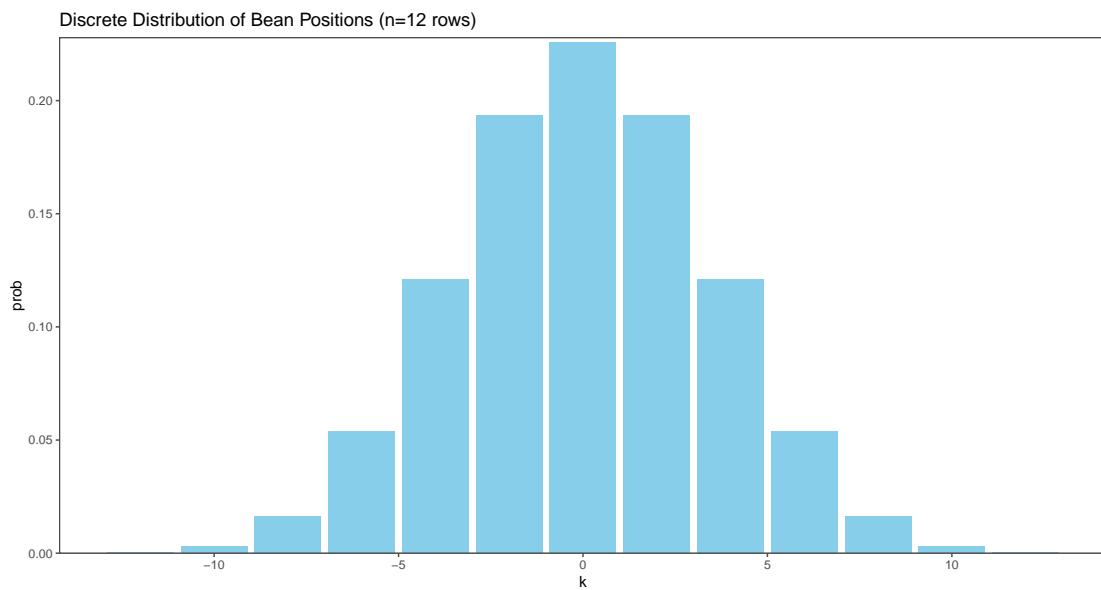
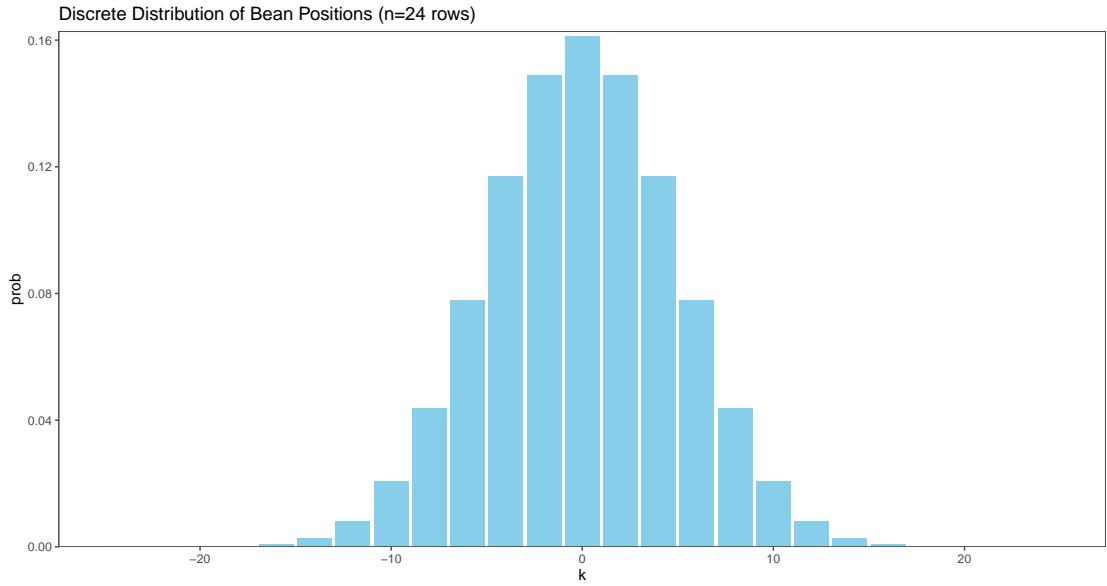


Figure 2.15: The standarized normal distribution

2.6.1 Emergence



2 Statistical Distributions



2.6.1.1 The math behind

- After n rows a ball's final position is the sum of n independent steps: $S = x_1 + x_2 + \dots + x_n$ where $x_i = +1$ (right) or -1 (left)
- Number of paths to $k = \binom{n}{(n+k)/2}$

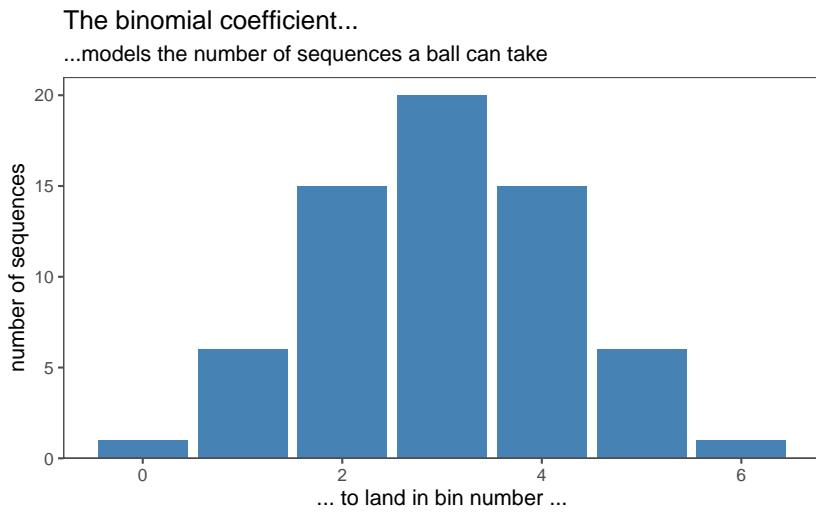


Figure 2.16: The number of ways a ball can take

2.6.1.2 Approximation with a smooth curve

- For large n , the binomial distribution looks like a bell curve. It can be approximated using the Stirling approximation

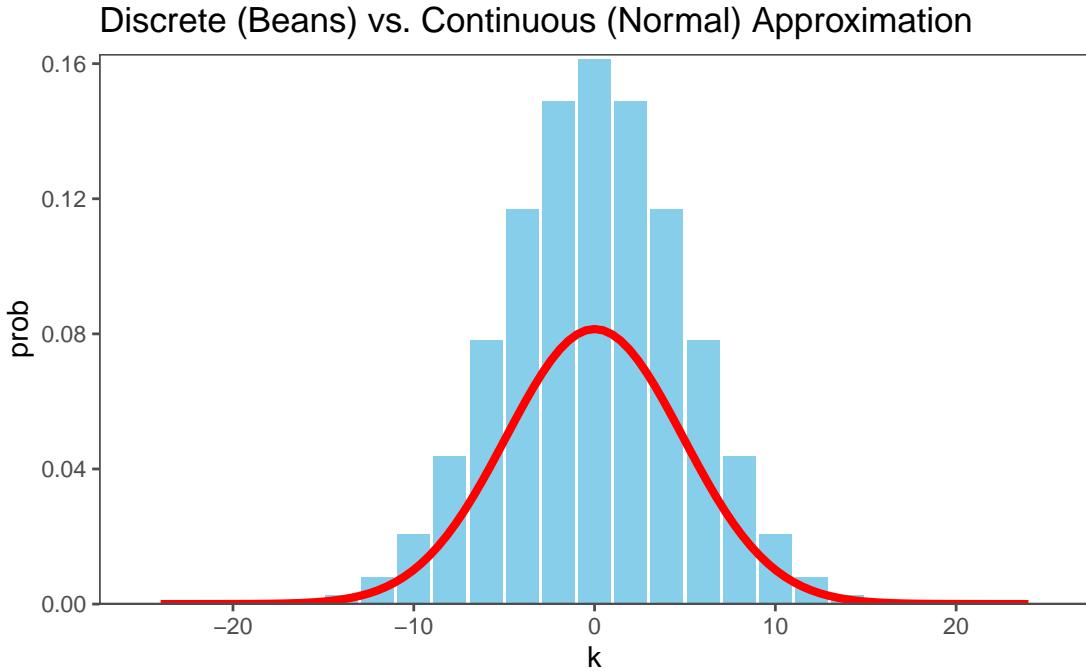


Figure 2.17: The normal distribution can be approximated using a continuous curve

2.6.1.3 Binomial Probability

- Probability of ending at position k : $P(S = k) \binom{n}{(n+k)/2} (\frac{1}{2})^n$
- For large n we can approximate the binomial coefficient: $\binom{n}{m} \approx \frac{n^n}{m^m(n-m)^{n-m}} \sqrt{\frac{n}{2\pi m(n-m)}}$ where $m = (n+k)/2$

2.6.1.4 Large n

- Let $k = x$ (treat as continuous) and n be large
- After simplification the PMF becomes: $P(S = x) \approx \frac{1}{\sqrt{2\pi n}} e^{-\frac{x^2}{2n}}$
- Replace n with σ^2 and allow for mean μ : $f(x) = \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{(x-\mu)^2}{2\sigma^2}}$

2 Statistical Distributions

2.6.1.5 The Normal PDF Equation

1. $\frac{1}{\sqrt{2\pi\sigma^2}}$: Scaling factor to ensure Total Probability = 1
 2. $e^{-\frac{(x-\mu)^2}{2\sigma^2}}$: The “bell” shape - exponential decay based on the distance to the mean
- **Symmetry:** The term $(x - \mu)^2$ ensures the curve is symmetric around μ
 - **Peak at mean:** The exponent is zero when $x = \mu$, giving the maximum value
 - **Thickness of Tails:** σ controls how spread out the curve is

2.6.1.6 Parameter influence

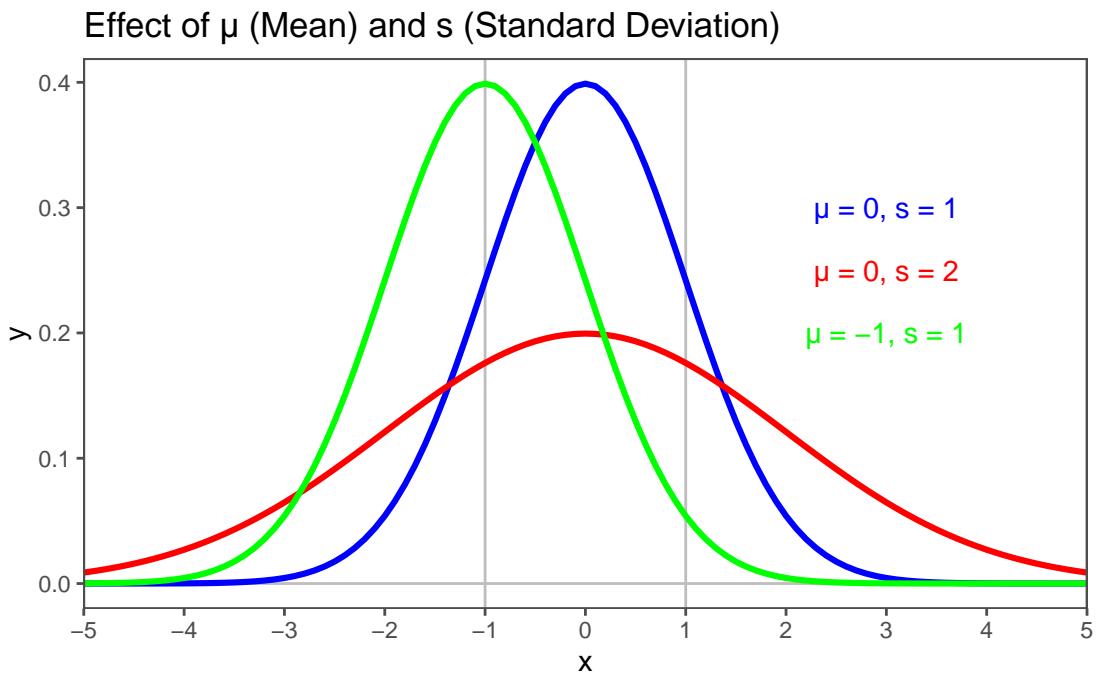


Figure 2.18: The influence of distributional parameters

2.6.2 The Buffon needle problem

P for crossing a line?

2.6.2.1 Sample Size

2.6.2.2 Connection to the Normal distribution

Why?

Gaussian integral

2.6.2.3 π in the Normal Distribution

$$I = \int_{-\infty}^{\infty} e^{-kx^2} dx \quad (2.15)$$

$$I^2 = \int_{-\infty}^{\infty} \int_{-\infty}^{\infty} e^{-k(x^2+y^2)} dx dy = \int_0^{2\pi} \int_0^{\infty} e^{-k^2 r^2} r dr d\theta = \frac{\pi}{k} \quad (2.16)$$

- $e^{-k(x^2+y^2)} = e^{-kr^2}$ is **radially symmetric**, which simplifies the integral
- $\int_0^{2\pi} d\theta = 2\pi$ introduces π in the normalization constant of the normal distribution

2.6.2.4 π in the Buffon Needle Problem

- A needle of length L is dropped onto a plane with parallel lines spaced $D \geq L$ apart
- Probability P that the needle crosses a line is $\pi \approx \frac{2l}{D} \frac{\text{Hits}}{N \text{ total number}}$
- The needles orientation θ is uniformly distributed in $[0, \pi/2]$
- The crossing condition depends on $\sin \theta$, and integrating over θ introduces π through the *average value of θ* over its domain

2.6.2.5 What they share

Both problems translate a probabilistic question into a geometric one, where π emerges naturally from integrating over angles or symmetric regions.

2.7 Z - Standardization

$$z = \frac{x_i - \mu}{\sigma}$$

$$z = \frac{x_i - \bar{x}}{sd}$$

Machine (A) value: 53

$$\bar{x} = 50.03$$

$$sd_x = 1.98$$

$$z\text{-score} = \frac{x - \bar{x}}{sd_x} = \frac{53 - 50.03}{1.98} = 1.5$$

The Standard Score / Z-Score (Z)-standardization, also known as Z or Z, is a common statistical technique used to transform data into a standard normal distribution with a mean of 0 and a standard deviation of 1 (Taboga 2017). This transformation is useful for comparing and analyzing data that have different scales and units (2.17).

$$Z = \frac{x_i - \bar{x}}{sd} \tag{2.17}$$

How the Z can be applied is shown in Figure 2.21 and Figure 2.22. The data for group X and group Y may be measured in different units (Figure 2.21). To answer the question, which of the values $x_i (i = 1 \dots 5)$ is more probable, the single data points are transformed to the respective z-score using (2.17). In Figure 2.22, the Z for both groups are plotted against each other. The perfect correlation of the datapoints shows, that for every x_i the same probability applies. Thus, the datapoints are comparable.

2.7.1 Properties of Z-scores

1. Shape: The distribution's shape remains normal
2. Relative Positions: Values maintain their percentiles
3. Outliers: Extreme values $|z| > 3$ are easily flagged

2.7.2 Comparison of standardized data

2.7.3 The Universal Yardstick

The standard normal distribution ($N(0, 1)$) is the reference distribution (the perfect model).

- $\bar{x} = 0, sd = 1$
- Empirical Rule (68-65-99.7)
 - 68% of data within $\pm 1sd$
 - 95% of data within $\pm 2sd$
 - 99.7% of data within $\pm 3sd$

2.7.4 The drive shaft exercise - Z-Standardization

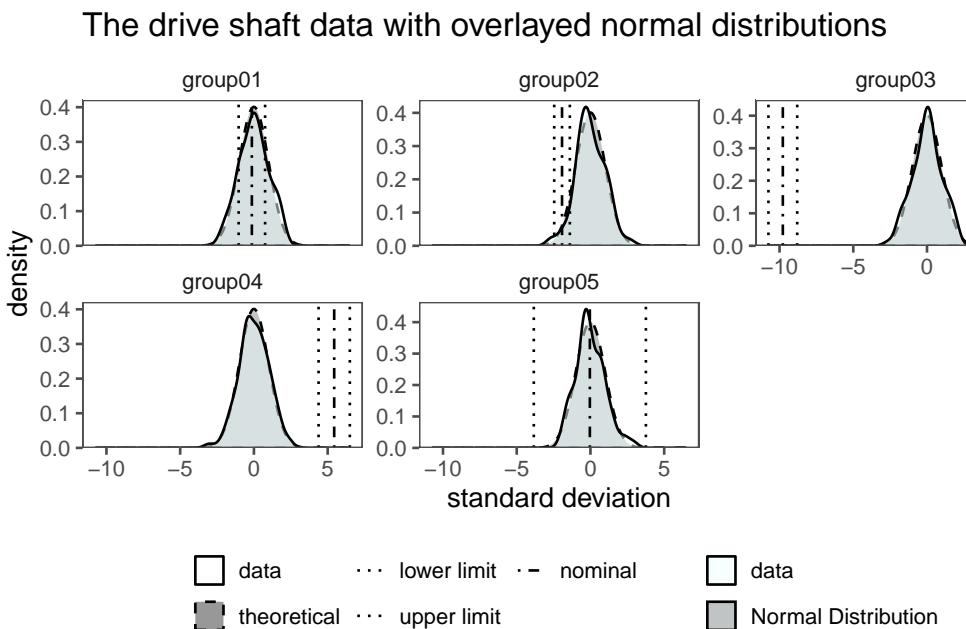


Figure 2.23: The standardized data of the drive shaft data.

In Figure 2.23 the standardized drive shaft data is shown. The mean of the data (\bar{x}) is now centered at 0 and the standard deviation is 1. For this case, the specification limits have also been transferred to the respective Z-score (even though they can not be interpreted as such anymore). For every x_i the probability to be within a normal distribution is now known. When comparing this to the transferred specification limits,

2 Statistical Distributions

it is clear to see that for `group01` “most” of the data points are within the limits in contrast to `group03` where none of the data points lies within the specification limits. When looking at `group03` we see, that the *nominal* specification limit is -9.78 standard deviations away from the centered mean of the datapoints. The probability of a data point being located there is $6.8605273 \times 10^{-23}$ which does not sound an awful lot. We will dwelve more into such investigation in another chapter, but this is a first step in the direction of inferential statistics.

2.7.5 When Z-Scores Go Wrong

1. Non-Normal Data:

- Z-Scores assume normality

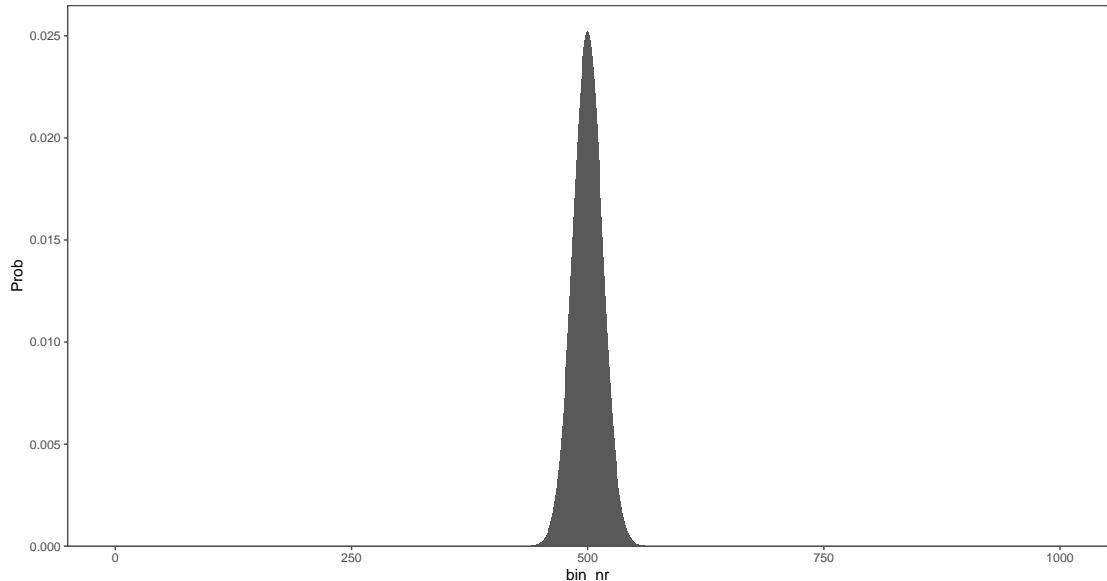
2. Population vs. Sample

- Use population parameters (μ, σ) if known, otherwise use sample estimates (\bar{x}, sd)

3. Outliers:

- Z-scores are sensitive to outliers

2.7.6 The Z-transform and the Galton Board



2.7.6.1 Applying the Z-transform

$$Z = \frac{X - \mu}{\sigma}$$

$$Z = \frac{X - \frac{n}{2}}{\frac{\sqrt{n}}{2}}$$

$$\lim_{n \rightarrow \infty} P(a \leq Z \leq b) = \int_a^b \frac{1}{\sqrt{2\pi}} e^{-\frac{z^2}{2}} dz$$

2.7.6.2 Converting the binomial Formula to a Normal Form

Stirling approximation: $n! \approx \sqrt{2\pi n} \left(\frac{n}{e}\right)^n$

$$\text{Approx: } \binom{n}{k} \approx \frac{\sqrt{2\pi n} \left(\frac{n}{e}\right)^n}{\sqrt{2\pi n} \left(\frac{k}{e}\right)^k \cdot \sqrt{2\pi(n-k)} \left(\frac{n-k}{e}\right)^{n-k}}$$

$$\text{simplifies to: } \binom{n}{k} = \frac{1}{\sqrt{2\pi np(1-p)}} e^{-\frac{(k-np)^2}{2np(1-p)}}$$

$$\text{substituting } p = 0.5: P(X = k) \approx \frac{1}{\sigma\sqrt{2\pi}} e^{-\frac{(k-\mu)^2}{2\sigma^2}}$$

Which is the PDF

2.7.7 The drive shaft exercise - Normal Distribution

In Figure 2.24 the *drive shaft data* is shown for each group in a histogram. As an overlay, the respective *normal distribution* (with the groups \bar{x}, sd) is overlayed. If the data is normally distributed, is a different question.

2.8 PDF

$$f(x) = \frac{1}{\sigma\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x-\mu}{\sigma})^2} \quad (2.18)$$

A PDF is a mathematical function that describes the *likelihood* of a continuous random variable taking on a particular value. Unlike discrete probability distributions, which assign probabilities to specific values of a discrete random variable, a PDF describes the relative likelihood of the variable falling within a particular range of values. The total area under the curve of a PDF over its entire range is equal to 1, indicating that the variable must take on some value within that range. In other words, the integral of the

2 Statistical Distributions

PDF over its entire domain equals 1. The probability of a continuous random variable falling within a specific interval is given by the integral of the PDF over that interval.

- there is no PDF for discrete variables
- can be interpreted as the relative likelihood
- is used to specify the probability of a random variable within a certain range

$$\varphi(x) = \frac{1}{\sigma\sqrt{2\pi}} e^{-\frac{1}{2}(\frac{x-\mu}{\sigma})^2} \quad (2.19)$$

2.9 Cumulative Density Function (CDF)

A cumulative density function (CDF), also known as a cumulative distribution function, describes the probability that a random variable will take on a value less than or equal to a given point. It is the integral of the PDF from negative infinity to a certain value. The CDF provides a comprehensive view of the probability distribution of a random variable by showing how the probability accumulates as the value of the random variable increases. Unlike the PDF, which gives the probability density at a particular point, the CDF gives the cumulative probability up to that point.

$$z = \frac{x - \mu}{\sigma}$$

$$\varphi(x) = \frac{1}{2\pi} e^{-\frac{z^2}{2}} \quad (2.20)$$

$$\phi(x) = \int \frac{1}{2\pi} e^{-\frac{x^2}{2}} dx \quad (2.21)$$

$$\lim_{x \rightarrow \infty} \phi(x) = 1$$

$$\lim_{x \rightarrow -\infty} \phi(x) = 0$$

- shows the actual probability for a certain value
- is the integral of the PDF
- area always sums up to 1

$$\begin{aligned}
 z &= \frac{x - \mu}{\sigma} \\
 \varphi(x) &= \frac{1}{2\pi} e^{-\frac{z^2}{2}} \\
 \phi(x) &= \int \frac{1}{2\pi} e^{-\frac{x^2}{2}} dx \\
 \lim_{x \rightarrow +\infty} \phi(x) &= 1 \\
 \lim_{x \rightarrow -\infty} \phi(x) &= 0
 \end{aligned}$$

2.10 Likelihood and Probability

Likelihood refers to the chance or plausibility of a particular event occurring given certain evidence or assumptions. It is often used in statistical inference, where it indicates how well a particular set of parameters (or hypotheses) explain the observed data. Likelihood is a measure of how compatible the observed data are with a specific hypothesis or model.

Probability represents the measure of the likelihood that an event will occur. It is a quantification of uncertainty and ranges from 0 (indicating impossibility) to 1 (indicating certainty). Probability is commonly used to assess the chances of different outcomes in various scenarios.

In summary, while both likelihood and probability deal with the chance of events occurring, likelihood is often used in the context of comparing different *hypotheses or models* based on *observed data*, while probability is more broadly used to quantify the chances of *events happening in general*.

2.10.1 Exercise

1. calculate \bar{x} and sd
 2. Compute z-scores
-
-

2 Statistical Distributions

Table 2.2: Exercise Data

machine_x	machine_y	machine_z
44	52	40
46	50	42
45	53	39
47	49	41
43	51	43

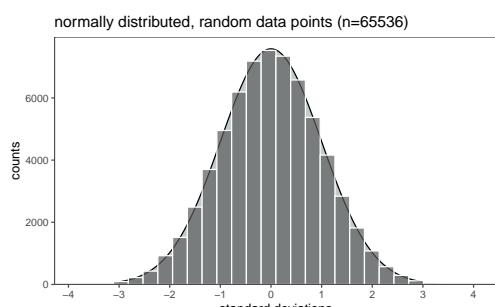
Table 2.3: Results

machine	mean_cycle_time	sd_cycle_time	var_cycle_time
machine_x	45	1.581139	2.5
machine_y	51	1.581139	2.5
machine_z	41	1.581139	2.5

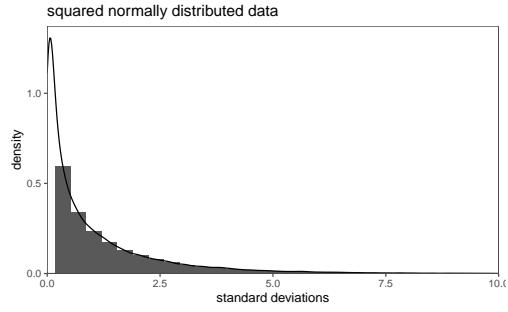
Table 2.4: Results for z score

cycle_time_s	scaled_data
machine_x	
44	-0.6324555
46	0.6324555
45	0.0000000
47	1.2649111
43	-1.2649111
machine_y	
52	0.6324555
50	-0.6324555
53	1.2649111
49	-1.2649111
51	0.0000000
machine_z	
40	-0.6324555
42	0.6324555
39	-1.2649111
41	0.0000000
43	1.2649111

2.11 Chi² - Distribution



(a) a normal distribution

(b) the standard normal variable square ($dof = 1$)

PDF of Chi square distribution with varying dof

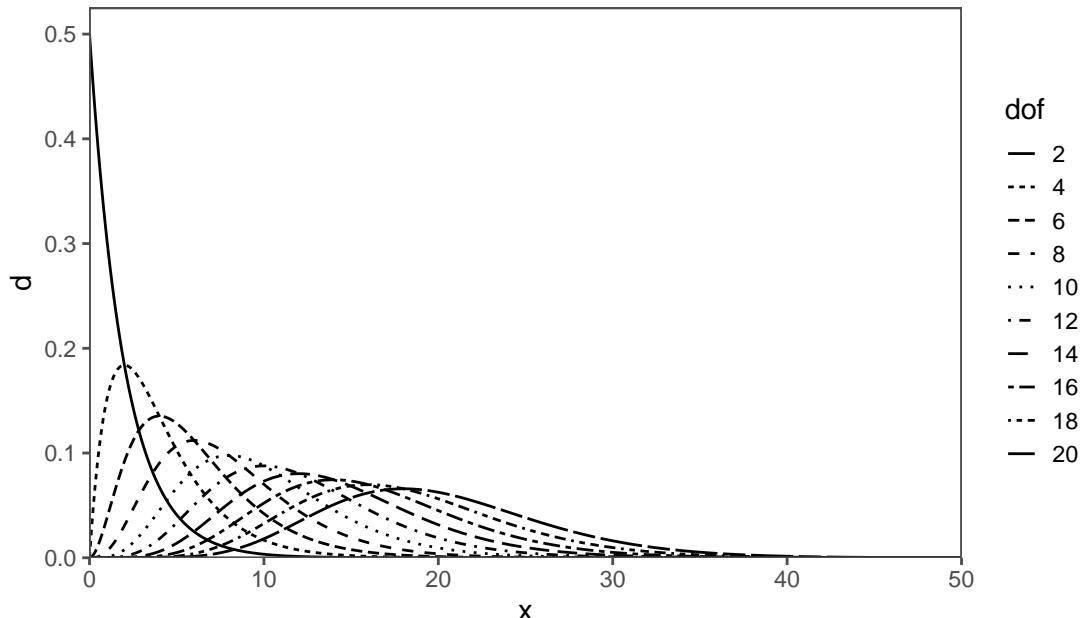
(c) the χ^2 distributions with varying degrees of freedom

Figure 2.30: What a χ^2 distribution represents and how it relates to a the normal distribution.

The χ^2 distribution is a continuous probability distribution that is widely used in statistics (Taboga 2017). It is often used to test hypotheses about the independence of categorical variables.

$$\chi^2 = \sum_{k=1}^n \frac{(O_k - E_k)^2}{E_k} \quad (2.22)$$

The connection between the chi-squared distribution and sample variance holds significant importance in statistics.

1. **Distribution of Sample Variance:** When calculating the sample variance from a dataset, it follows a chi-squared distribution. Specifically, for a random sample from a normally distributed population with mean μ_0 and variance σ_0^2 , the sample variance (adjusted for bias) divided by σ_0^2 follows a χ^2 distribution with $n - 1$ dof, where n is the sample size.
2. **Hypothesis Testing:** In statistical analysis, hypothesis testing is a common technique for making inferences about populations using sample data. The χ^2 distribution plays a crucial role in hypothesis testing, especially when comparing variances between samples.
 - **χ^2 Test for Variance:** The χ^2 distribution is used to test whether the variance of a sample matches a hypothesized variance. This is applicable in various scenarios, such as quality control, to assess the consistency of a manufacturing process.
3. **Confidence Intervals:** When estimating population parameters like population variance, it's essential to establish confidence intervals. The χ^2 distribution aids in constructing these intervals, allowing researchers to quantify the uncertainty associated with their parameter estimates.
4. **Model Assessment:** In regression analysis, the χ^2 distribution is related to the F-statistic, which assesses the overall significance of a regression model. It helps determine whether the regression model is a good fit for the data.

In summary, the link between the chi-squared distribution and sample variance is fundamental in statistical analysis. It empowers statisticians and analysts to make informed decisions about population parameters based on sample data and evaluate the validity of statistical models. Understanding this relationship is essential for those working with data and conducting statistical investigations.

- is a “new” distribution function
- arises from squaring a random variable
- is calculated with:

$$\chi^2 = \sum_{k=1}^n \frac{(O_k - E_k)^2}{E_k} \quad (2.23)$$

2.11.1 A random variable

2.11.2 That is squared

2.11.3 Chi² properties

- handles categorical (nominal) data and is used in statistical inference in many ways
- the goal is to “convert” discrete (nominal) values to continuous variables (counts in frequencies, making things measurable)

2.11.4 Chi² Applications

1. Independence Test: Are two categorical variables independent of each other?
2. Distribution Test: Are the observed values of two categorical variables equal to the expected values?
3. Homogeneity Test: Are two or more samples from the same population (comparing frequencies)?

2.11.5 Chi² The pdf and dof

2.11.6 Classroom example: Fairness of a die

- each face should come up the same number of times
- each face represents a category, the order of 1...6 does not matter
- look at it as a way to collect live data on different categories
- Let’s do it using 60 rolls of the same die
- First, formulate the Null and alternative Hypothesis

2.11.6.1 Hypotheses

- H_0 The faces turn up with the same frequencies
- H_a The faces do not turn up with the same frequencies

2.11.6.2 Prerequisites and solution

- $\chi^2 = \sum_{k=1}^n \frac{(O_k - E_k)^2}{E_k}$
- $E_k = ?$
- $O_k = ?$
- $\alpha = ?$
- $dof = n_{categories} - 1 = ?$
- χ^2 -table or `qchisq(1 - alpha, dof)` in R
- The Hypothesis as “translated” to quantitative measures?

2.11.7 The drive shaft exercise - Chi² Distribution

In Figure 2.34 the squared standard deviation for every datapoint (from the standardized data) is shown as a histogram for every group with an overlayed (and scaled) density plot. In the background of every group the theoretical χ^2 -distribution with $dof = 1$ is plotted to visually compare the empirical distribution of the datapoints to the theoretical.

2.12 t - Distribution

The t-distribution, also known as the Student’s t-distribution (Student 1908), is a probability distribution that plays a significant role in statistics². It is a symmetric distribution with a bell-shaped curve, similar to the normal distribution, but with heavier tails. The key significance of the t-distribution lies in its application to inferential statistics, particularly in hypothesis testing and confidence interval estimation.

1. **Small Sample Sizes:** When dealing with small sample sizes (typically less than 30), the t-distribution is used to make inferences about population parameters, such as the mean. This is crucial because the normal distribution assumptions are often violated with small samples.
2. **Accounting for Variability:** The t-distribution accounts for the variability inherent in small samples. It provides wider confidence intervals and more conservative hypothesis tests compared to the normal distribution, making it more suitable for situations where sample size is limited.
3. **Degrees of Freedom:** The shape of the t-distribution is determined by a parameter called dof. As the dof increases, the t-distribution approaches the normal distribution. When df is small, the tails of the t-distribution are fatter, allowing for greater uncertainty in estimates.

²William Sealy Gosset (June 13, 1876 - October 16, 1937) was a pioneering statistician known for developing the t-distribution, a key tool in modern statistical analysis.

2.12 t - Distribution

Statisticians found that if they took samples of a constant size from a normal population, computed a statistic called a *t-score* for each sample, and put those into a relative frequency distribution, the distribution would be the same for samples of the same size drawn from any normal population. The shape of this sampling distribution of t's varies somewhat as sample size varies, but for any n , it is always the same. For example, for samples of 5, 90% of the samples have t-scores between -1.943 and $+1.943$, while for samples of 15, 90% have t-scores between ± 1.761 . The bigger the samples, the narrower the range of scores that covers any particular proportion of the samples (2.29) (Note the similarity to (2.17)). Since the *t-score* is computed for every x_i the resulting sampling distribution is called the *t-distribution*.

$$t_i = \frac{x_i - \mu_0}{sd/\sqrt{n}} \quad (2.24)$$

In Figure 2.35 it is shown, that with increasing dof (in this case *sample size*), the *t-distribution* approximates a normal distribution (gray area). Figure 2.35 also shows an example of the *t-distribution* in action. Of all possible samples with 9 dof 0.025 ($2\frac{1}{2}\%$) of those samples would have t-scores greater than 2.262, and .975 (97.5%) would have t-scores less than 2.262. The advantage of the *t-score* and *t-distribution* is clearly visible. All these values can be computed from sampled data, the population can remain *estimated* (2.29).

- accounts especially for small sample sizes ($n < 30$)
- Shape: looks like normal, but with heavier tails
- Degrees of Freedom: related to sample size ($n - 1$)
- Convergence to Normal: as the dof increases, the t distribution approaches the standard normal distribution. When we have more data, the estimate of the population standard deviation becomes more accurate.

We need the t-Distribution for **small sample sizes** with an **unknown population standard deviation**

- is another “new” distribution function
- is a generalization of the standard normal distribution
- “connects” the sample with the population via the *t-score*
- does not need the population standard deviation for computation

$$t_i = \frac{\bar{x} - \mu_0}{sd/\sqrt{n}} \quad (2.25)$$

2 Statistical Distributions

2.12.1 Emergence

- We have a population: $X_1, X_2, \dots, X_n \sim N(\mu, \sigma^2)$
- μ, σ are unknown, but can be estimated from a sample with \bar{x}, sd^2
- if σ would be known, we could use the z-score: $Z = \frac{\bar{x} - \mu}{\sigma/\sqrt{n}} \sim N(0, 1)$
- but it is not known, so we replace it by sd : $T = \frac{\bar{x} - \mu}{sd/\sqrt{n}}$
- This is **not** normally distributed, because sd depends on the sample

2.12.1.1 The Trick

- Rewrite T as $T = \frac{\bar{X} - \mu}{\sigma/\sqrt{n}} \cdot \frac{\sigma}{sd} = Z \cdot \frac{\sigma}{sd}$
 1. where $Z \sim N(0, 1)$ (CLT, \bar{x} is normal)
 2. $\frac{\sigma}{sd}$ is a scaled χ^2 Distribution

$$T = \frac{Z}{\sqrt{\chi_{n-1}^2/(n-1)}} \quad (2.26)$$

The t-distribution is the result of combining a normal random variable with an independent χ^2 random variable

2.12.1.2 The Distribution

2.12.2 Applications

- Applications of the *t-distribution* include:
- Hypothesis testing (one sample t-test, two sample t-test, two sample t-test for paired samples)
- Computing confidence intervals
- Test significance of model parameters (against *null* model)

2.12.3 Classroom example: Confidence interval



Figure 2.37: Our catapult we use for shooting

- we want to estimate how far a catapult can shoot
- one student shoots, one measures, one writes
- carefully check the experimental setup.
- $t_i = \frac{\bar{x} - \mu_0}{sd/\sqrt{n}}$
- $dof = ?$
- $\alpha = ?$
- t -table or `qt(alpha / 2, dof)` in R

2.12.4 The drive shaft exercise - t-Distribution

The t-score computation and the z-standardization look very familiar. While the z-score calculation needs some population parameters, the t-score calculation does not need such. It therefore allows us, to estimate population parameters based on a sample - a very frequent use case in statistics.

Suppose we have some data (maybe the drive shaft exercise?) with which calculations can be done. First, the mean \bar{x} and sd is calculated according to (1.18) and (1.19). After this, the confidence level (cl) (we will get to this later in more detail) is specified. A value of 95% is a common choice of cl.

$$ci = 0.95 \quad (\text{for a } 95\% \text{ confidence level}) \quad (2.27)$$

2 Statistical Distributions

Then the Standard Error (SE) is calculated using (2.28), which takes the sd and n of a sample into account (notice, how we did not use any population estimation?).

$$SE = \frac{sd}{\sqrt{n}} \quad (2.28)$$

In the next step, the critical t -score is calculated using the `cl` as shown in (2.29). `qt` in this case returns the value of the inverse CDF of the t-distribution given a certain random variable (or datapoint x_i) and $n - 1$ dof. Think of it as an automated look up in long statistical tables.

$$t_{score} = qt\left(\frac{1 - ci}{2}, df = n - 1\right) \quad (2.29)$$

With this, the *margin of error* can be calculated using the SE and the *t-score* as shown in (2.30).

$$\text{margin of error} = t_{score} \times SE \quad (2.30)$$

In the last step the Confidence Interval is calculated for the `lower` and the `upper` bound with (2.31) and (2.32).

$$lo = \bar{x} - \text{margin of error} \quad (2.31)$$

$$hi = \bar{x} + \text{margin of error} \quad (2.32)$$

It all looks and feels very similar to using the normal distribution. Why this is the case, is shown in Figure 2.38. In `?@fig-ds-t-1` the raw dataset is shown with the underlaid specification limits for the manufacturing of the drive shaft. For some groups the judgement if the drive shaft is within specification is quite clear (`group 1`, `group 2` and `group 5`). For the other groups, this can not be done so easily. For the drive shaft data, we of course now some population data, therefore the *normal distribution* can be compared to the *t-distribution*. This is done in `?@fig-ds-t-2`. On the `x-axis` the diameter is shown, the `y-axis` depicts the groups (as before). The distribution on top of the estimated parameters is the population (normal distribution), the distribution on the bottom follow a *t-distribution*. With $n > 30$ (as for this dataset), the difference between distribution is very small, further showcasing the use of the *t-distribution* (also see Figure 2.35 for comparison).

2.13 F - Statistics

F-statistics, also known as the *F-test* or *F-ratio*, is a statistical measure used in Analysis of Variance (ANOVA) and regression analysis (Taboga 2017). It assesses the ratio of two variances, indicating the extent to which the variability between groups or models is greater than the variability within those groups or models. The *F-statistic* plays a crucial role in hypothesis testing and model comparison.

Significance of F-statistics: The significance of the F-statistic lies in its ability to help researchers determine whether the differences between group means or the goodness-of-fit of a regression model are statistically significant. In ANOVA, a high F-statistic suggests that at least one group mean differs significantly from the others, while in regression analysis, it indicates whether the regression model as a whole is a good fit for the data.

Applications of F-statistics: 1. **Analysis of Variance ANOVA:** F-statistics are extensively used in ANOVA to compare means across two or more groups. It helps determine whether there are significant differences among the means of these groups. For example, an ANOVA might be used to compare the mean test scores of students taught using different teaching methods.

2. **Regression Analysis:** F-statistics are used in regression analysis to assess the overall significance of a regression model. Specifically, in multiple linear regression, it helps determine whether the model, which includes multiple predictor variables, is better at explaining the variance in the response variable compared to a model with no predictors. It tests the null hypothesis that all coefficients of the model are equal to zero.

The dof in an *F-distribution* refer to the two sets of numbers that determine the shape and properties of the distribution (Figure 2.39).

Numerator Degrees of Freedom (dof_1): The numerator degrees of freedom, often denoted as dof_1 , is associated with the variability between groups or models in statistical analyses (Figure 2.39 - horizontal axis). In the context of ANOVA, it represents the dof associated with the differences among group means. In regression analysis, it is related to the number of predictors or coefficients being tested simultaneously.

Denominator Degrees of Freedom (dof_2): The denominator degrees of freedom, often denoted as dof_2 , is associated with the variability within groups or models (Figure 2.40 - vertical axis). In ANOVA, it represents the degrees of freedom associated with the variability within each group. In regression analysis, it is related to the error or residual degrees of freedom, indicating the remaining variability not explained by the model.

The F-distribution is used to compare two variances: one from the numerator and the other from the denominator. The F-statistic, calculated as the ratio of these variances, follows an F-distribution (2.33).

$$f(x; dof_1, dof_2) = \frac{\Gamma\left(\frac{dof_1+dof_2}{2}\right)}{\Gamma\left(\frac{dof_1}{2}\right)\Gamma\left(\frac{dof_2}{2}\right)} \left(\frac{dof_1}{dof_2}\right)^{\frac{dof_1}{2}} \frac{x^{\frac{dof_1}{2}-1}}{\left(1 + \frac{dof_1}{dof_2}x\right)^{\frac{dof_1+dof_2}{2}}} \quad (2.33)$$

$$F_{m,n} = \frac{\chi_m^2/m}{\chi_n^2/n} \quad (2.34)$$

In practical terms: A higher numerator degrees of freedom (dof_1) suggests that there are more groups or predictors being compared, which may result in larger F-statistic values. A higher denominator degrees of freedom (dof_2) implies that there is more data within each group or model, which may lead to smaller F-statistic values. The F-distribution is right-skewed and always positive. It has different shapes depending on the values of dof_1 and dof_2 (Figure 2.40). The exact shape is determined by these degrees of freedom and cannot be altered by changing sample sizes or data values (Figure 2.40). Researchers use F-distributions to conduct hypothesis tests, such as F-tests in ANOVA and F-tests in regression, to determine if there are significant differences between groups or if a regression model is statistically significant.

In summary, dof in the F-distribution are critical in hypothesis testing and model comparisons. They help quantify the variability between and within groups or models, allowing statisticians to assess the significance of observed differences and make informed statistical decisions.

2.13.1 Classroom example: two students shoot a catapult



Figure 2.41: Our catapult we use for shooting

- we want to know, if one student shoots more accurate than the other
- 10 shots each
- record values
- How do we do it?
- H_0 : Variances are equal ($\sigma_a^2 = \sigma_B^2$), H_a : Variances are unequal ($\sigma_a^2 \neq \sigma_B^2$)
- So we need to find the variance? Can we not just use sd ?
 - No, because: $F = \frac{sd_1^2}{sd_2^2} = \frac{4}{1} = 4$ against $F = \frac{sd_1}{sd_2} = \frac{2}{1} = 2$
- Calculate F Statistic: $F = \frac{sd_A^2}{sd_B^2}$
- find p-value for F-Statistic: `pf(F_stat, dof_A, dof_B)`, `1-pf(F_stat, dof_A, dof_B)`

2.14 Interconnections

1. Normal Distribution The **Normal Distribution** is characterized by its mean (μ) and standard deviation (σ), see Figure 2.42. It serves as the foundation for many statistical analyses.
2. Standardized Normal Distribution The **Standardized Normal Distribution**, denoted as $Z \sim N(0, 1)$, is a special case of the normal distribution. It has a mean (μ) of 0 and a standard deviation (σ) of 1. It is obtained by standardizing a normal distribution variable X : $Z = \frac{X-\mu}{\sigma}$ (Figure 2.42).
3. t Distribution The **t Distribution** is related to the normal distribution and depends on dof. As dof increases, the t-distribution approaches the standard normal distribution (Figure 2.42).
4. Chi-Square Distribution The **Chi-Square Distribution** is indirectly connected to the normal distribution through the concept of “sum of squared standard normals.” When standard normal random variables (Z) are squared and summed, the resulting distribution follows a chi-square distribution.
5. F Distribution The **F Distribution** arises from the ratio of two independent chi-square distributed random variables. It is used for comparing variances between groups in statistical tests like ANOVA.

2 Statistical Distributions

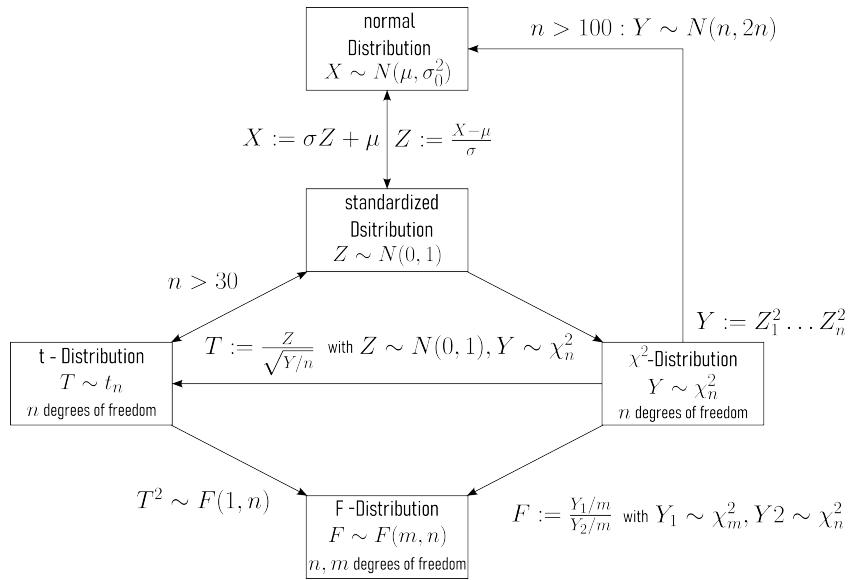


Figure 2.42: The distributions are interconnected in several different ways.

2.15 Weibull - Distribution

The Weibull distribution is a probability distribution frequently used in statistics and reliability engineering to model the time until an event, particularly failures or lifetimes. It is named after Waloddi Weibull³, who developed it in the mid-20th century (Weibull 1951).

The Weibull distribution is characterized by two parameters:

Shape Parameter (β): This parameter determines the shape of the distribution curve and can take on values greater than 0. Depending on the value of β , the Weibull distribution can exhibit different behaviors:

If $\beta < 1$, the distribution has a decreasing failure rate, indicating that the probability of an event occurring decreases over time. This is often associated with “infant mortality” or early-life failures. If $\beta = 1$, the distribution follows an exponential distribution with a constant failure rate over time. If $\beta > 1$, the distribution has an increasing failure rate, suggesting that the event becomes more likely as time progresses. This is often associated with “wear-out” failures.

Scale Parameter (λ): This parameter represents a characteristic scale or location on the time axis. It influences the position of the distribution on the time axis. A larger λ indicates that events are more likely to occur at later times.

³Waloddi Weibull (1887–1979) was a Swedish engineer and statistician known for his work on the Weibull distribution, which is widely used in reliability engineering and other fields.

2.15 Weibull - Distribution

Applications: - Reliability Engineering: The Weibull distribution is extensively used in reliability engineering to assess the lifetime and failure characteristics of components and systems. Engineers can estimate the distribution parameters from data to predict product reliability, set warranty periods, and plan maintenance schedules.

- Survival Analysis: In medical research and epidemiology, the Weibull distribution is employed to analyze survival data, such as time until the occurrence of a disease or death. It helps in modeling and understanding the progression of diseases and the effectiveness of treatments.
- Economics and Finance: The Weibull distribution is used in finance to model the time between financial events, like market crashes or loan defaults. It can provide insights into risk assessment and portfolio management.
- Time-to-event (time to failure (TTF)) continuous distribution function
- Examples: time users spend on web pages, time until a product fails

$$f_X(x; \lambda, \beta) = \begin{cases} \frac{\beta}{\lambda} \left(\frac{x}{\lambda}\right)^{\beta-1} e^{-(x/\lambda)^\beta} & ; x \geq 0 \\ 0 & ; x < 0 \end{cases} \quad (2.35)$$

- λ scale parameter
- β shape parameter
- Interpretation of Shape Parameter (β):
 - $\beta < 1$ Failure rate decreases over time (e.g., due to “infant mortality”).
 - $\beta = 1$ Constant failure rate (random external events causing mortality).
 - $\beta > 1$ Failure rate increases with time (aging process).

2.15.0.1 Classroom example: Weibull Distribution

- 6 students roll a die
- 1 student records the number of rolls it takes until a 6 is rolled (“the event”)
- calculate the mean of the “times” as well as the standard deviation
- draw a histogram of the data

2.15.1 The drive shaft exercise - Weibull distribution

The Weibull distribution can be applied to estimate the probability of a part to fail after a given time. Suppose there have been $n = 100$ drive shafts produced. In order to assure that the assembled drive shaft would last during their service time, they have been tested

2 Statistical Distributions

in a test-stand that mimics the mission profile⁴ of the product. This process is called *qualification* and a big part of any product development (Meyna 2023). The measured hours are shown in Figure 2.46 in a histogram of the data. On the **x-axis** the Time to failure is shown, while the **y-axis** shows the number of parts that failed within the time. Their histogram plot is overlayed with an empirical density plot as a solid line, as well as the theoretical distribution as a dotted line (Luckily, we know the distribution parameters).

2.16 Poisson - Distribution

The Poisson distribution is a probability distribution commonly used in statistics to model the number of events that occur within a fixed interval of time or space, given a known average rate of occurrence. It is named after the French mathematician Siméon Denis Poisson⁵.

The Poisson distribution is an applicable probability model in such situations under specific conditions:

- 1. Independence:** Events should occur independently of each other within the specified interval of time or space. This means that the occurrence of one event should not affect the likelihood of another event happening.
- 2. Constant Rate:** The average rate (*lambda*, denoted as λ) at which events occur should be constant over the entire interval. In other words, the probability of an event occurring should be the same at any point in the interval.
- 3. Discreteness:** The events being counted must be discrete in nature. This means that they should be countable and should not take on continuous values.
- 4. Rare Events:** The Poisson distribution is most appropriate when the events are rare, meaning that the probability of more than one event occurring in an infinitesimally small interval is negligible. This assumption helps ensure that the distribution models infrequent events.
- 5. Fixed Interval:** The interval of time or space in which events are counted should be fixed and well-defined. It should not vary or be open-ended.
- 6. Memorylessness:** The Poisson distribution assumes that the probability of an event occurring in the future is independent of past events. In other words, it does not take into account the history of events beyond the current interval.

⁴A mission profile for parts is a detailed plan specifying how specific components in a system should perform, considering factors like environment, performance, safety, and compliance.

⁵Siméon Denis Poisson (1781-1840) was a notable French mathematician, renowned for his work in probability theory and mathematical physics.

2.16 Poisson - Distribution

7. Count Data: The Poisson distribution is most suitable for count data, where you are interested in the number of events that occur in a given interval.

In the context of a Poisson distribution, the parameter lambda (λ) represents the average rate of events occurring in a fixed interval of time or space. It is a crucial parameter that helps define the shape and characteristics of the Poisson distribution.

Average Rate: λ is a positive real number that represents the average or expected number of events that occur in the specified interval. It tells you, on average, how many events you would expect to observe in that interval.

Rate of Occurrence: λ quantifies the rate at which events happen. A higher value of λ indicates a higher rate of occurrence, while a lower value of λ indicates a lower rate.

Shape of the Distribution: The value of λ determines the shape of the Poisson distribution. Specifically:

When λ is small, the distribution is skewed to the right and is more concentrated toward zero (Figure 2.47). When λ is moderate, the distribution approaches a symmetric bell shape (Figure 2.47). When λ is large, the distribution becomes increasingly similar to a normal distribution(Figure 2.47).

2 Statistical Distributions



Figure 2.19: An Illustration of the Buffon Needle Problem.

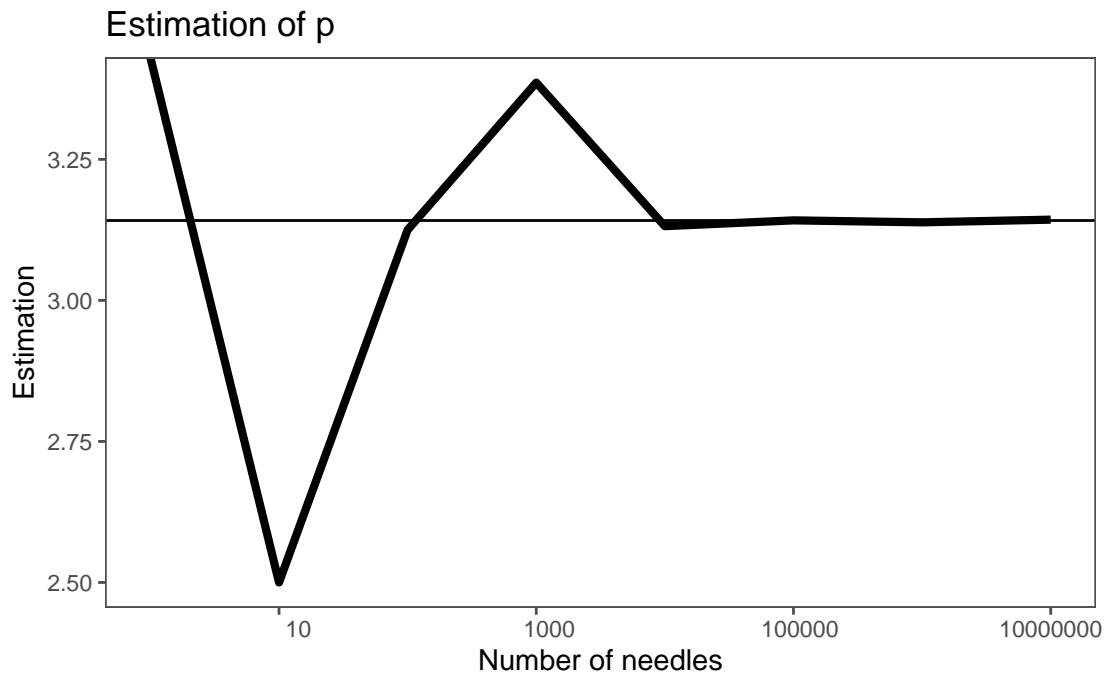


Figure 2.20: Counting needles leads to an esimate of π .

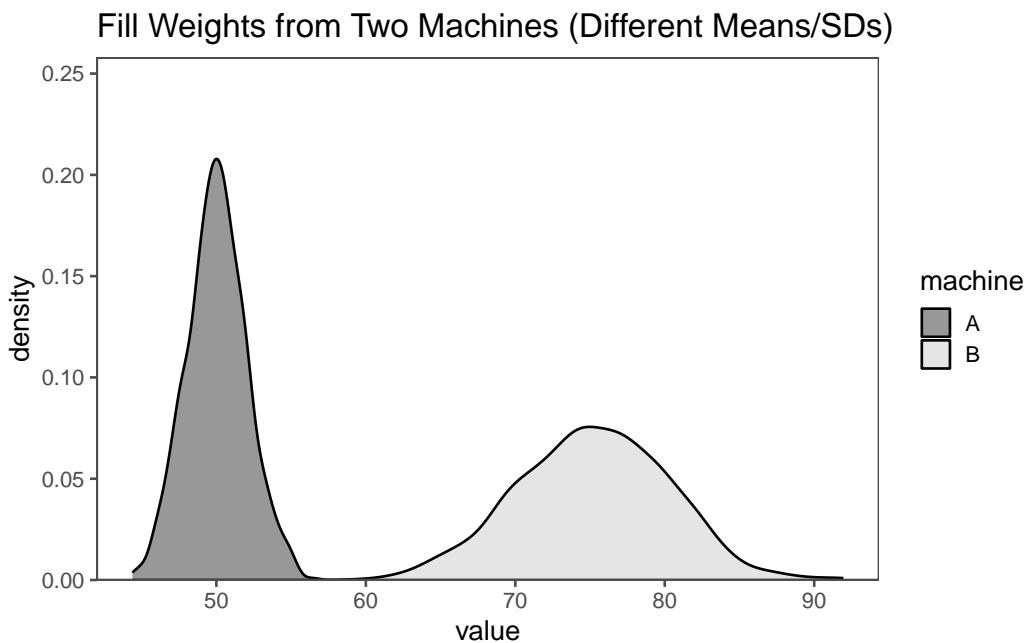


Figure 2.21: How can we compare this data?

2 Statistical Distributions

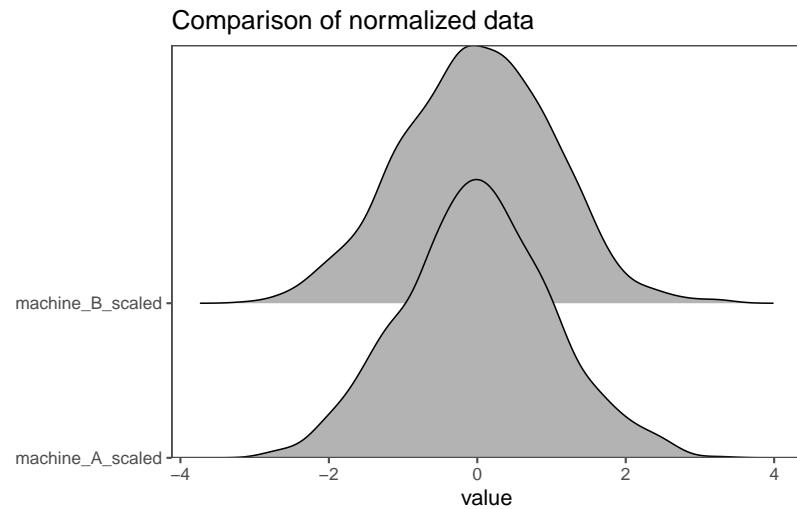


Figure 2.22: Normalized data is easier to compare

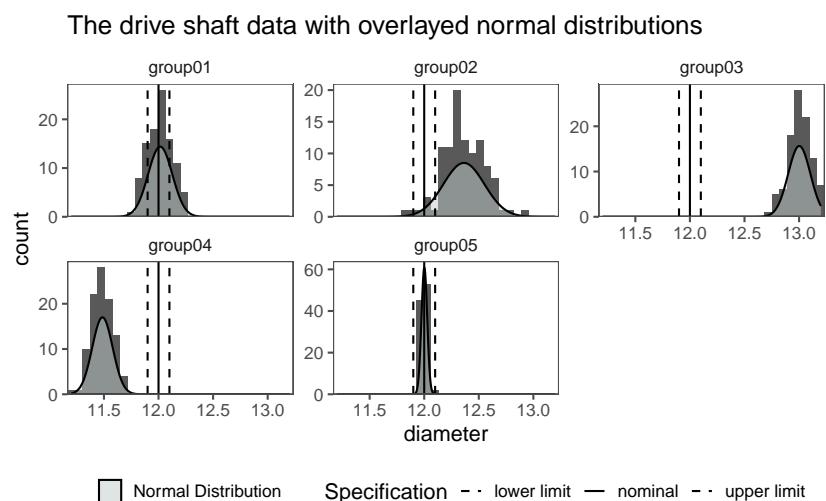


Figure 2.24: The drive shaft data with the respective normal distributions.

2.16 Poisson - Distribution

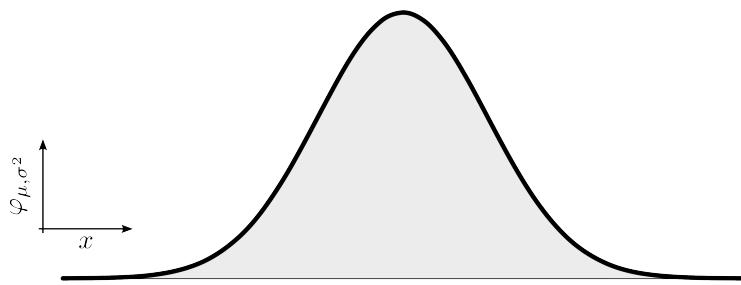


Figure 2.25: A visual representation of the PDF for the normal distribution.

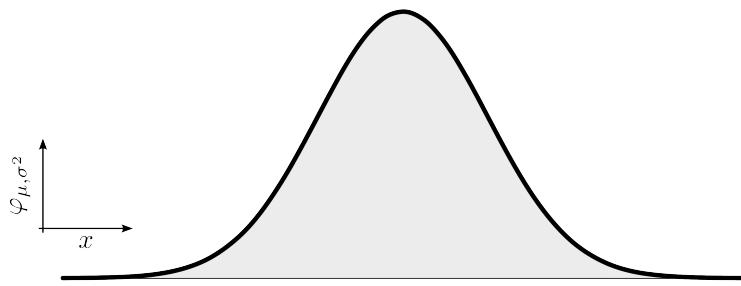


Figure 2.26: A visual representation of the PDF for the normal distribution

2 Statistical Distributions

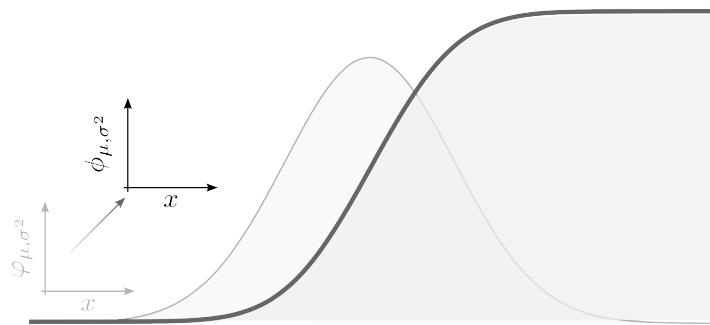


Figure 2.27: A visual representation of the CDF for the normal distribution.

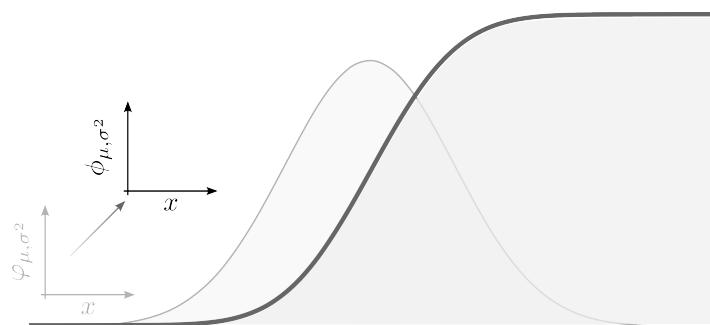


Figure 2.28: A visual representation of the CDF for the normal distribution.

2.16 Poisson - Distribution

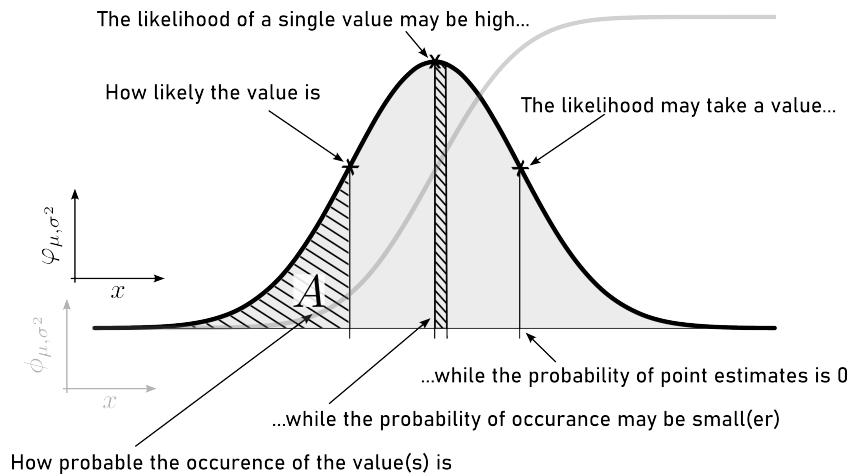


Figure 2.29: The subtle difference between likelihood and probability.

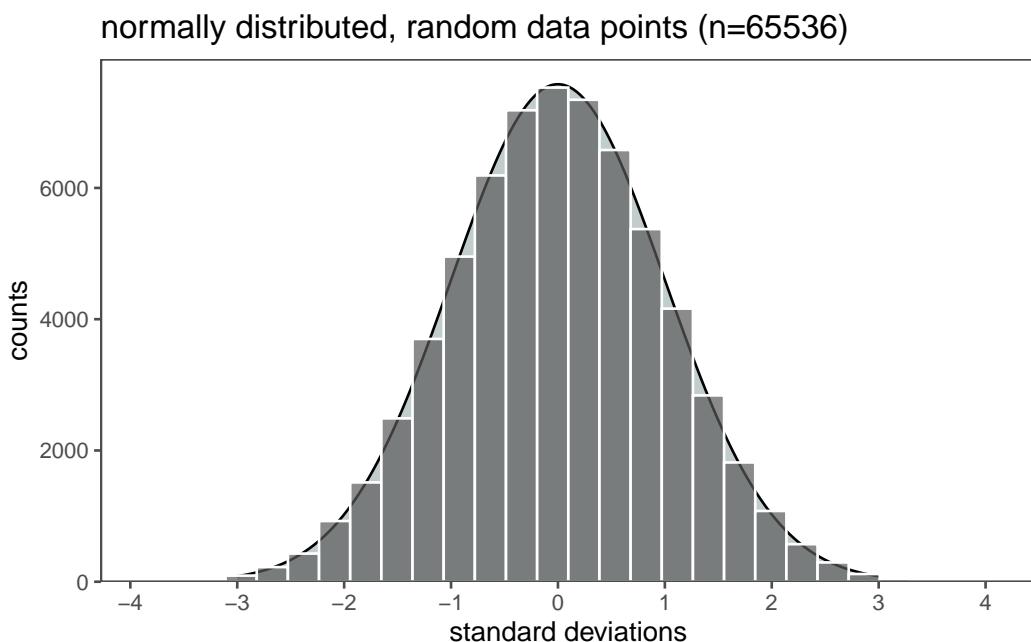


Figure 2.31: A random variable

2 Statistical Distributions

squared normally distributed data

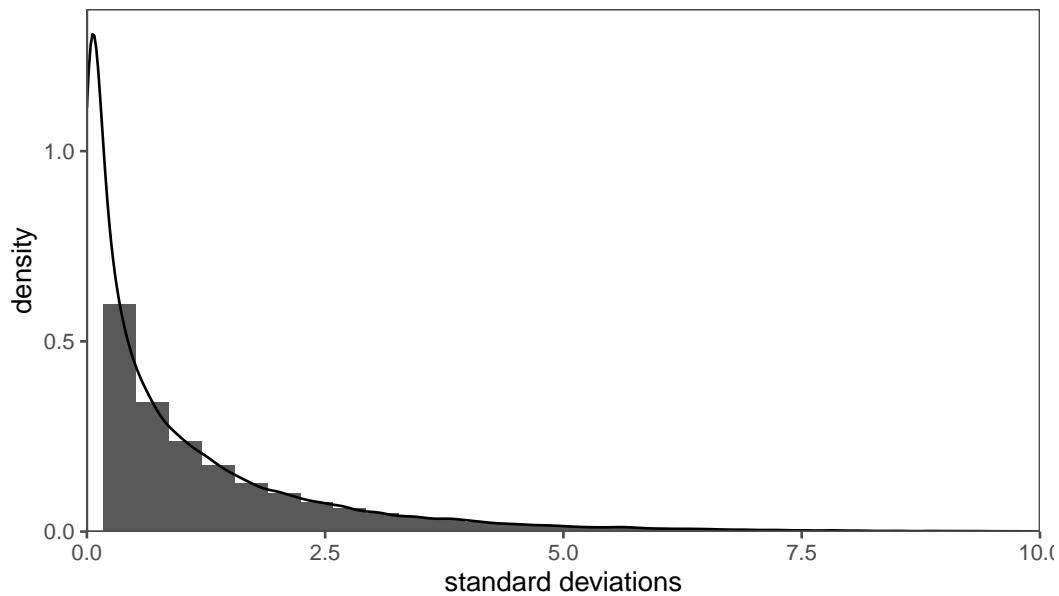


Figure 2.32: A random variable

PDF of Chi square distribution with varying dof

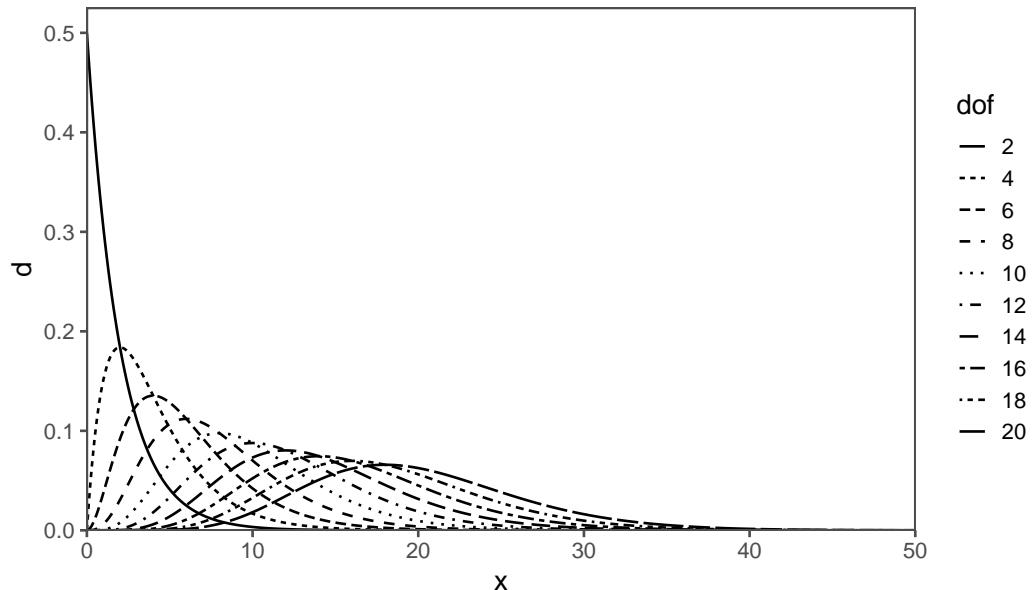


Figure 2.33: The Chi²

2.16 Poisson - Distribution

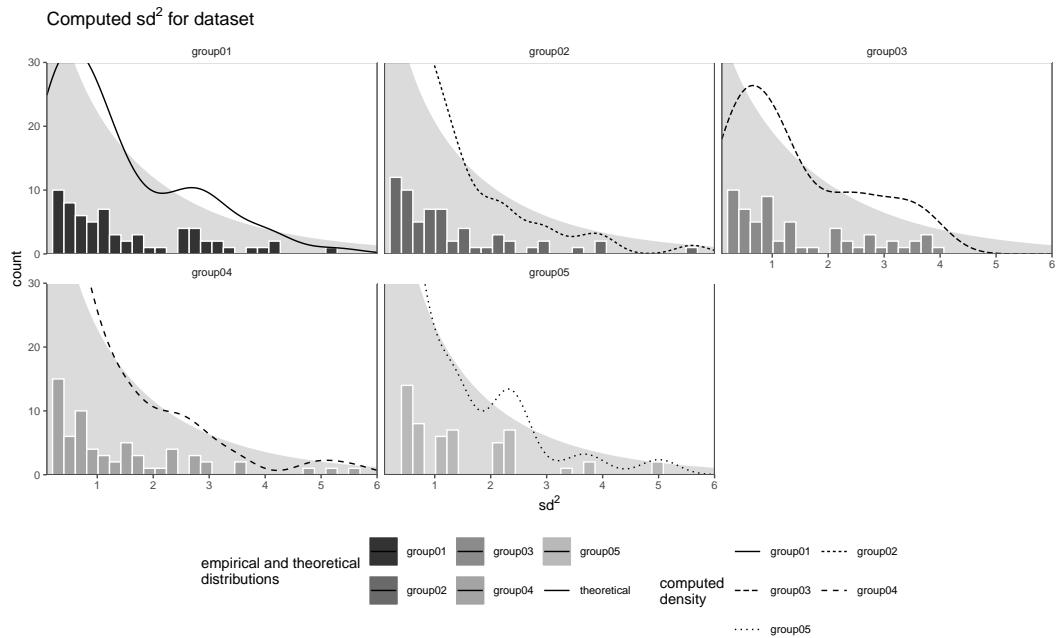


Figure 2.34: The χ^2 distribution of the drive shaft data.

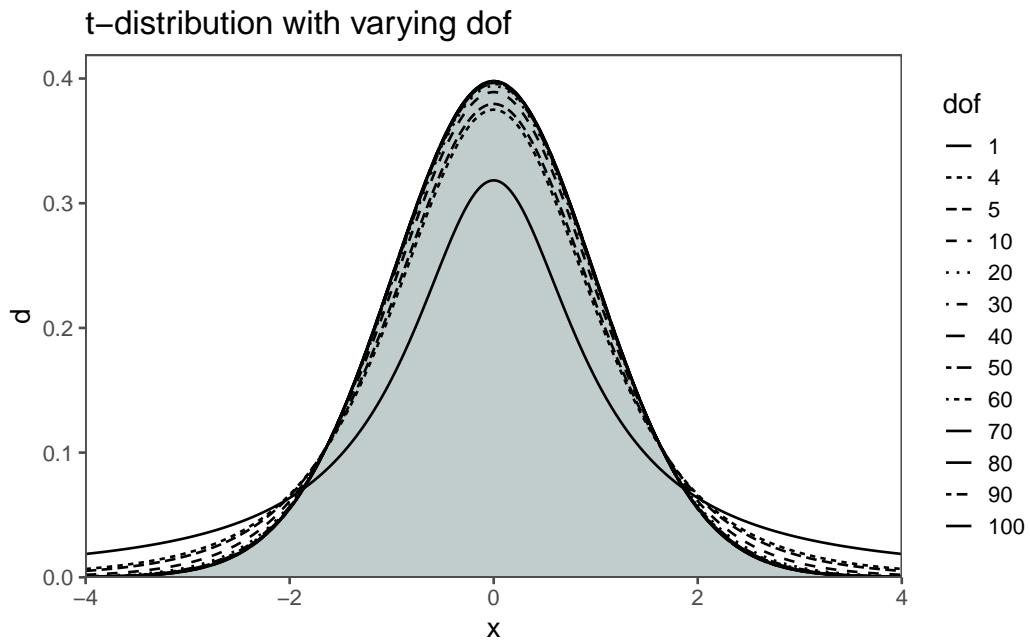


Figure 2.35: PDF of t-distribution with varying dof

2 Statistical Distributions

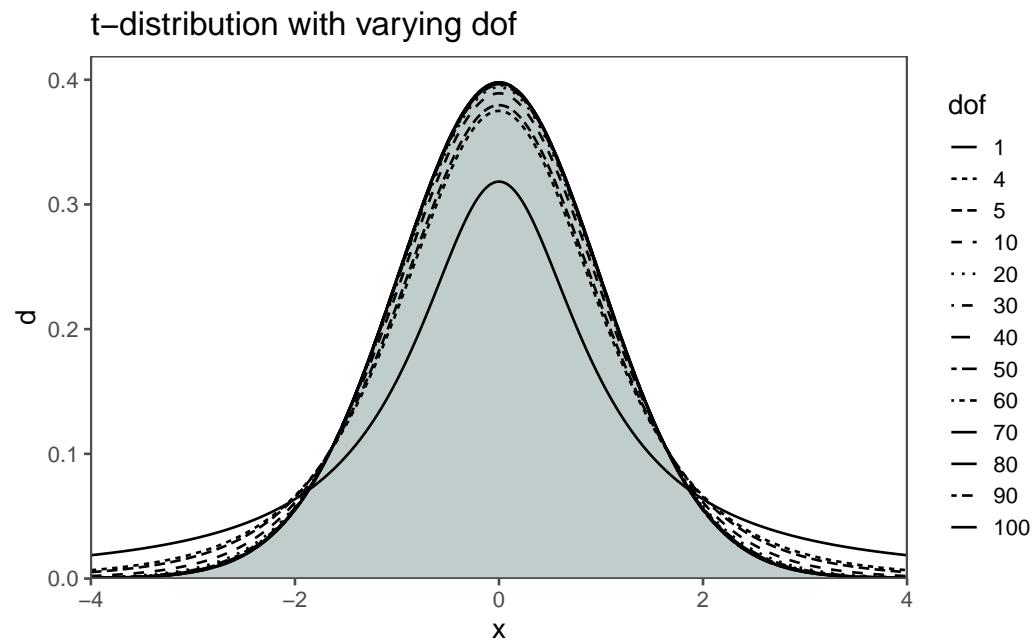


Figure 2.36: PDF of t-distribution with varying *dof*

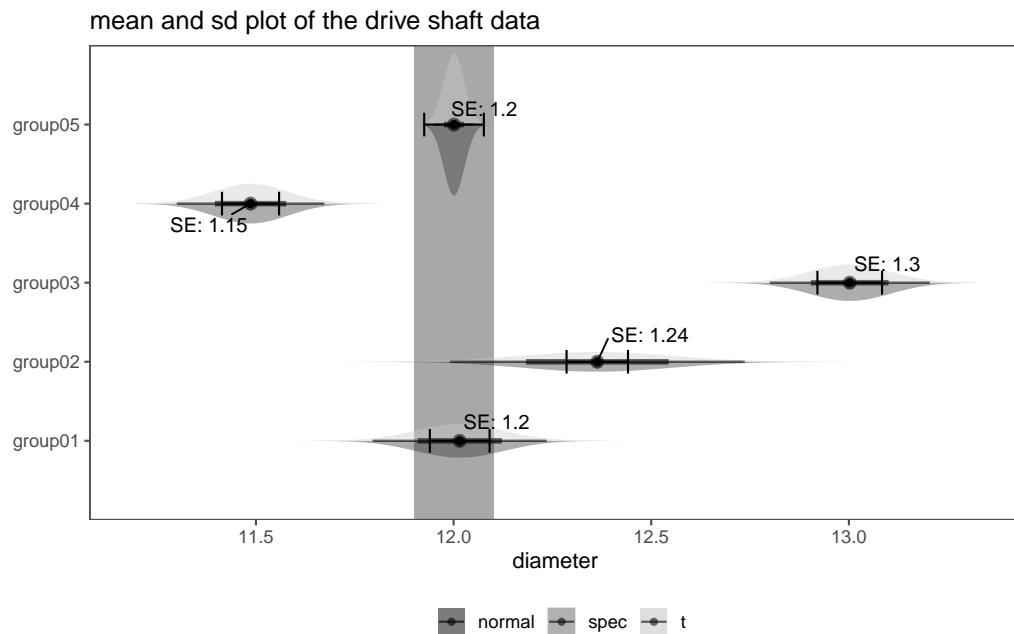


Figure 2.38: The drive shaft data with normal distribution, t-distribution and confidence intervals using the t-distribution

2.16 Poisson - Distribution

F – density plots of dof_1 vs. dof_2

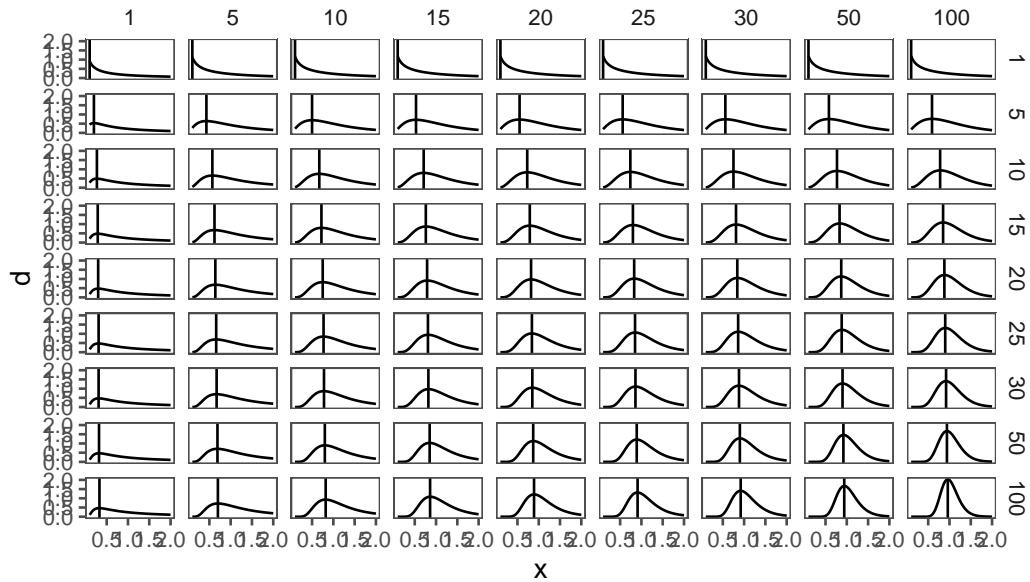


Figure 2.39: F-distribution for dof_1 on the horizontal and dof_2 on the vertical axis

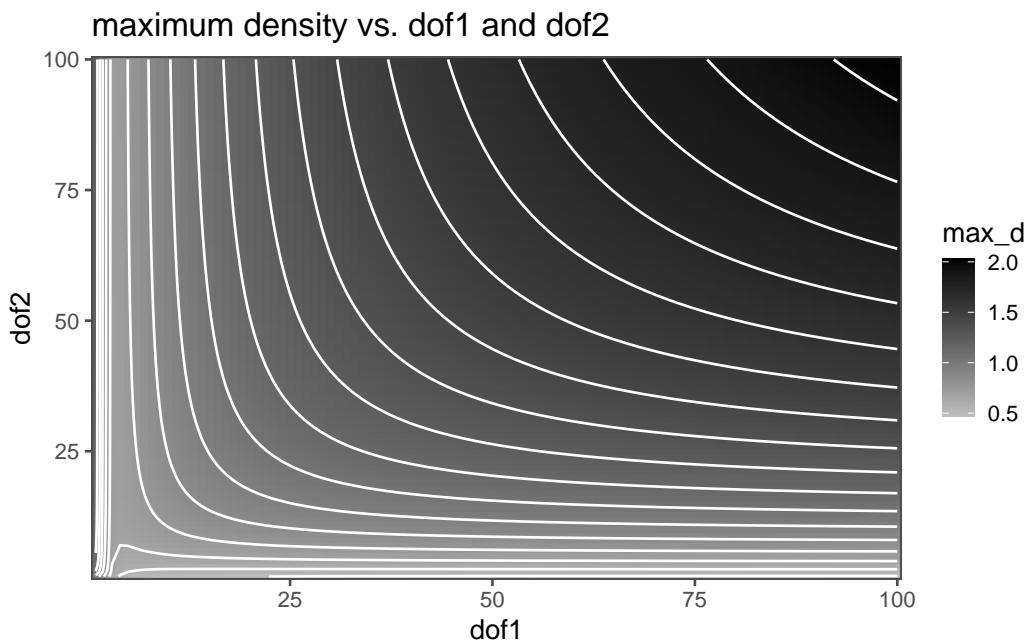


Figure 2.40: The maximum density as a function of dof_1 and dof_2 in a continuous parameter space.

The weibull distribution with scale (λ) and shape (β) parameter

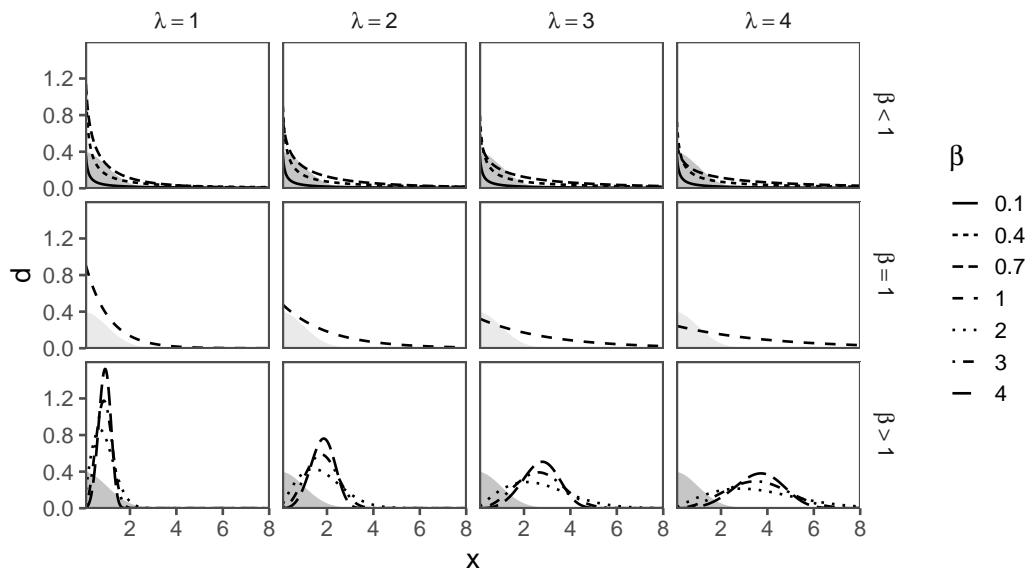


Figure 2.43: The weibull distribution and the influence of β and λ

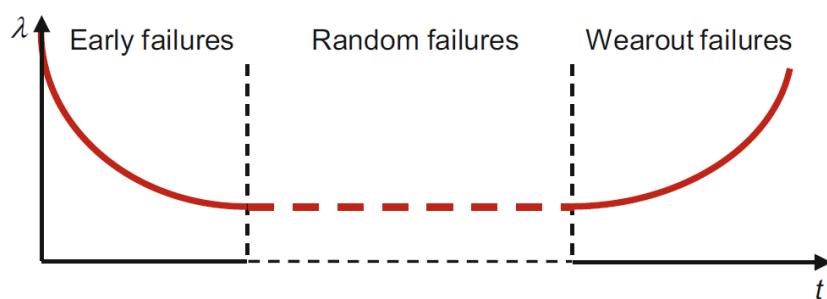


Figure 2.44: The classical bathtub curve (Lienig and Bruemmer 2017)

The weibull distribution with scale (λ) and shape (β) parameter

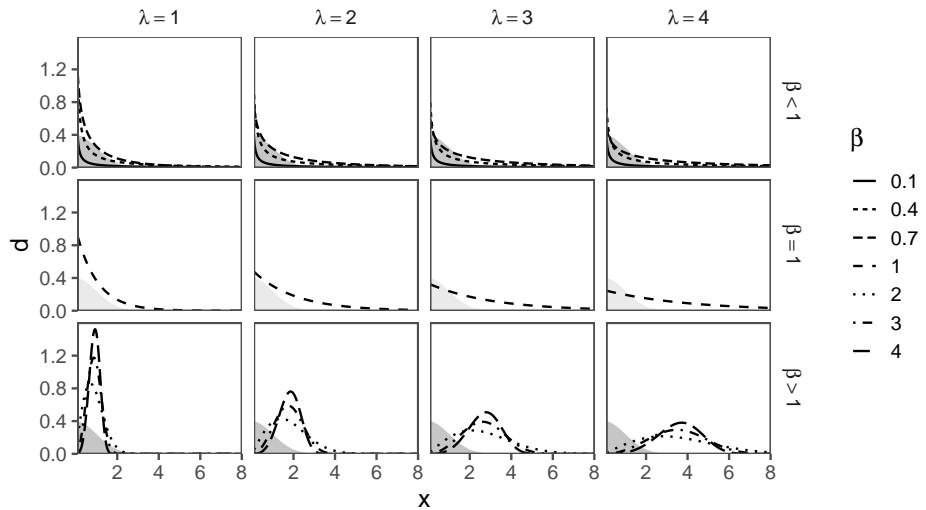


Figure 2.45: The influence of scale (λ) and shape (β) parameter on the distribution.

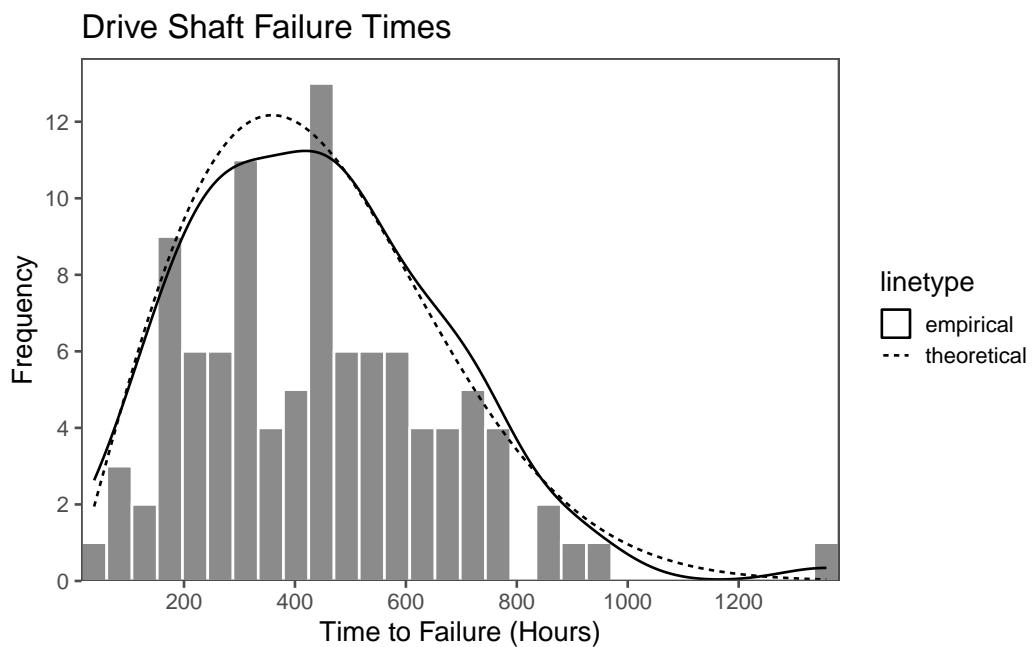


Figure 2.46: The measured hours how long the drive shafts lasted in the test stand.

2 Statistical Distributions

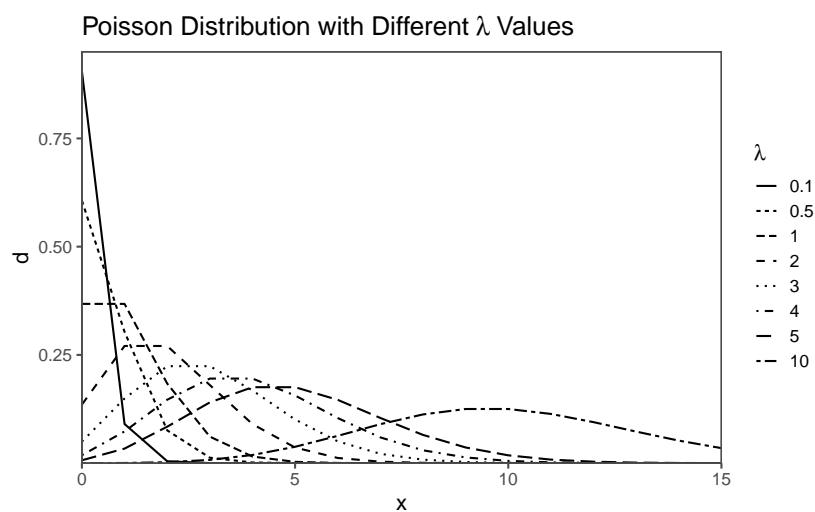
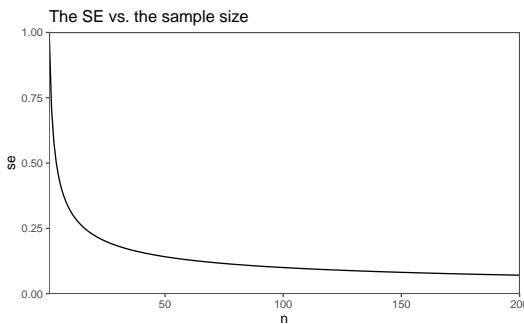


Figure 2.47: The poisson distribution with different λ values.

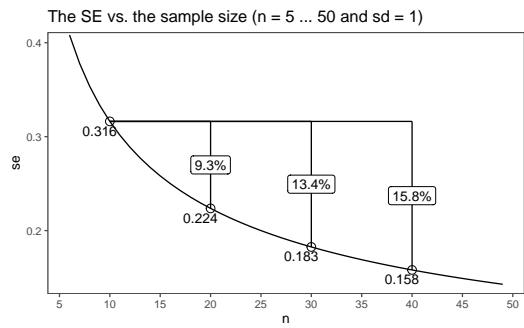
3 Sampling Methods

3.1 Sample Size

3.1.1 Standard Error



(a) maximum sample size $n = 200$



(b) sample size for $n = 5 \dots 50$

Figure 3.1: The SE for varying sample sizes n

SE is a statistical measure that quantifies the variation or uncertainty in sample statistics, particularly the mean (average). It is a valuable tool in inferential statistics and provides an estimate of how much the sample mean is expected to vary from the true population mean.

$$SE = \frac{sd}{\sqrt{n}} \quad (3.1)$$

A smaller SE indicates that the sample mean is likely very close to the population mean, while a larger standard error suggests greater variability and less precision in estimating the population mean. SE is crucial when constructing confidence intervals and performing hypothesis tests, as it helps in assessing the reliability of sample statistics as estimates of population parameters.

Variance vs. Standard Deviation: The standard error formula is based on the standard deviation of the sample, not the variance. The standard deviation is the square root of the variance.

3 Sampling Methods

Scaling of Variability: The purpose of the standard error is to measure the variability or spread of sample means. The square root of the sample size reflects how that variability decreases as the sample size increases. When the sample size is larger, the sample mean is expected to be closer to the population mean, and the standard error becomes smaller to reflect this reduced variability.

Central Limit Theorem: The inclusion of \sqrt{n} in the standard error formula is closely tied to the Central Limit Theorem, which states that the distribution of sample means approaches a normal distribution as the sample size increases. \sqrt{n} helps in this context to ensure that the standard error appropriately reflects the distribution's properties.

3.2 Random Sampling

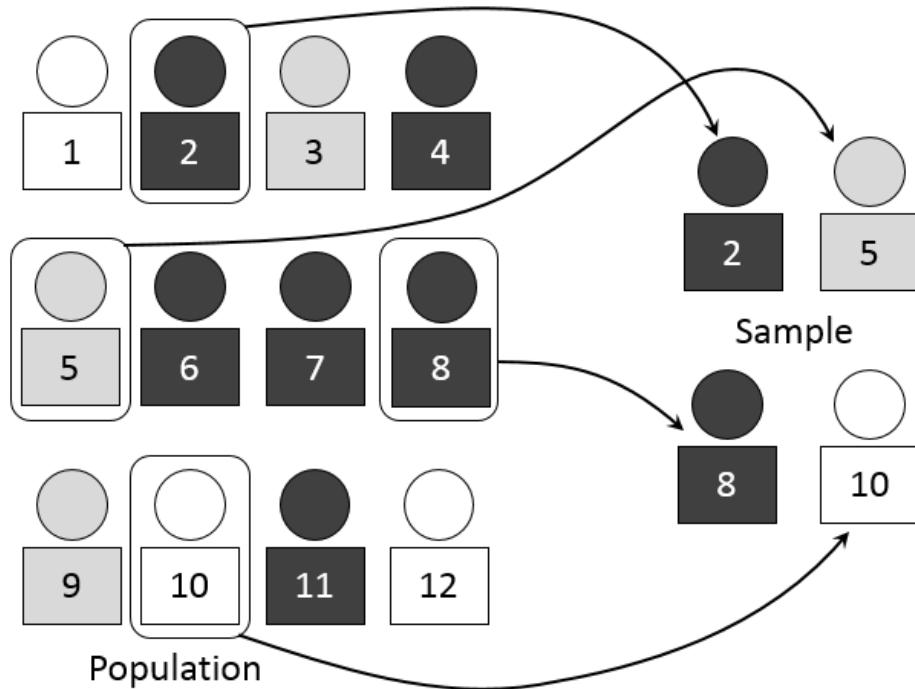


Figure 3.2: The idea of random sampling (Dan Kernler).

- **Definition:** Selecting a sample from a population in a purely random manner, where every individual has an equal chance of being chosen.
- **Advantages:**
 - Eliminates bias in selection.
 - Results are often representative of the population.

- **Disadvantages:**

- Possibility of unequal representation of subgroups.
- Time-consuming and may not be practical for large populations.

3.3 Stratified Sampling

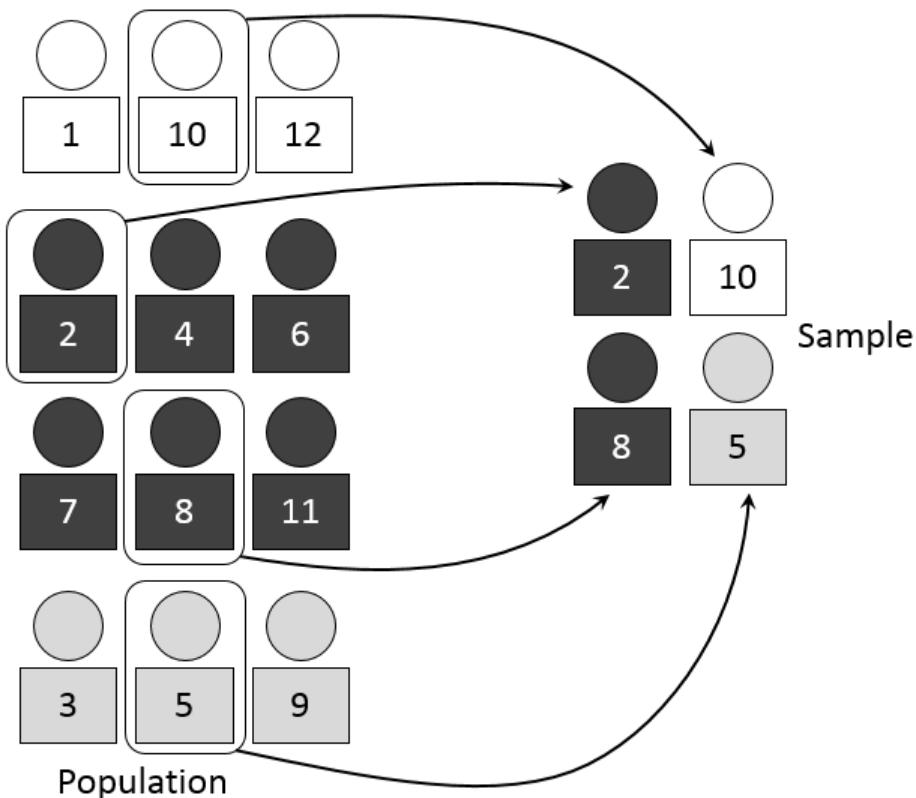


Figure 3.3: The idea of stratified sampling (Dan Kernler)

- **Definition:** Dividing the population into subgroups or strata based on certain characteristics and then randomly sampling from each stratum.

- **Advantages:**

- Ensures representation from all relevant subgroups.
- Increased precision in estimating population parameters.

- **Disadvantages:**

- Requires accurate classification of the population into strata.
- Complexity in implementation and analysis.

3.4 Systematic Sampling

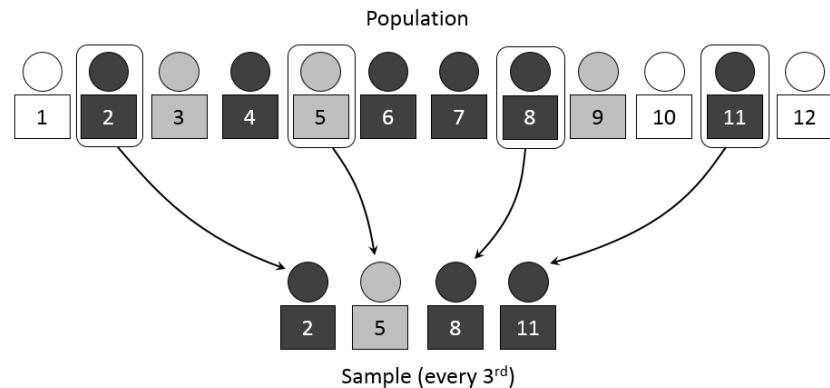


Figure 3.4: The idea of systematic sampling (Dan Kernler)

- **Definition:** Choosing every k th individual from a list after selecting a random starting point.
- **Advantages:**
 - Simplicity in execution compared to random sampling.
 - Suitable for large populations.
- **Disadvantages:**
 - Susceptible to periodic patterns in the population.
 - If the periodicity aligns with the sampling interval, it can introduce bias.

3.5 Cluster Sampling

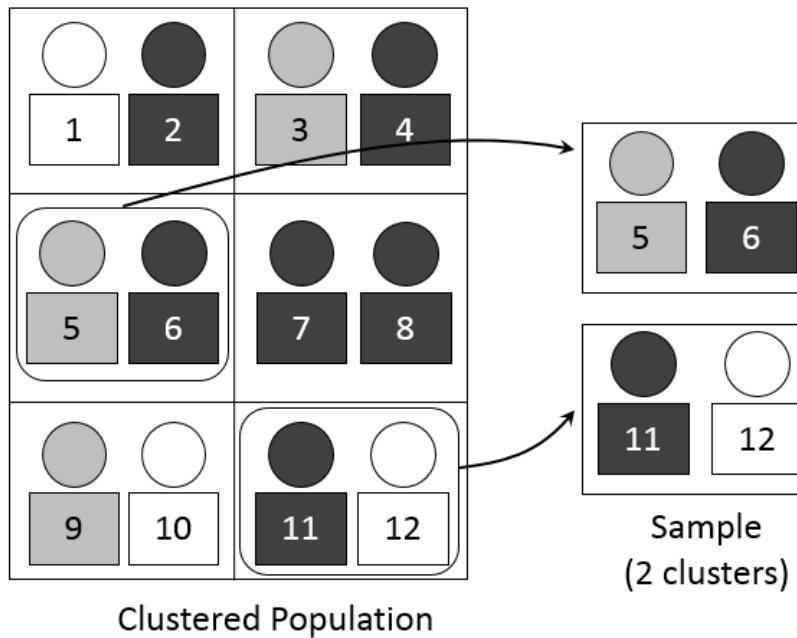


Figure 3.5: The idea of clustered sampling (Dan Kernler).

- **Definition:** Dividing the population into clusters, randomly selecting some clusters, and then including all individuals from the chosen clusters in the sample.
- **Advantages:**
 - Cost-effective, especially for geographically dispersed populations.
 - Reduces logistical challenges compared to other methods.
- **Disadvantages:**
 - Increased variability within clusters compared to other methods.
 - Requires accurate information on cluster characteristics.

3 Sampling Methods

Table 3.1: The Classroom data

Characteristic	N = 40 ¹
Age	30 (28, 34)
Gender	
Female	23 (58%)
Male	17 (43%)

¹Median (Q1, Q3); n (%)

Table 3.2: The means and standard deviations of the classroom data for n = 5,10,15,20

n	mean in years	standard deviation in years
5	28.80	3.42
10	30.70	4.95
15	31.07	4.32
20	30.50	4.63
population	30.40	4.18

3.6 Example - Classroom Sampling

3.6.1 Descriptive Statistics (Population)

3.6.1.1 Histogram

3.6.1.2 Classroom Age

3.6.1.3 Classroom Gender

3.6.1.4 Population Values

$$\mu_{Age} = 30.4$$

$$sd_{Age} = 4.18$$

These are the values we want to estimate using the introduced sampling strategies

3.6 Example - Classroom Sampling

The histogram of the student data

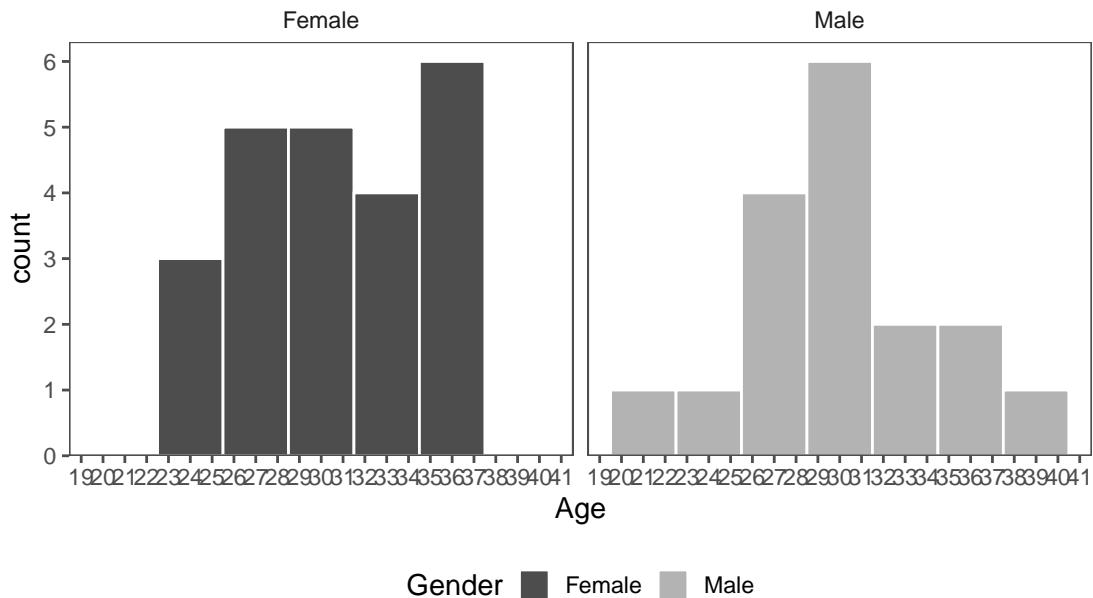


Figure 3.6: The histograms of students

3.6.2 Simple Random Sampling

3.6.2.1 $n = 5$

3.6.2.2 $n = 10$

3.6.2.3 $n = 15$

3.6.2.4 $n = 20$

3.6.2.5 Data

3.6.2.6 Mean Comparison

3.6.2.7 SD Comparison

3.6.3 Systematic Sampling

Sample always the k th.

3 Sampling Methods

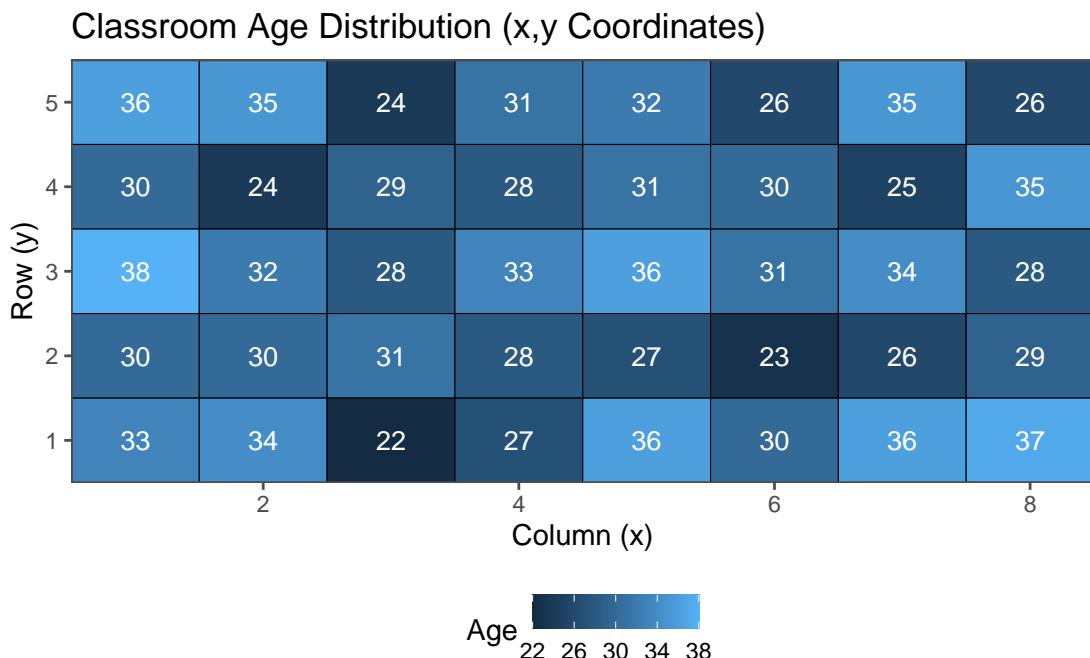


Figure 3.7: Where students are seated (Age)

Table 3.3: The output of systematic sampling for every 8th, 5th, 4th, 2nd

k	mean in years	standard deviation in years
8	33.40	3.58
5	30.62	4.41
3	31.57	4.07
2	30.95	4.59
population	30.40	4.18

3.6 Example - Classroom Sampling

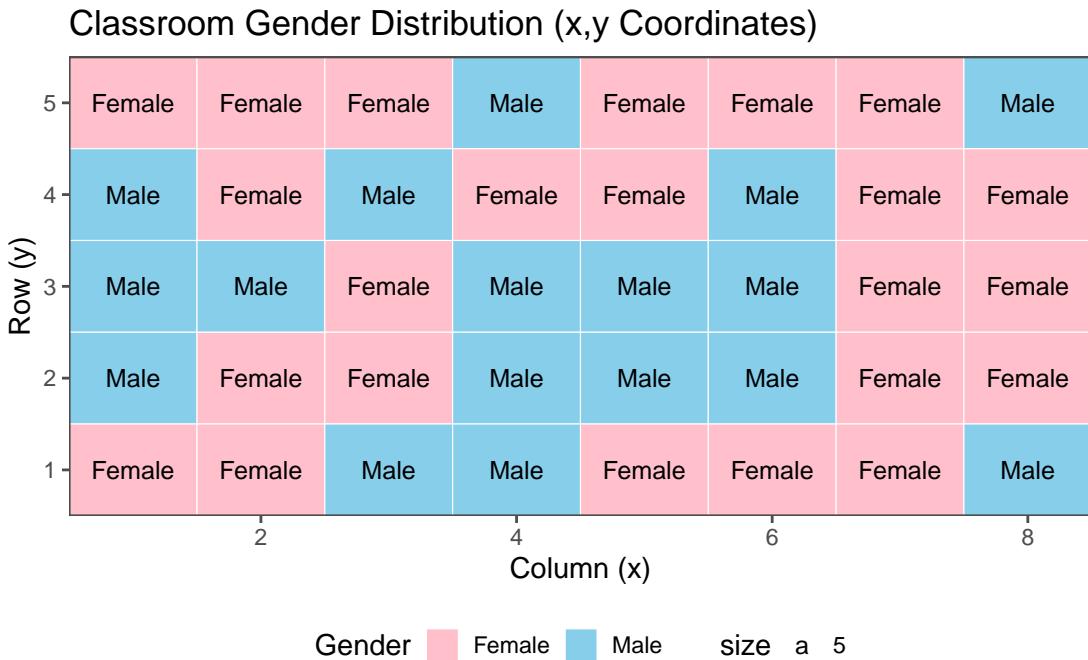


Figure 3.8: Where students are seated (Age)

3.6.3.1 $k = 8$

3.6.3.2 $k = 5$

3.6.3.3 $k = 2$

3.6.3.4 Data

3.6.3.5 Mean Comparison

3.6.3.6 SD Comparison

3.6.4 Stratified Sampling

Choose sample stratified to characteristic (Gender represented in population)

3 Sampling Methods

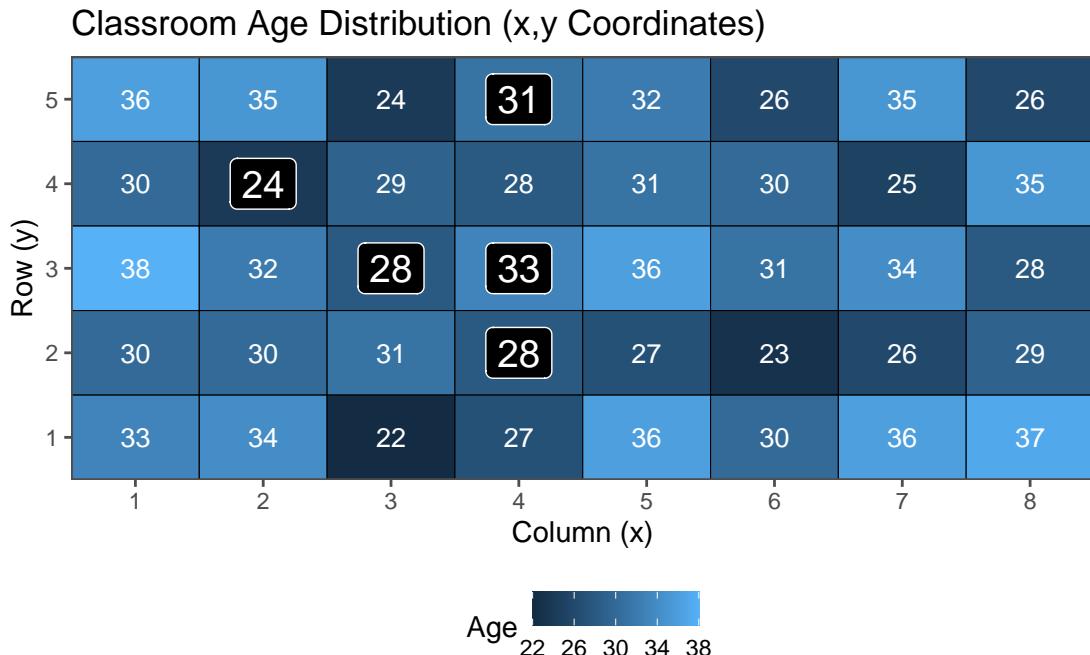


Figure 3.9: Where students are seated (Age) and the 5 samples

3.6.4.1 proportion = 12% → $n = 5$

3.6.4.2 proportion = 25% → $n = 10$

3.6.4.3 proportion = 38% → $n = 15$

3.6.4.4 proportion = 50% → $n = 20$

3.6.4.5 Data

3.6.4.6 Mean Comparison

3.6.4.7 SD Comparison

3.6.5 Clustered Sampling

Clusters are logical units which are sampled in order to save sampling resources.

In our case clusters are columns of students.

3.6 Example - Classroom Sampling

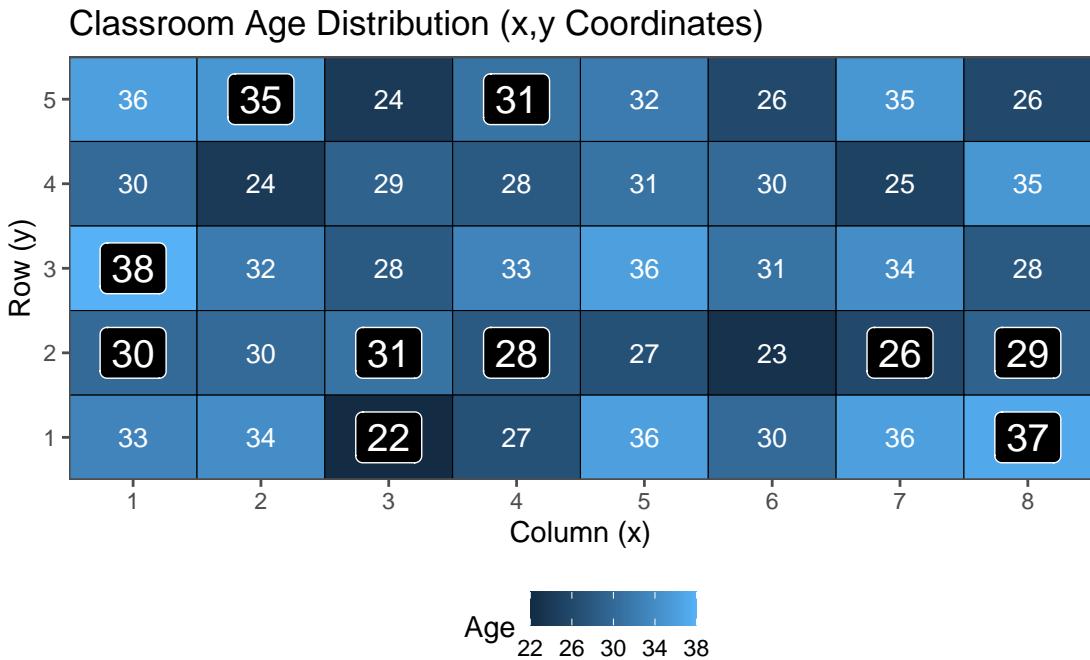


Figure 3.10: Where students are seated (Age) and the 10 samples

3 Sampling Methods

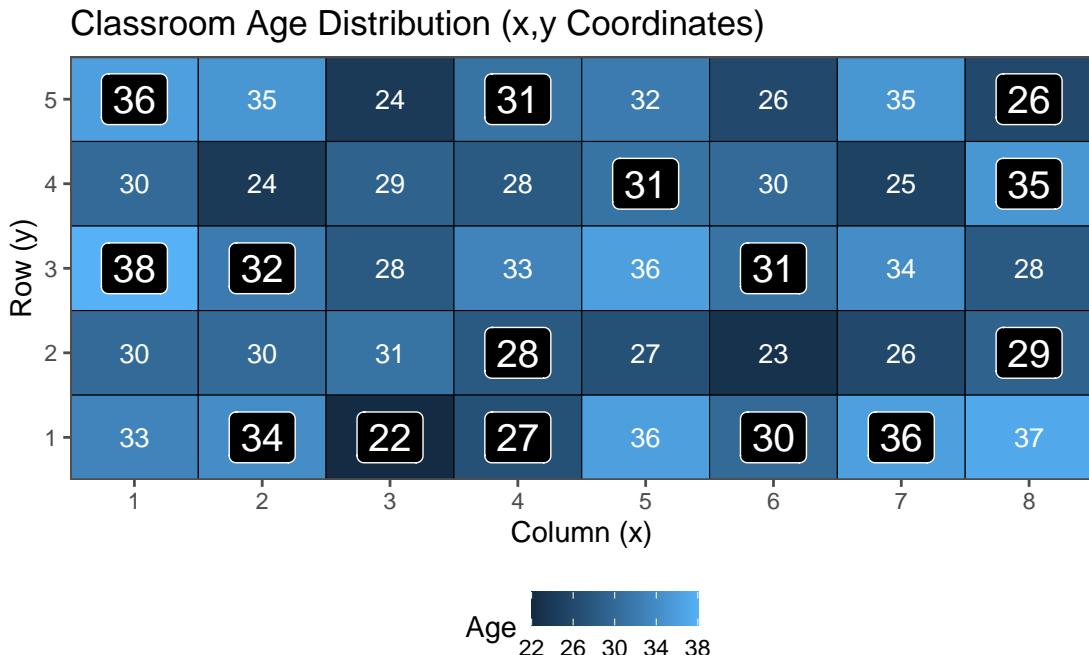


Figure 3.11: Where students are seated (Age) and the 15 samples

3.6.5.1 One Cluster

3.6.5.2 Two Clusters

3.6.5.3 Three Clusters

3.6.5.4 Four Clusters

3.6.5.5 Data

3.6.5.6 Mean Comparison

3.6.5.7 SD Comparison

3.6.6 Overall Comparison of Sampling Strategies (Gender)

3.6.7 Overall Comparison of Sampling Strategies (Mean)

3.6.8 Overall Comparison of Sampling Strategies (SD)

3.7 Bootstrapping

3.7.1 Bootstrapping in general

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- **Definition:** Estimating sample statistic distribution by drawing new samples with replacement from observed data, providing insights into variability without strict

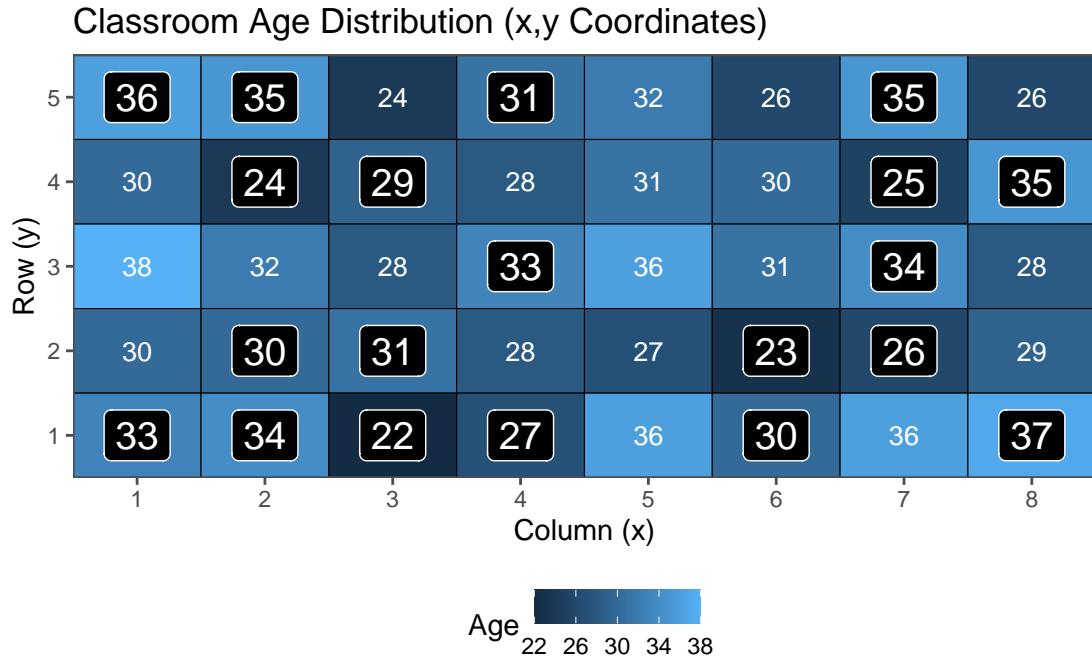


Figure 3.12: Where students are seated (Age) and the 20 samples

population distribution assumptions.

- **Advantages:**

- Non-parametric: Works without assuming a specific data distribution.
- Confidence Intervals: Facilitates easy estimation of confidence intervals.
- Robustness: Reliable for small sample sizes or unknown data distributions.

- **Disadvantages:**

- Computationally Intensive: Resource-intensive for large datasets.
- Results quality relies on the representativeness of the initial sample (garbage in - garbage out).
- Cannot compensate for inadequate information in the original sample.
- Not Always Optimal: Traditional methods may be better in cases meeting distribution assumptions.

3 Sampling Methods

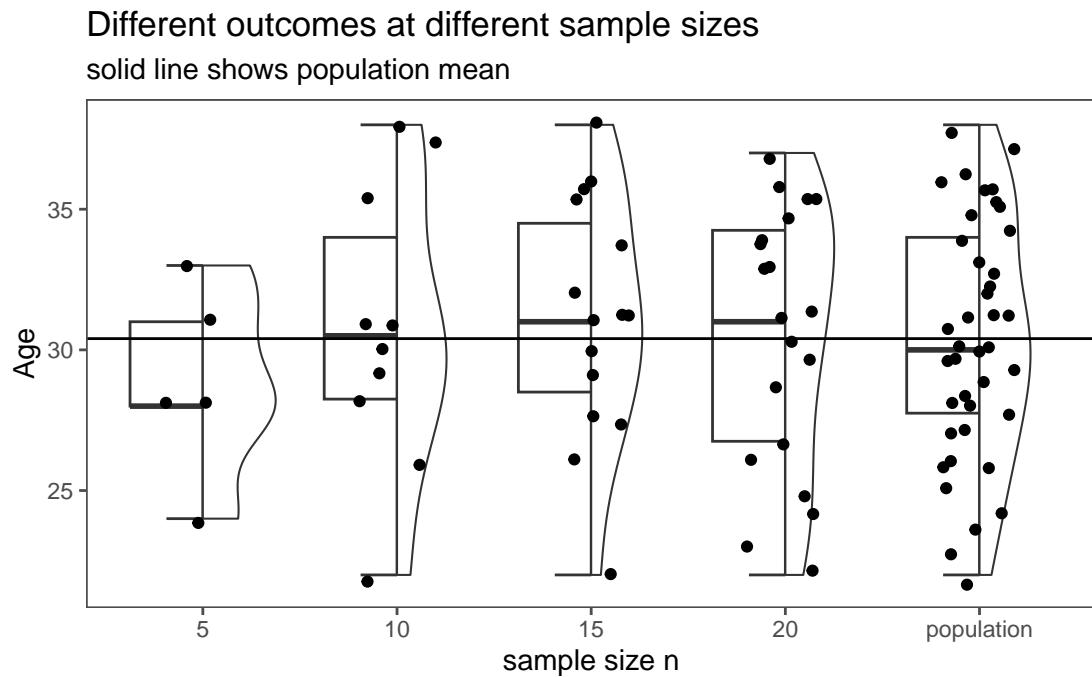


Figure 3.13: Comparison of sample to the population

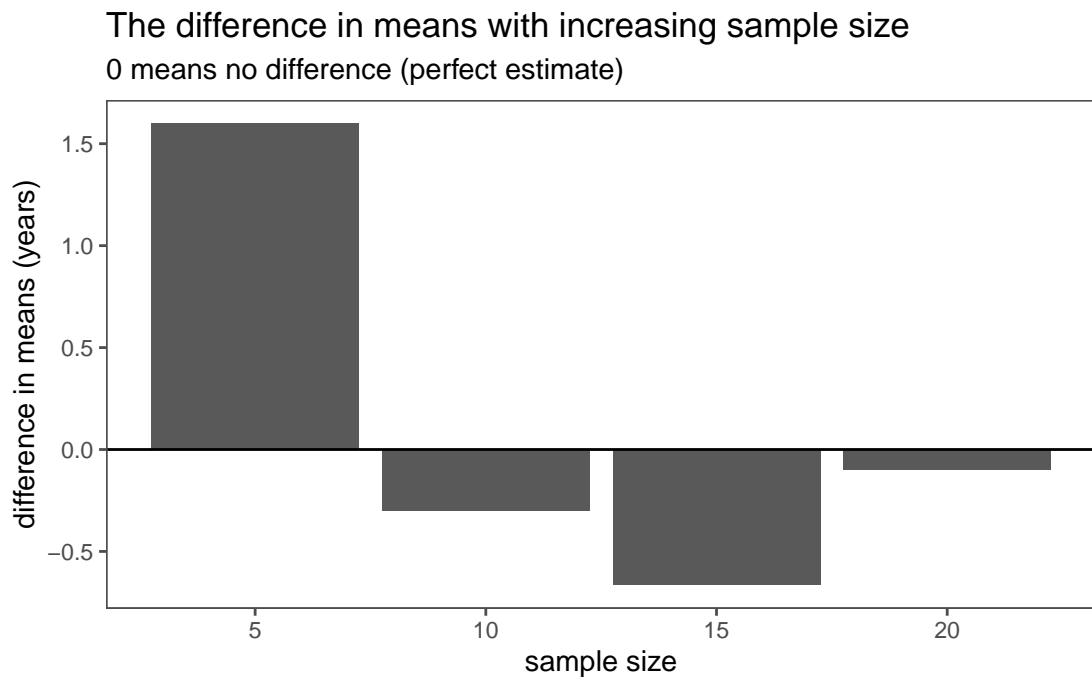


Figure 3.14: The difference in means at different sample sizes

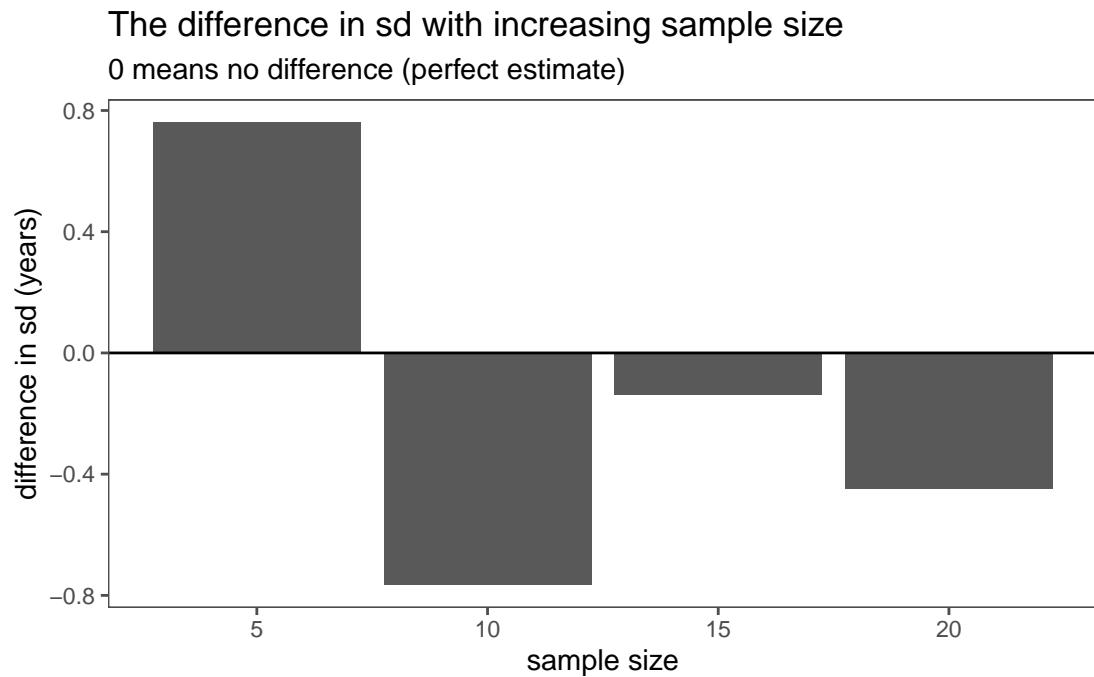


Figure 3.15: The difference in sd at different sample sizes

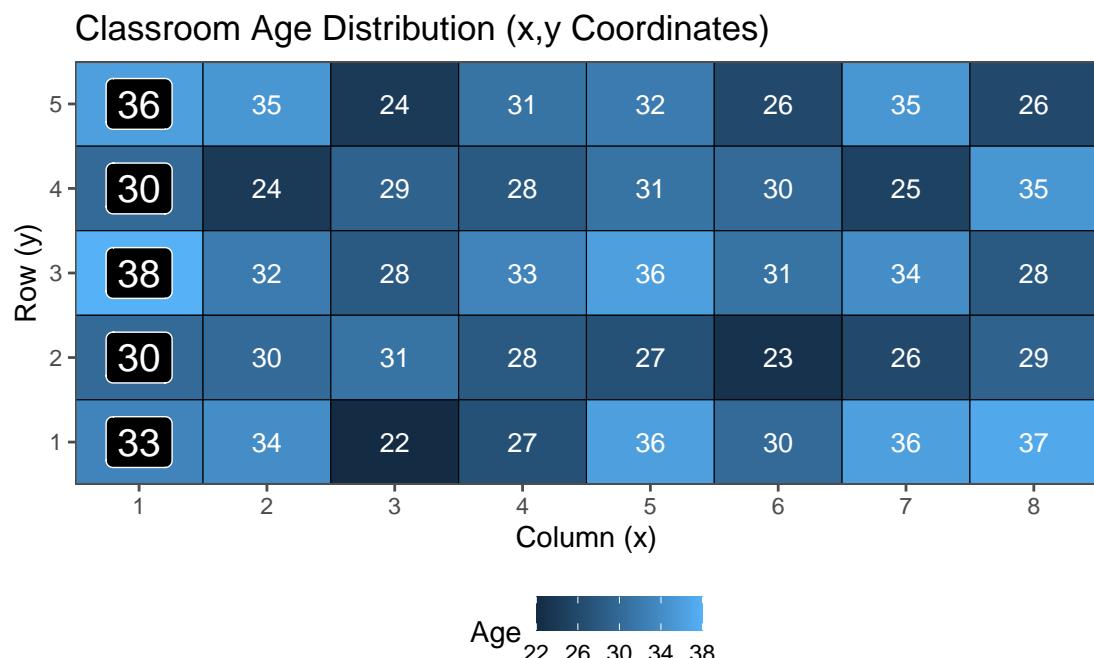


Figure 3.16: Where students are seated (Age) and every 8th sample

3 Sampling Methods

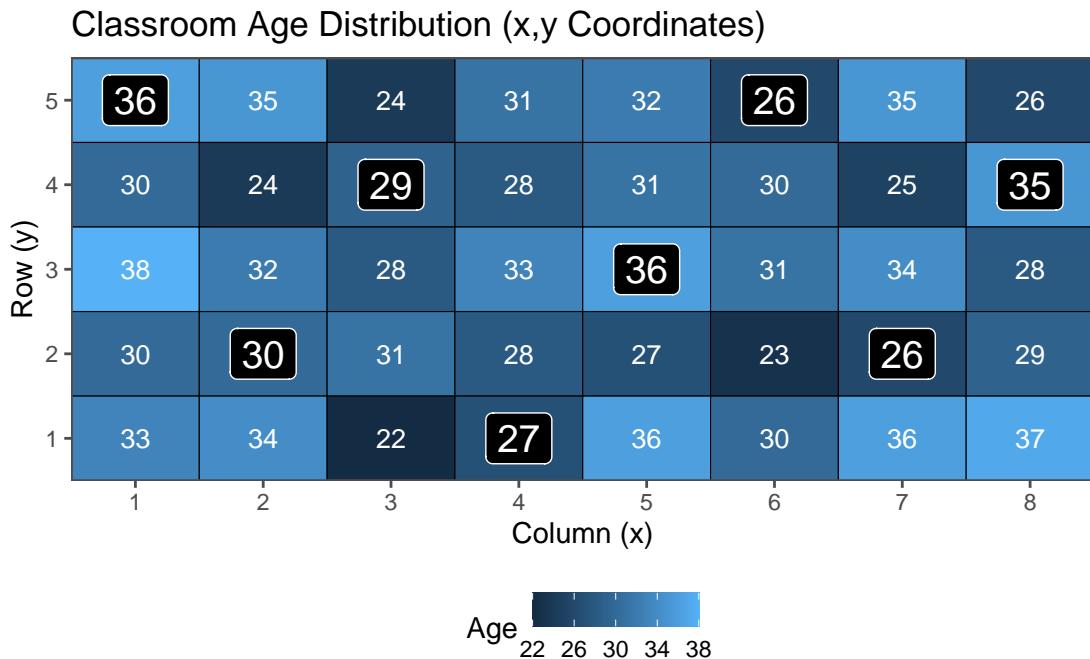


Figure 3.17: Where students are seated (Age) and every 5th sample

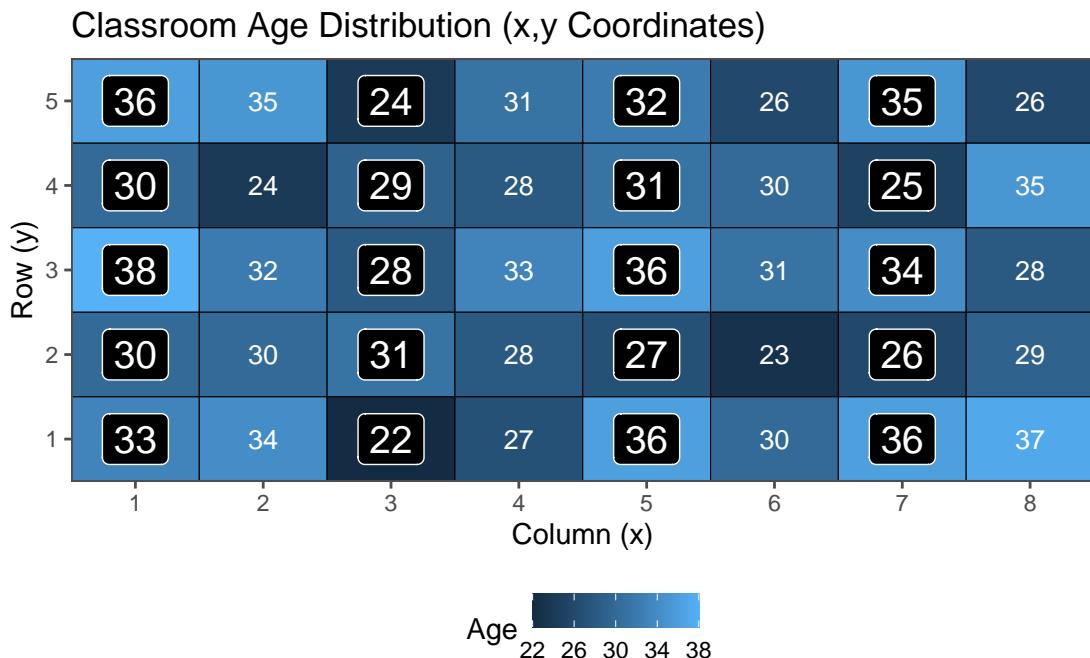


Figure 3.18: Where students are seated (Age) and every 2nd sample

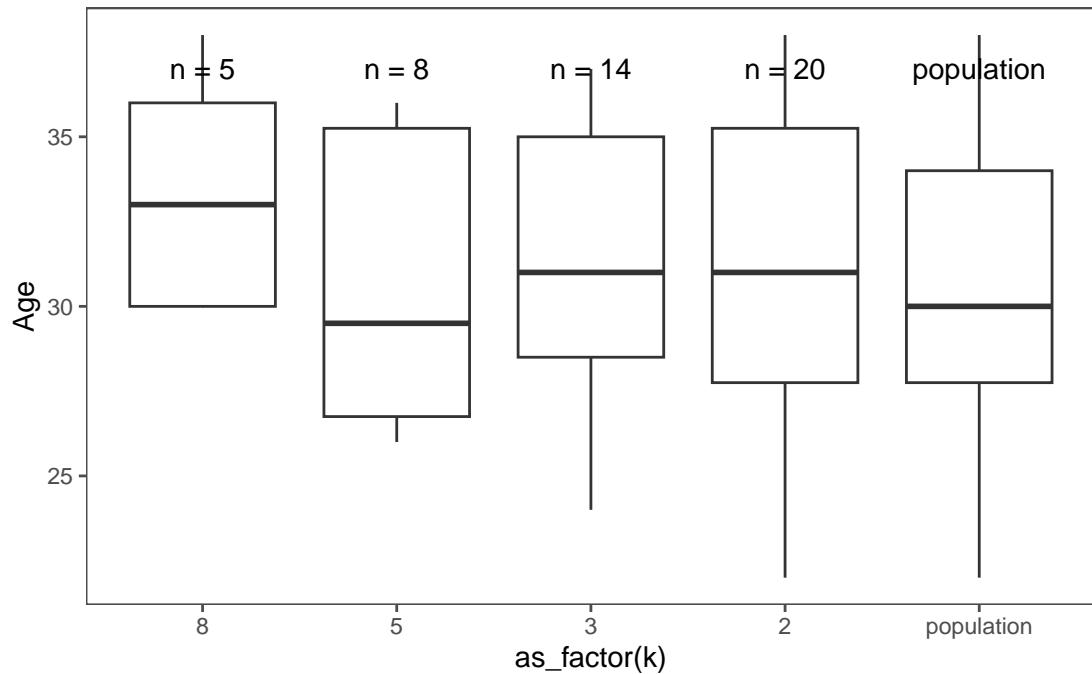


Figure 3.19: The data per subgroup

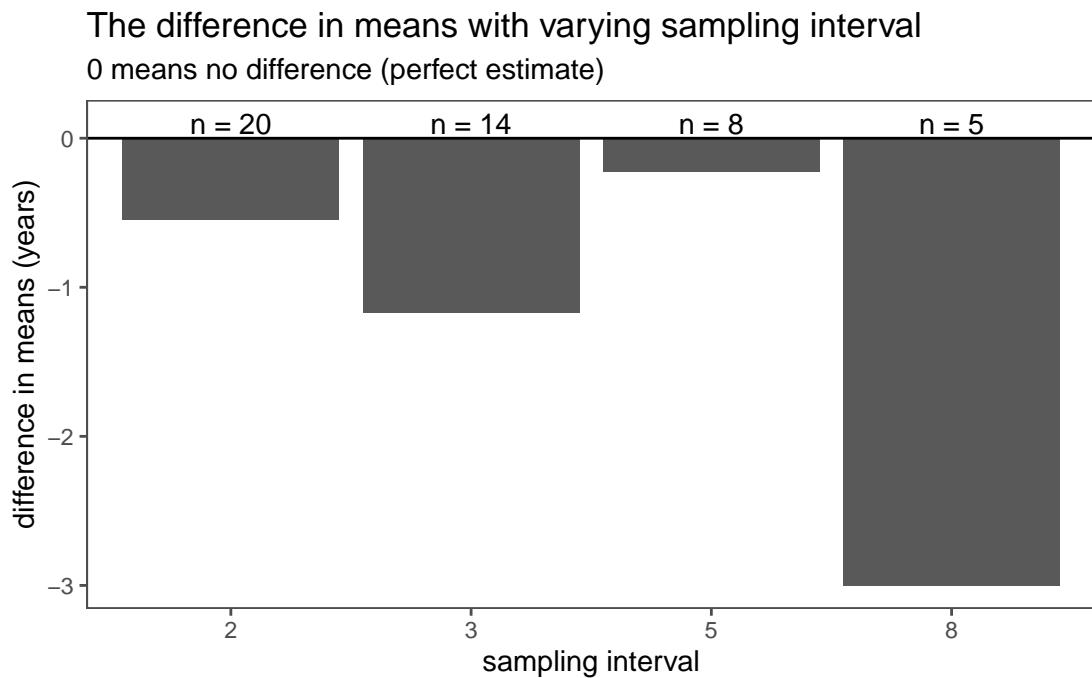


Figure 3.20: The difference in means at different sampling intervals

3 Sampling Methods

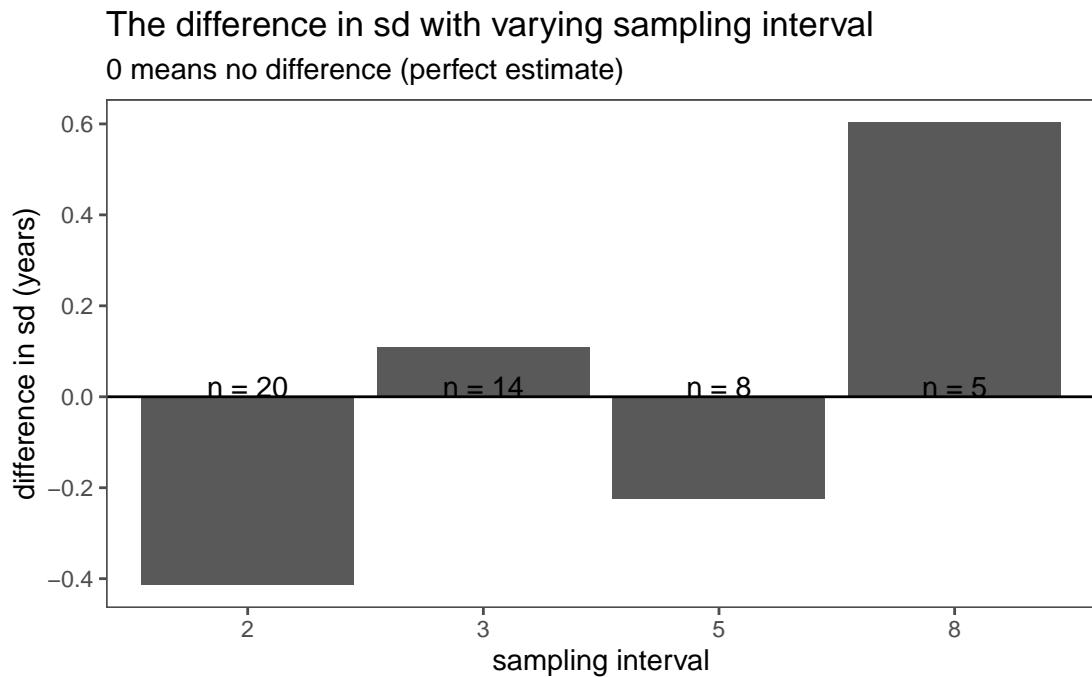


Figure 3.21: The difference in sd at different sampling intervals

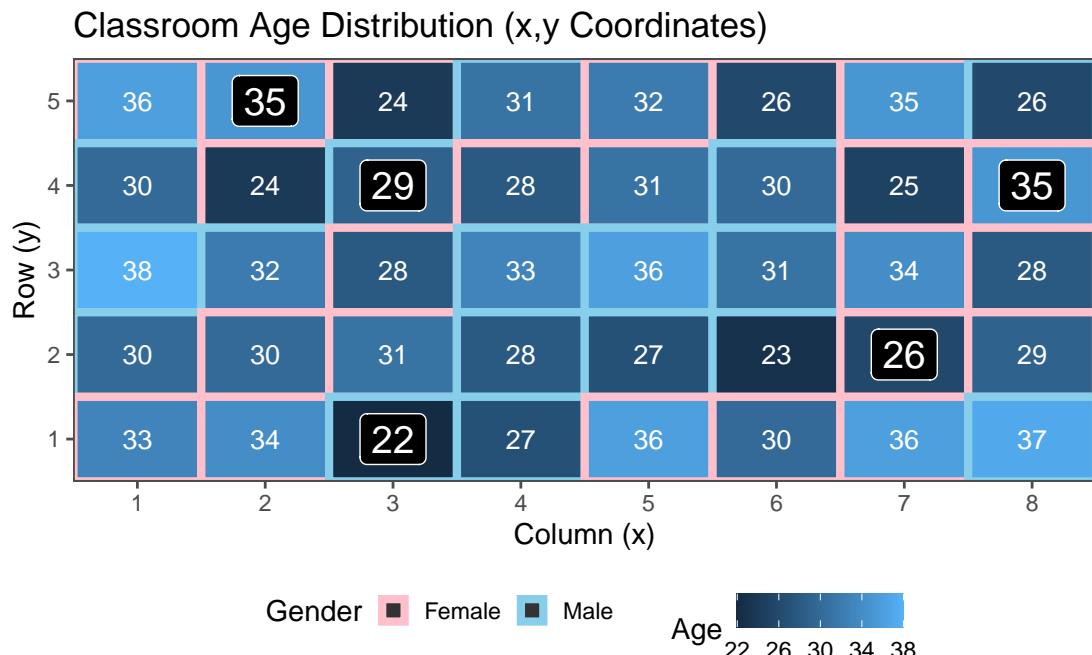


Figure 3.22: Where students are seated (Age), stratified according to gender (12%)

3.7 Bootstrapping

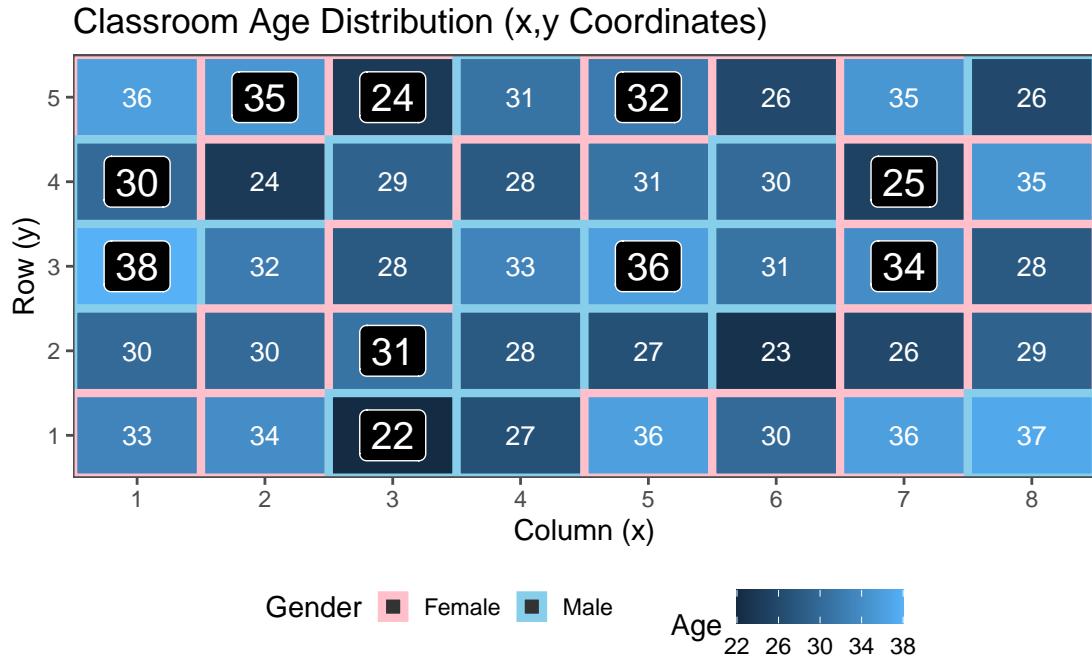


Figure 3.23: Where students are seated (Age), stratified according to gender (25%)

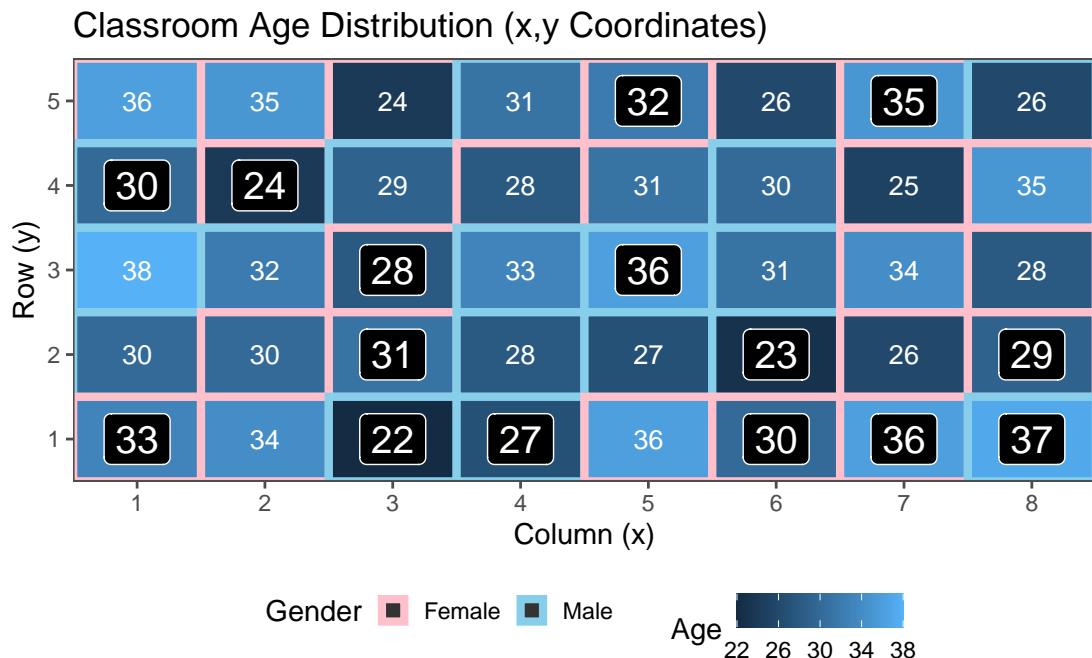


Figure 3.24: Where students are seated (Age), stratified according to gender (38%)

3 Sampling Methods

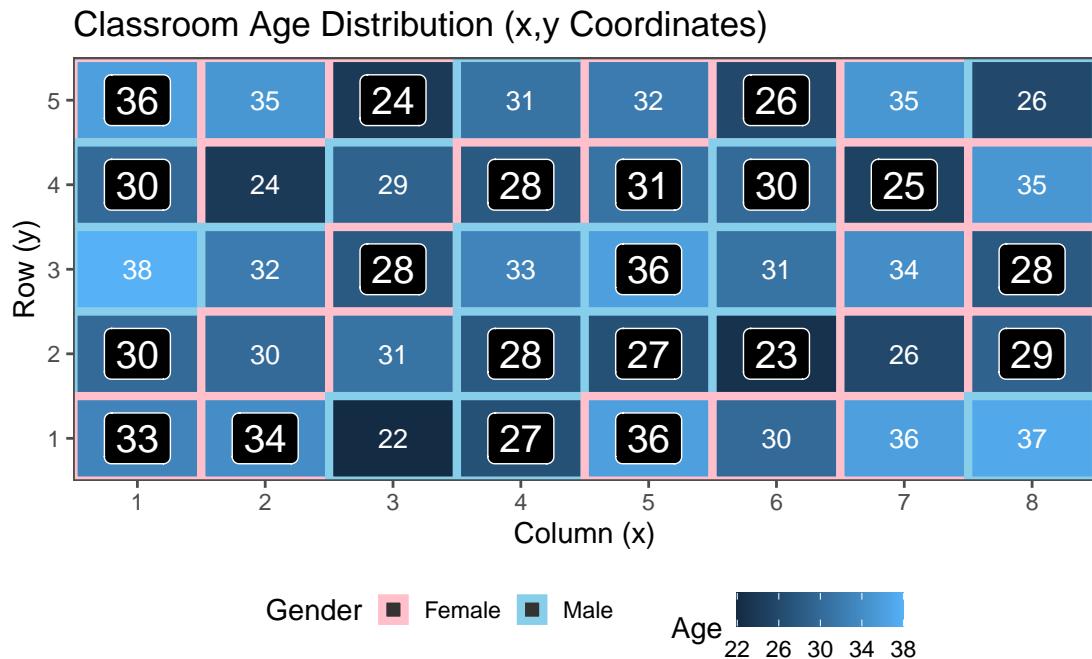


Figure 3.25: Where students are seated (Age), stratified according to gender (50%)

The data from stratified sampling
with sampling proportions of categories

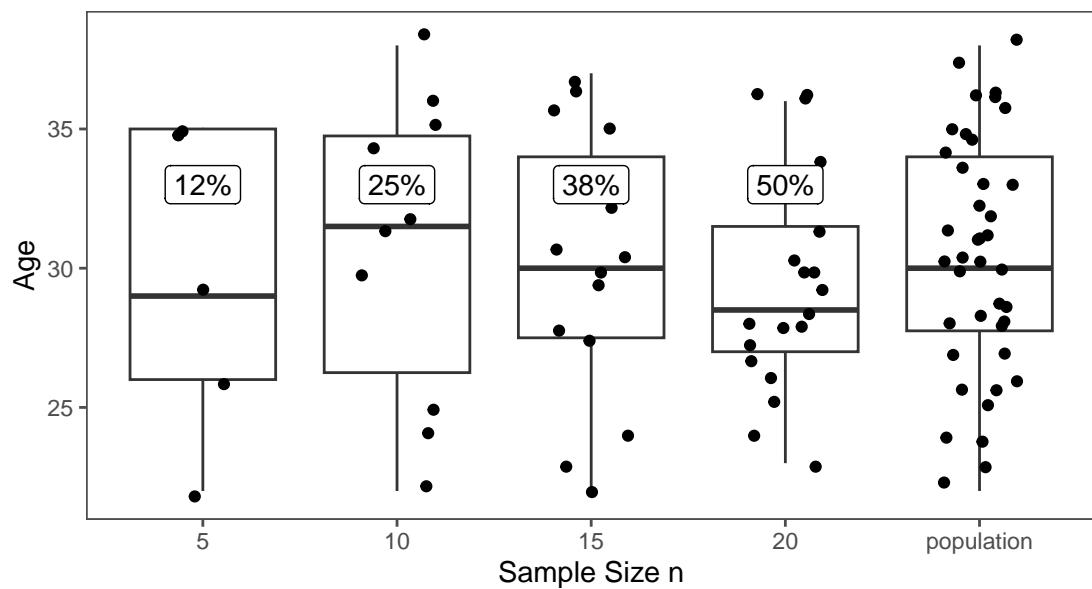


Figure 3.26: The data of the stratified sampling

The difference in means with increasing sample size

0 means no difference (perfect estimate)

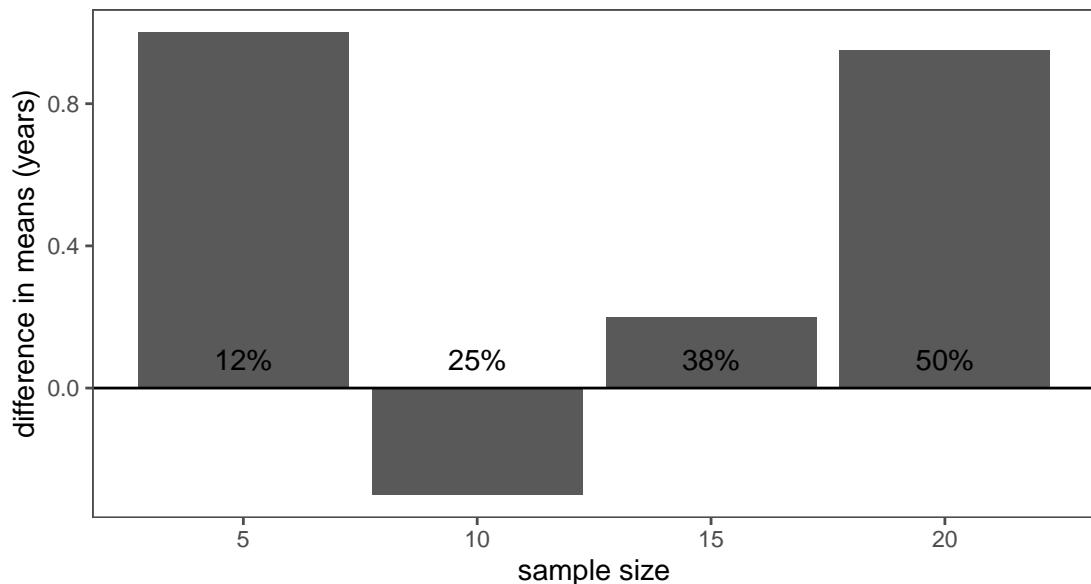


Figure 3.27: The difference in means at different sample sizes

The difference in sd with increasing sample size

0 means no difference (perfect estimate)

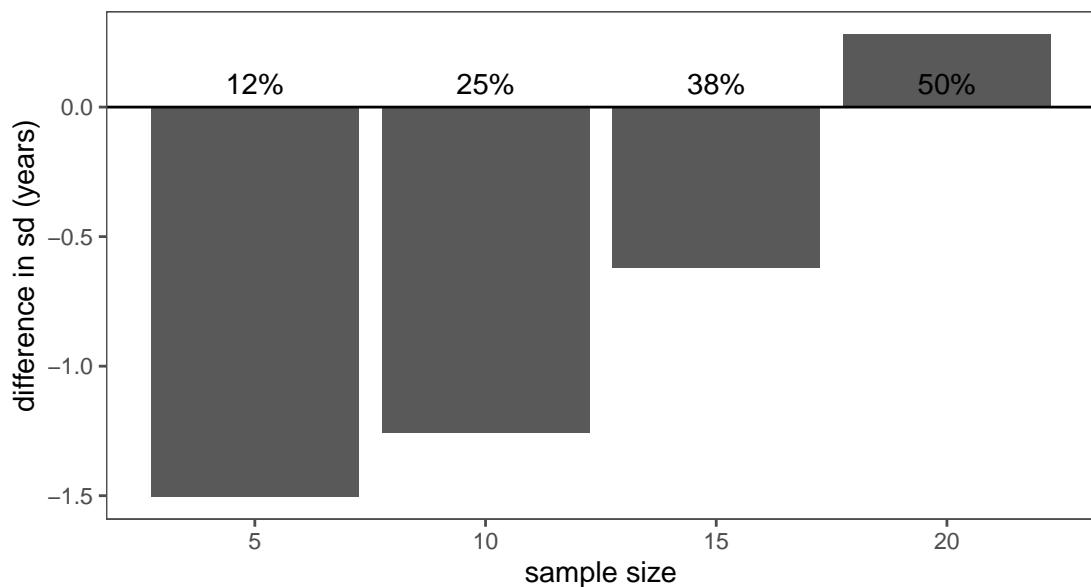


Figure 3.28: The difference in sd at different sample sizes

3 Sampling Methods

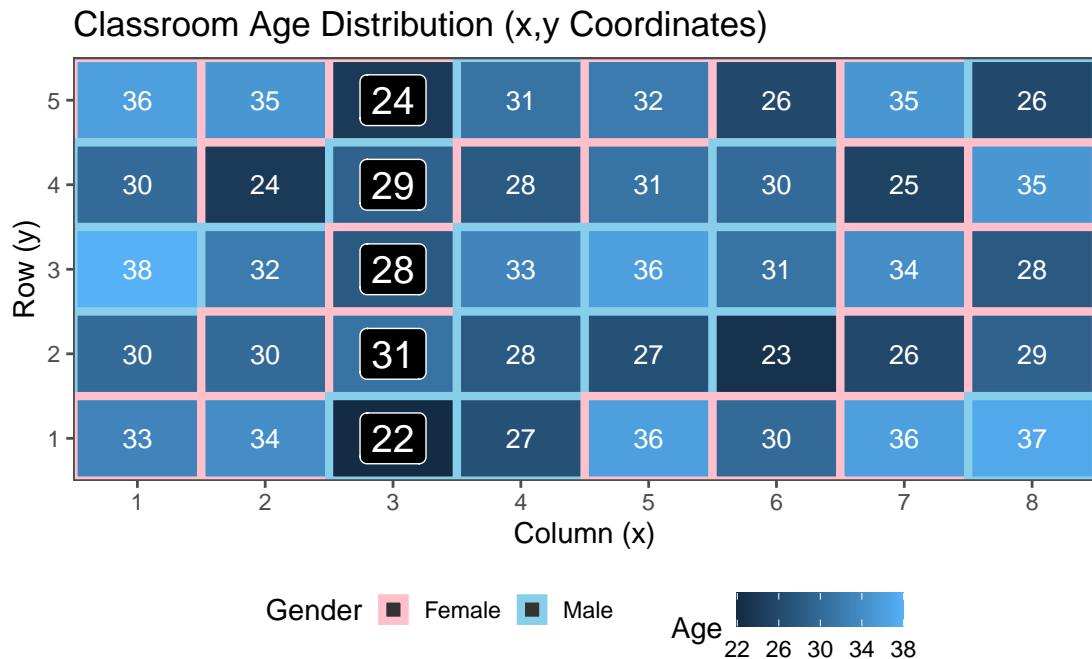


Figure 3.29: Where students are seated (Age), cluster one

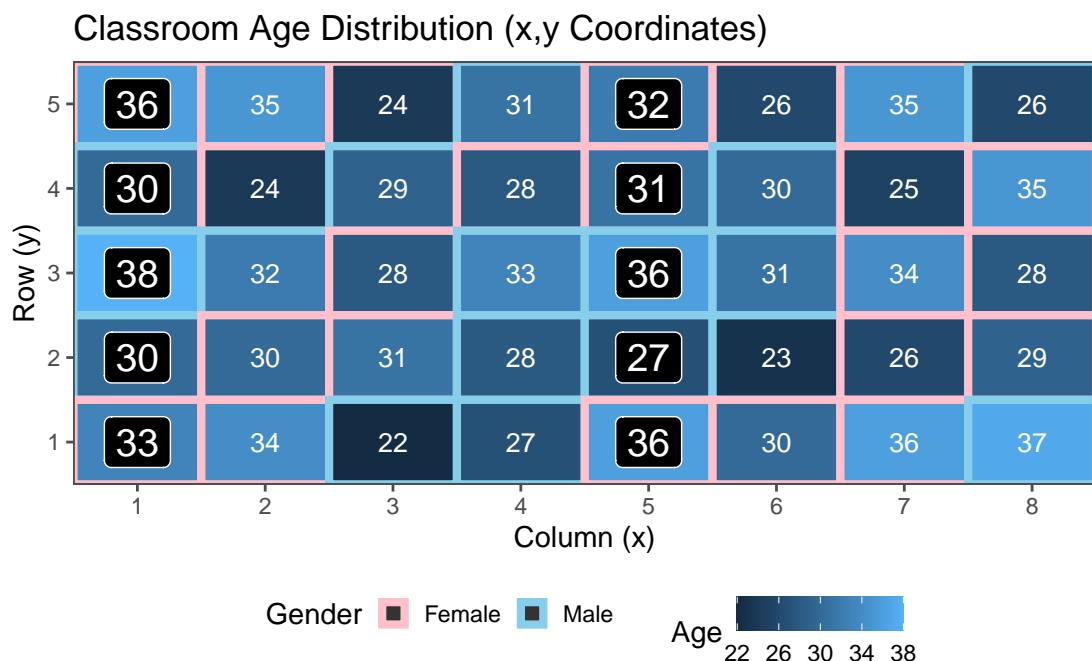


Figure 3.30: Where students are seated (Age), two clusters

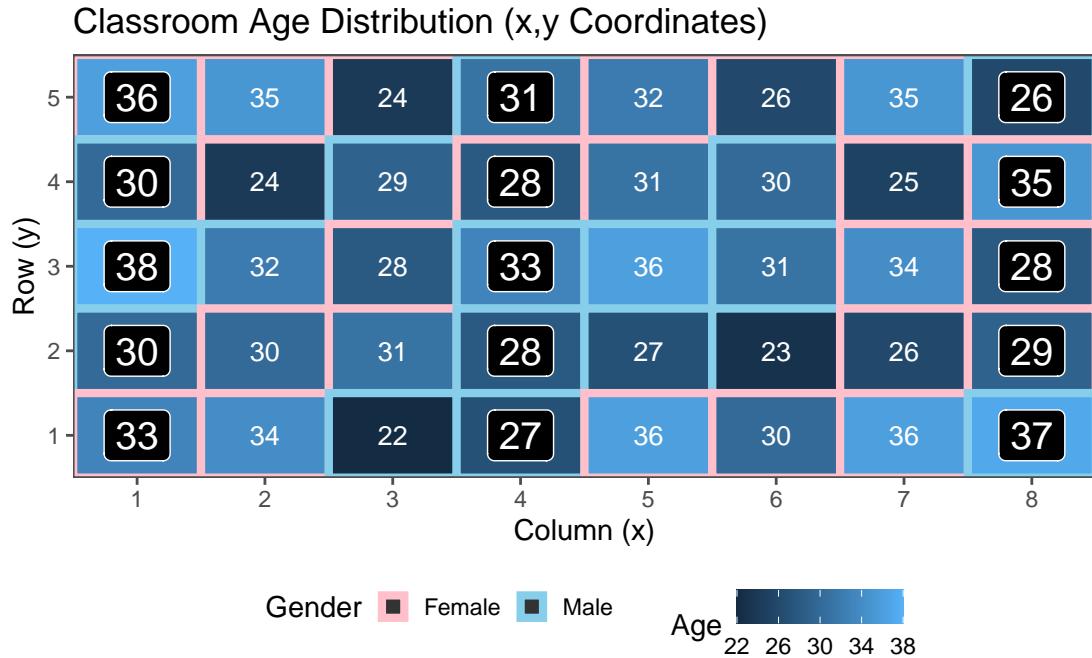


Figure 3.31: Where students are seated (Age), three clusters

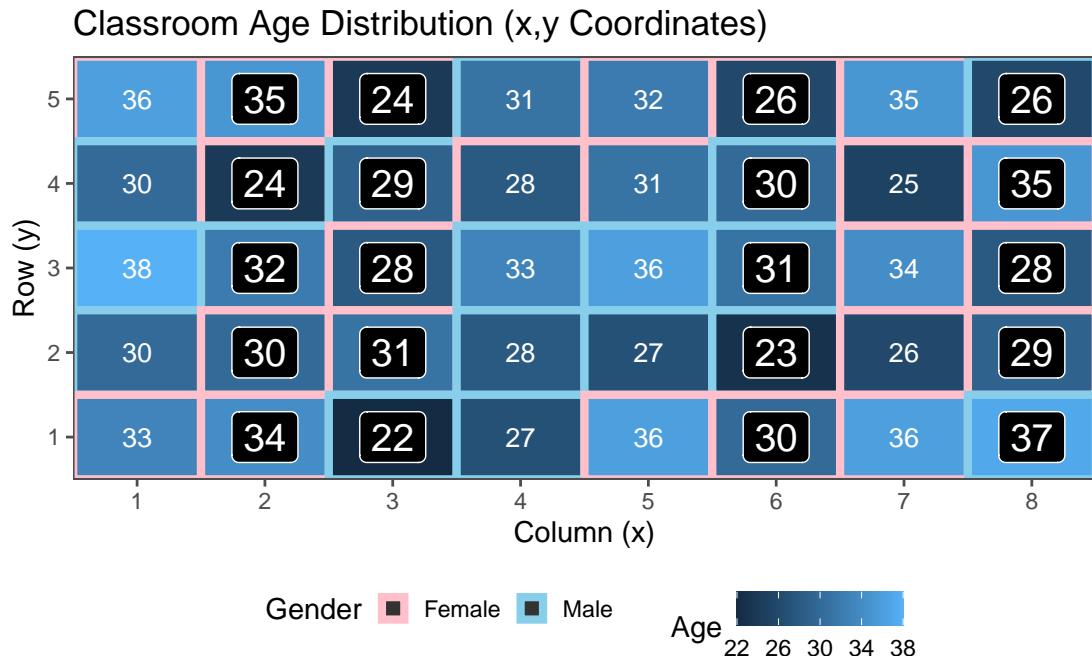


Figure 3.32: Where students are seated (Age), four clusters

3 Sampling Methods

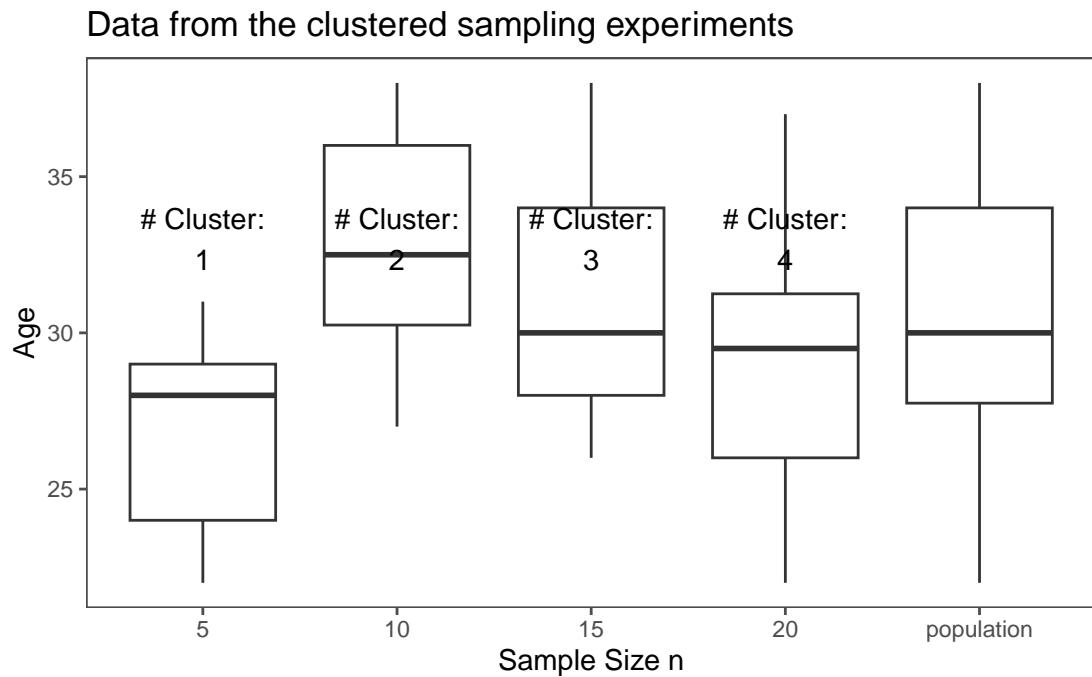


Figure 3.33: The data of the clustered sampling

The difference in means with increasing sample size
0 means no difference (perfect estimate)

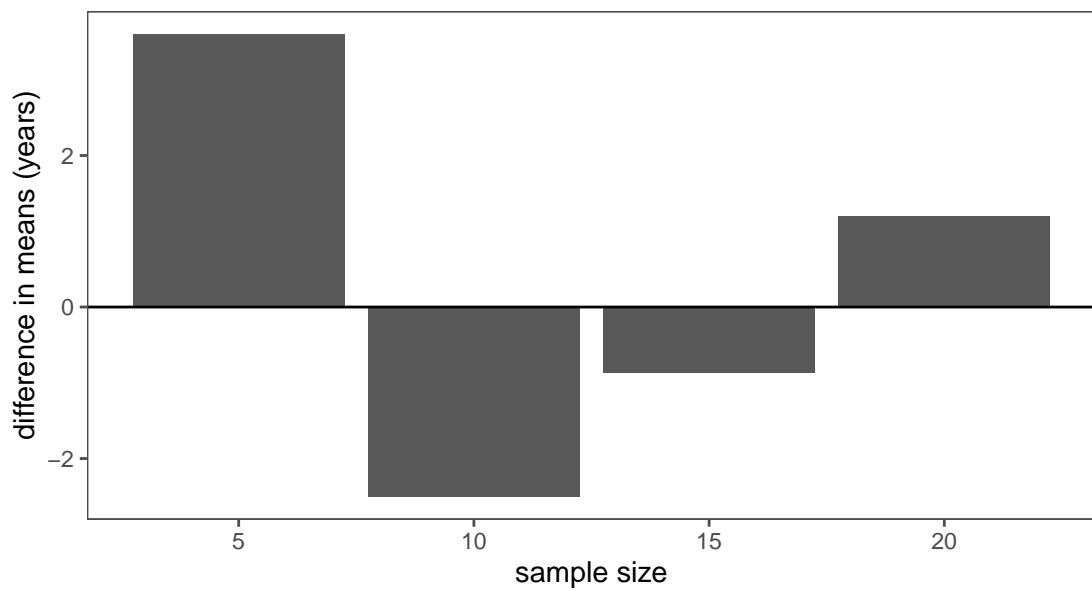


Figure 3.34: The difference in means at different sample sizes

The difference in sd with increasing sample size

0 means no difference (perfect estimate)

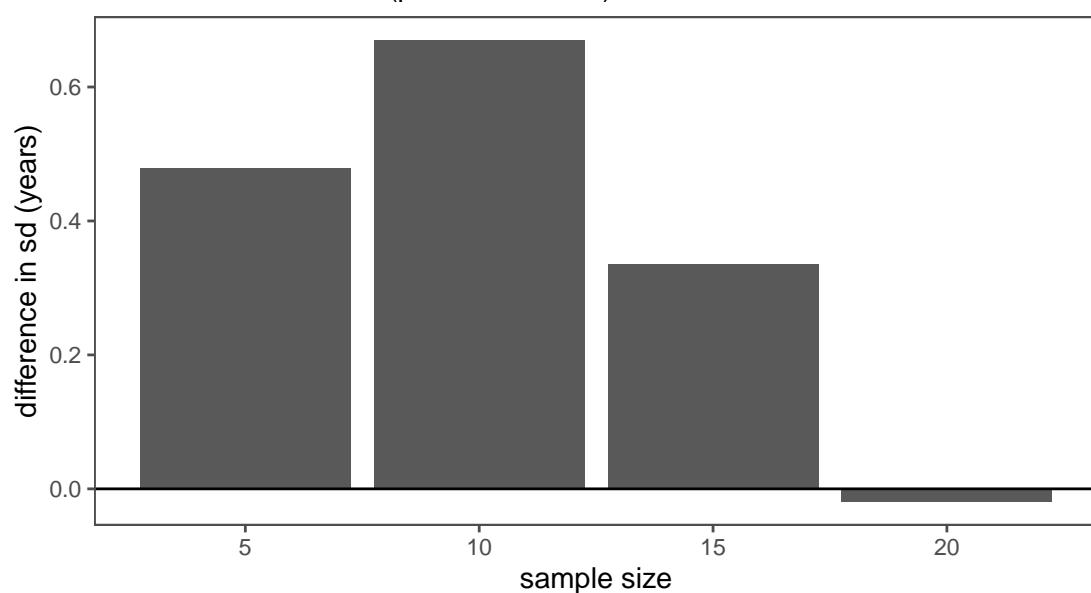


Figure 3.35: The difference in sd at different sample sizes

3 Sampling Methods

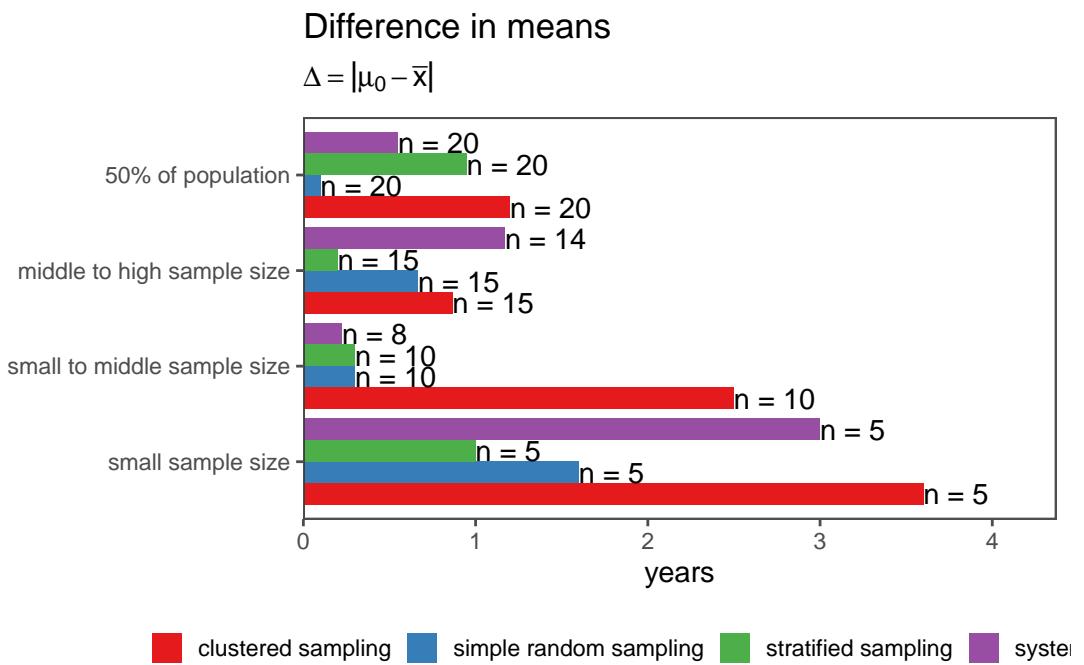


Figure 3.36: A graphical comparison of the absolute difference in means per sample strategy

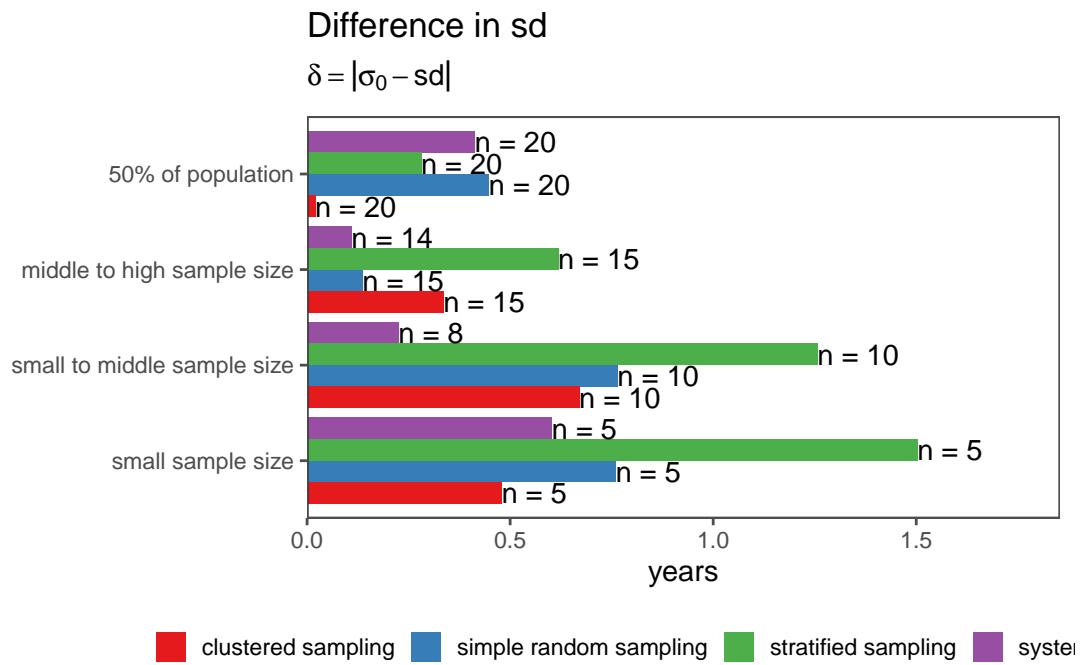


Figure 3.37: A graphical comparison of the absolute difference in means per sample strategy

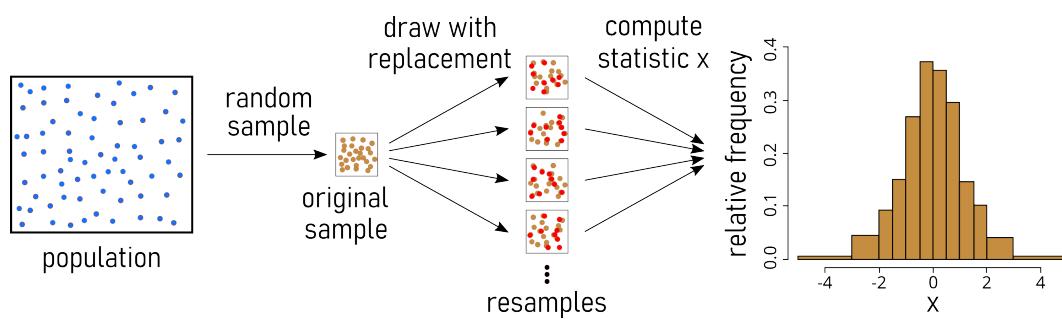


Figure 3.38: The idea of bootstrapping (Biggerj1, Marsupilami)

4 Inferential Statistics

Inferential statistics involves making predictions, generalizations, or inferences about a population based on a sample of data. These techniques are used when researchers want to draw conclusions beyond the specific data they have collected. Inferential statistics help answer questions about relationships, differences, and associations within a population.

4.1 Hypothesis Testing - Basics



Figure 4.1: We are hypotheses.

Null-Hypothesis (H_0) This is the default or status quo assumption. It represents the belief that there is no significant change, effect, or difference in the production process. It is often denoted as a statement of equality (e.g., the mean production rate is equal to a certain value).

alternative Hypothesis (H_a): This is the claim or statement we want to test. It represents the opposite of the null hypothesis, suggesting that there is a significant change, effect, or difference in the production process (e.g., the mean production rate is not equal to a certain value).

4.2 Statistical errors

table of error types

		Null Hypothesis (H_0) is	
		TRUE	FALSE
Decision about Null Hypothesis (H_0)	Fail to reject	Correct inference (true negative) $p = 1 - \alpha$	Type II error (false negative) $p = \beta$
	Reject	Type I error (false positive) $p = \alpha$	Correct inference (true positive) $p = 1 - \beta$

Figure 4.2: The statistical Errors (Type I and Type II).

- Type I Error (False Positive, see Figure 4.2):

A Type I error occurs when a null hypothesis that is actually true is rejected. In other words, it's a false alarm. It is concluded that there is a significant effect or difference when there is none. The probability of committing a Type I error is denoted by the significance level α . *Example:* Imagine a drug trial where the null hypothesis is that the drug has no effect (it's ineffective), but due to random chance, the data appears to show a significant effect, and you incorrectly conclude that the drug is effective (Type I error).

- Type II Error (False Negative, see Figure 4.2):

A Type II error occurs when a null hypothesis that is actually false is not rejected. It means failing to detect a significant effect or difference when one actually exists. The probability of committing a Type II error is denoted by the symbol β . *Example:* In a criminal trial, the null hypothesis might be that the defendant is innocent, but they are actually guilty. If the jury fails to find enough evidence to convict the guilty person, it is a Type II error.

Type I Error is falsely concluding, that there is an effect or difference when there is none (false positive). Type II Error failing to conclude that there is an effect or difference when there actually is one (false negative).

The relationship between *Type I* and *Type II* errors is often described as a trade-off. As the risk of Type I errors is reduced by lowering the significance level (α), the risk of Type

II errors (β) is typically increased (Figure 4.3). This trade-off is inherent in hypothesis testing, and the choice of significance level depends on the specific goals and context of the study. Researchers often aim to strike a balance between these two types of errors based on the consequences and costs associated with each. This balance is a critical aspect of the design and interpretation of statistical tests.

4.3 Significance

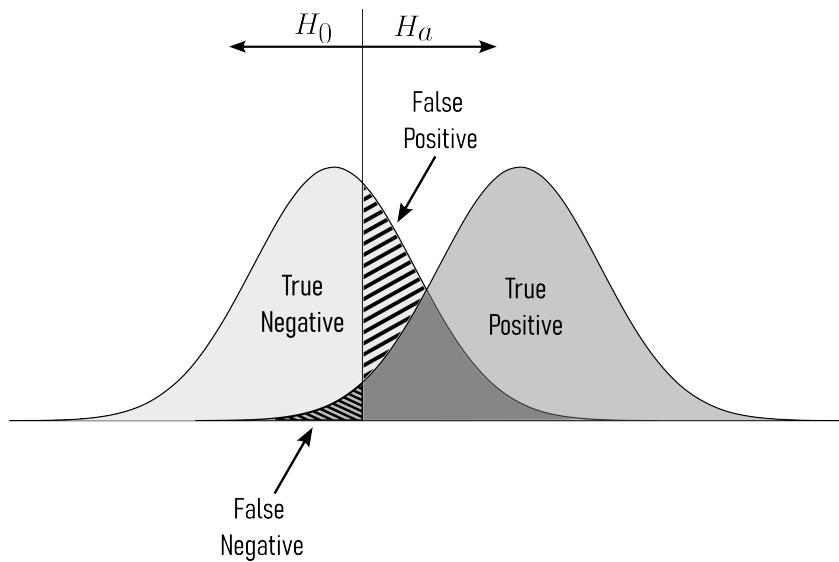


Figure 4.3: Type I and Type II error in the context of inferential statistics.

The p-value is a statistical measure that quantifies the evidence against a null hypothesis. It represents the probability of obtaining test results as extreme or more extreme than the ones observed, assuming the null hypothesis is true. In hypothesis testing, a smaller p-value indicates stronger evidence against the null hypothesis. If the p-value is less than or equal to α ($p \leq \alpha$), you reject the null hypothesis. If the p-value is greater than α ($p > \alpha$), you fail to reject the null hypothesis. A common threshold for determining statistical significance is to reject the null hypothesis when $p \leq \alpha$.

The p-value however does not give an assumption about the effect size, which can be quite insignificant (Nuzzo 2014). While the p-value therefore is the probability of accepting H_a as true, it is not a measure of magnitude or relative importance of an effect. Therefore the CI and the effect size should always be reported with a p-value. Some Researchers even claim that most of the research today is false (Ioannidis 2005). In practice, especially in the manufacturing industry, the p-value and its use is still popular. Before implementing any measures in a series production, those questions will be asked. The confident and reliable engineer asks them beforehand and is always his own greatest critique.

4.3.1 The drive shaft exercise - Hypotheses

During the Quality Control (QC) of the drive shaft $n = 100$ samples are taken and the diameter is measured with an accuracy of $\pm 0.01mm$. Is the true mean of all produced drive shafts within the specification?

For this we can formulate the hypotheses.

H₀ The drive shaft diameter is within the specification.

H_a: The drive shaft diameter is not within the specification.

In the following we will explore, how to test for these hypotheses.

4.4 Confidence Interval (CI)

A CI is a statistical concept used to estimate a range of values within which a population parameter, such as a population mean or proportion, is likely to fall. It provides a way to express the uncertainty or variability in our sample data when making inferences about the population. In other words, it quantifies the level of confidence we have in our estimate of a population parameter.

Confidence intervals are typically expressed as a range with an associated confidence level. The confidence level, often denoted as $1 - \alpha$, represents the probability that the calculated interval contains the true population parameter. Common confidence levels include 90%, 95%, and 99%.

There are different ways of calculating CI).

1. For the population mean μ_0 when the population standard deviation σ_0^2 is known ((4.1)).

$$CI = \bar{X} \pm t \frac{\sigma_0}{\sqrt{n}} \quad (4.1)$$

- \bar{X} is the sample mean.
- Z is the critical value from the standard normal distribution corresponding to the desired confidence level (e.g., 1.96 for a 95% confidence interval).
- σ_0 is the populations standard deviation
- n is the sample size

4.4 Confidence Interval (CI)

2. For the population mean μ_0 when the population standard deviation σ_0^2 is unknown (t-confidence interval), see (4.2).

$$CI = \bar{X} \pm t \frac{sd}{\sqrt{n}} \quad (4.2)$$

- \bar{X} is the sample mean.
 - t is the critical value from the t-distribution with $n - 1$ degrees of freedom corresponding to the desired confidence level
 - sd is the sample standard deviation
 - n is the sample size
3. For a population proportion p , see (4.3).

$$CI = \hat{p} \pm Z \sqrt{\frac{\hat{p}(1 - \hat{p})}{n}} \quad (4.3)$$

- \hat{p} is the sample proportion
 - Z is the critical value from the standard normal distribution corresponding to the desired confidence level
 - n is the sample size
4. The method for calculating confidence intervals may vary depending on the estimated parameter. Estimating a population median or the differences between two population means, other statistical techniques may be used.

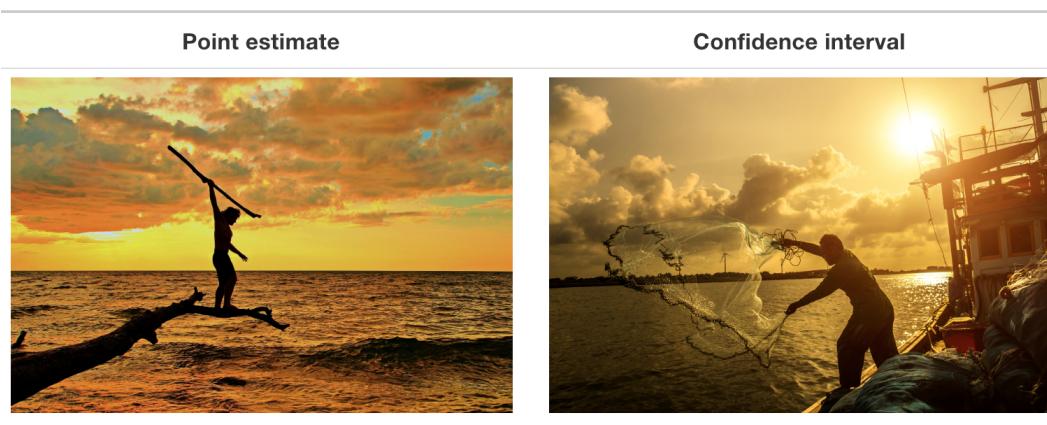


Figure 4.4: Point estimates vs. confidence intervals (Ismay and Kim 2019).

4.4.1 Some basics

$$P(L \leq \theta \leq U) = 1 - \alpha \quad (4.4)$$

... with L and U being computed from sample data.

A 95% CI for the population mean μ_0 implies that if we repeated the sampling process infinitely, 95% of the computed intervals would contain μ .

4.4.2 Components of a CI

1. **Point Estimate:** The sample statistic (\bar{x}, \hat{p})
2. **SE:** Measures the variability of the point estimate
3. **Critical Value:** Derived from the sampling distribution
4. **Margin of Error (ME):** $ME = \text{Critical Value} \times SE$

$$CI = \text{Point Estimate} \pm ME \quad (4.5)$$

4.4.3 The drive shaft exercise - Confidence Intervals

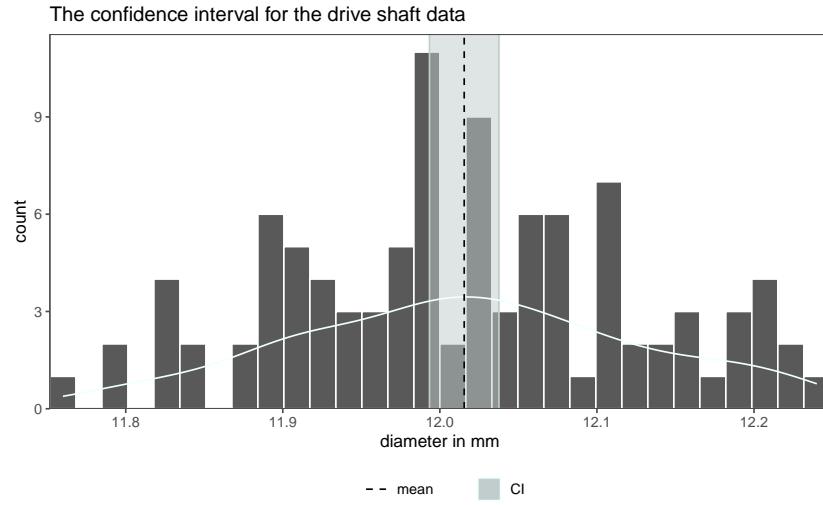


Figure 4.5: The 95% CI for the drive shaft data.

The 95% CI for the drive shaft data is shown in Figure 4.5. For comparison the histogram with an overlayed density curve is plotted. The highlighted area shows the minimum and maximum CI, the calculated mean is shown as a dashed line.

4.5 Significance Level

The significance level α is a critical component of hypothesis testing in statistics. It represents the maximum acceptable probability of making a Type I error, which is the error of rejecting a null hypothesis when it is actually true. In other words, α is the probability of concluding that there is an effect or relationship when there isn't one. Commonly used significance levels include 0.05(5%), 0.01(1%), and 0.10(10%). The choice of α depends on the context of the study and the desired balance between making correct decisions and minimizing the risk of Type I errors.

4.6 False negative - risk

The risk for a false negative outcome is called β - risk. It is calculated using statistical power analysis. Statistical power is the probability of correctly rejecting a null hypothesis when it is false, which is essentially the complement of beta (β).

$$\beta = 1 - \text{Power} \quad (4.6)$$

4.7 Power Analysis

Statistical power is calculated using software, statistical tables, or calculators specifically designed for this purpose. Generally speaking: The greater the statistical power, the greater is the evidence to accept or reject the H_0 based on the study. Power analysis is also very useful in determining the sample size before the actual experiments are conducted. Below is an example for a power calculation for a two-sample t-test.

$$\text{Power} = 1 - \beta = P\left(\frac{|\bar{X}_1 - \bar{X}_2|}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}} > Z_{\frac{\alpha}{2}} - \frac{\delta}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}\right)$$

1. Effect Size: This represents the magnitude of the effect you want to detect. Larger effects are easier to detect than smaller ones.
2. Significance Level (α): This is the predetermined level of significance that defines how confident you want to be in rejecting the null hypothesis (e.g., typically set at 0.05).
3. Sample Size (n): The number of observations or participants in your study. Increasing the sample size generally increases the power of the test.

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4. Power ($1 - \beta$): This is the probability of correctly rejecting the null hypothesis when it is false. Higher power is desirable, as it minimizes the chances of a Type II error (failing to detect a true effect).
5. Type I Error (α): The probability of incorrectly rejecting the null hypothesis when it is true. This is typically set at 0.05 or 5% in most studies.
6. Type II Error (β): The probability of failing to reject the null hypothesis when it is false. Power is the complement of β ($Power = 1 - \beta$).

4.7.1 Why Power analysis

- How large should a sample be?
- What's the probability my experiment will succeed (as in reject H_0 when H_0 is false)
- Is my study even worth running given the effect size I expect

4.7.2 Power defined

Power = Probability of rejecting H_0 when H_a is true.

Mathematically:

$$\text{Power} = P(\text{Reject } H_0 | H_1 \text{ is true}) = 1 - \beta \quad (4.7)$$

- Significance level (α): Threshold for rejecting H_0 (e.g. 0.05)
- Effect Size: For the Coin Toss example $p = 0.6$ vs. $p = 0.5$
- Sample Size (n)

4.7.3 Power and β error

The sample size $n = 23$, meaning 23 coin flips means that the statistical power is 80% at a $\alpha = 0.05$ significance level ($\beta = 1 - power = 0.2 \approx 20\%$). But what if the sample size varies? This is the subject of Figure 4.7. On the x-axis the power is shown (or the β -risk on the upper x-axis), whereas the sample size n is depicted on the y-axis. To increase the power by 10% to be 90% the sample size must be increased by 11. A further power increase of 5% would in turn mean an increase in sample size to be $n = 40$. This highlights the non-linear nature of power calculations and why they are important for experimental planning.

4.7.4 Example: The Coin Toss

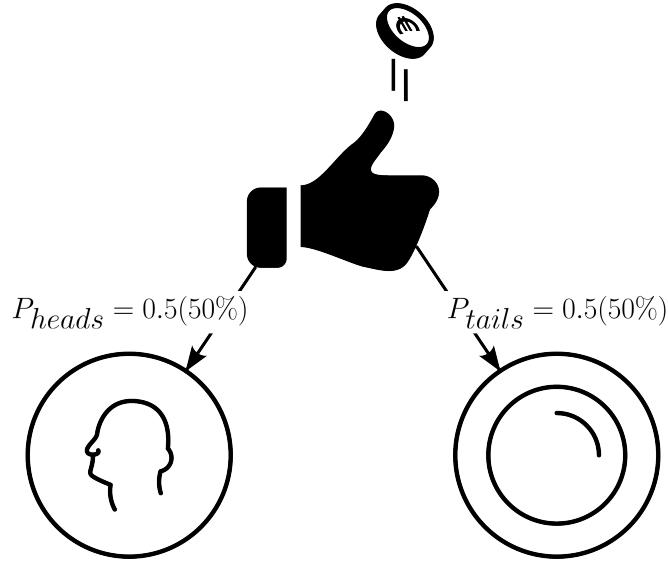


Figure 4.6: The coin toss with the respective probabilities (Champely 2020).

Define H_0 and H_a

H_0 : The coin is fair and lands heads 50% of the time.

H_a : The coin is loaded and lands heads more than 50% of the time.

Power computation for $n = 10, 20, 30, 50$ with $\alpha = 0.05$

Define the test statistic

For a binomial test, the test statistic is the number of heads X under H_0 , $X \sim \text{Binomial}(n, 0.5)$

Critical Value

Reject H_0 if $x \geq c$, where c is the smallest integer such that

$$P(X \geq c | H_0) \leq \alpha$$

Power calculation

$$\text{Power} = P(X \geq c | H_1)$$

4.7.4.1 Power calculations in this example

- The *critical value* is the smallest integer where $P(X \geq c) \leq \alpha$
 - For $n = 10$ and $\alpha = 0.05$ `qbinom(0.95, 10, 0.5)` returns 8, meaning we would reject H_0 if there are **8 or more heads** in 10 flips

4.7.4.1.1 Power is the *probability of observing $X \geq c$ under H_1

- `pbinom(c-1, n, p_h1)` computes $P(X \leq c - 1 | H_1)$
- `1-pbinom(...)` gives $P(X \geq c | H_1)$
- $n = 10$, $c = 8$ and $p_{H1} = 0.6$: `1-pbinom(7, 10, 0.6)` = 0.1672898

4.7.5 Using packages

```
pwr::pwr.p.test(h = pwr::ES.h(p1 = 0.6, p2 = 0.50),
                 sig.level = 0.05,
                 power = 0.80,
                 alternative = "greater")
```

proportion power calculation for binomial distribution (arcsine transformation)

```
h = 0.2013579
n = 152.4863
sig.level = 0.05
power = 0.8
alternative = greater
```

4.7.6 Power vs. sample size

4.7.7 Power and the different parameters

4.7.8 A word on Effect Size

Cohen (Cohen 2013) describes effect size as “the degree to which the null hypothesis is false.” In the coin flipping example, this is the difference between 75% and 50%. We could say the effect was 25% but recall we had to transform the absolute difference in proportions to another quantity using the `ES.h` function. This is a crucial part of doing

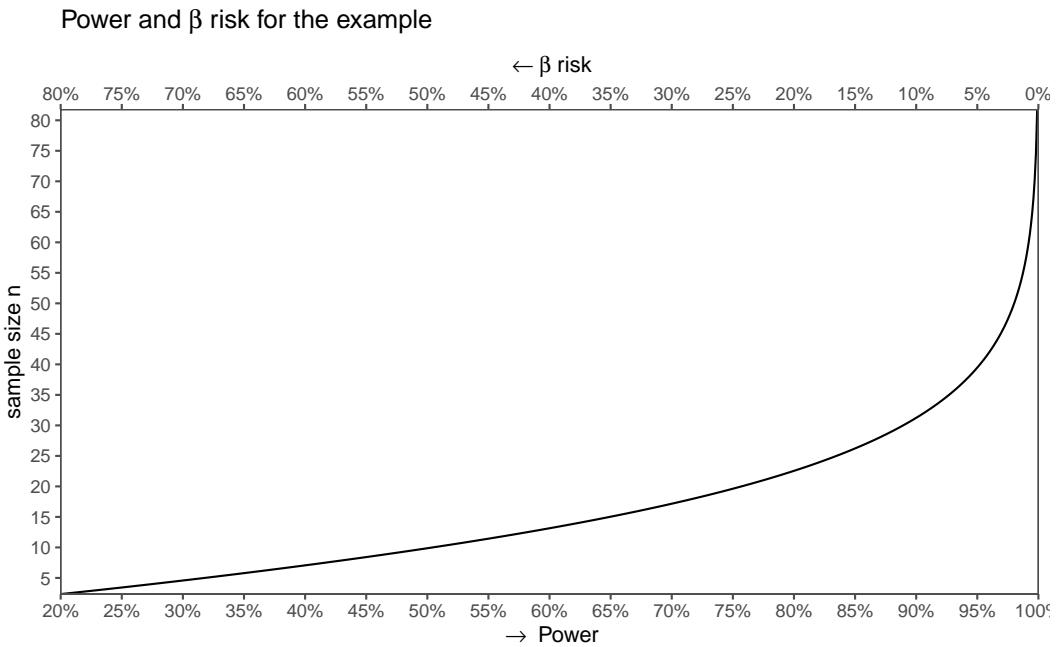


Figure 4.7: The power vs. the sample size

power analysis correctly: An effect size must be provided on the expected scale. Doing otherwise will produce wrong sample size and power calculations.

When in doubt, Conventional Effect Sizes can be used. These are pre-determined effect sizes for “small”, “medium”, and “large” effects, see Cohen (2013).

4.8 Parametric and Non-parametric Tests

Parametric and non-parametric tests in statistics are methods used for analyzing data. The primary difference between them lies in the assumptions they make about the underlying data distribution:

1. Parametric Tests:

- These tests assume that the data follows a specific probability distribution, often the normal distribution.
- Parametric tests make assumptions about population parameters like means and variances.
- They are more powerful when the data truly follows the assumed distribution.
- Examples of parametric tests include t-tests, ANOVA, regression analysis, and parametric correlation tests.

4 Inferential Statistics

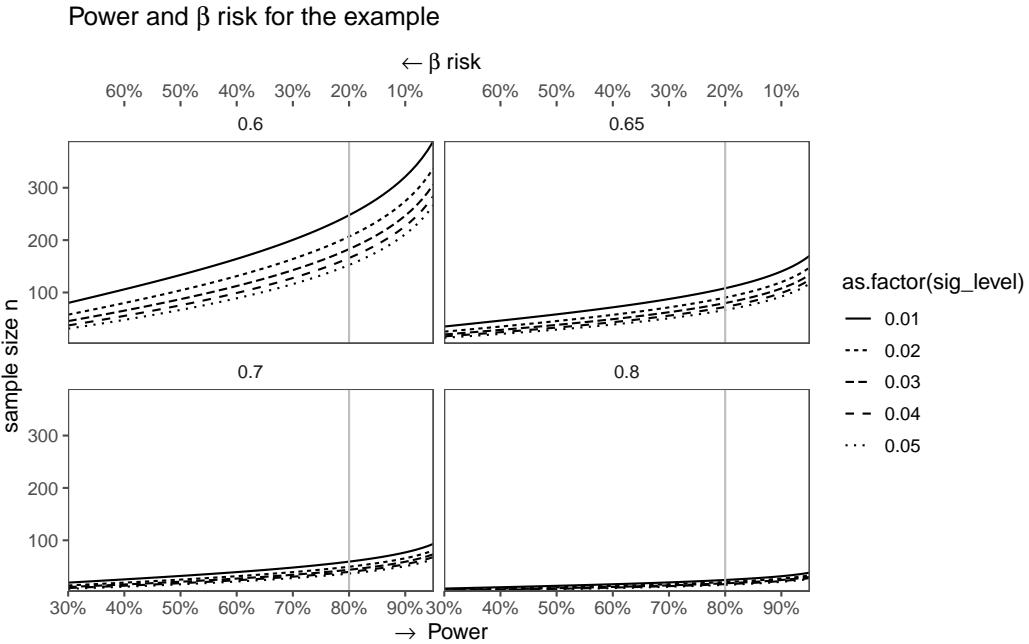


Figure 4.8: The power vs. the sample size for different effect sizes

2. Non-Parametric Tests:

- Non-parametric tests make minimal or no assumptions about the shape of the population distribution.
- They are more robust and can be used when data deviates from a normal distribution or when dealing with ordinal or nominal data.
- Non-parametric tests are generally less powerful compared to parametric tests but can be more reliable in certain situations.
- Examples of non-parametric tests include the Mann-Whitney U test, Wilcoxon signed-rank test, Kruskal-Wallis test, and Spearman's rank correlation.

The choice between parametric and non-parametric tests depends on the nature of the data and the assumptions. Parametric tests are appropriate when data follows the assumed distribution, while non-parametric tests are suitable when dealing with non-normally distributed data or ordinal data. Some examples for parametric and non-parametric tests are given in Table 4.1.

4.8.1 Ranks

A *rank* is a position of a data point when sorted in ascending/descending order.

Ties are handled using the *average* rank (two 3rd places, both get ranked 3.5)

Table 4.1: Some parametric and non-parametric statistical tests.

Parametric Tests	Non-Parametric Tests
One-sample t-test	Wilcoxon signed rank test
Paired t-test	Mann-Whitney U test
Two-sample t-test	Kruskal Wallis test
One-Way ANOVA	Welch Test

- Data: [5,2,8,2,10]
- Sorted: [2,2,5,8,10]
- Ranks: [2,2,3,4,5]
- Ranks with ties: [1.5,1.5,3,4,5]

4.8.2 Why ranks for non-parametric tests

1. **Invariance to Monotonic Transformations:** Ranks preserve order, so log/root transformations do not change them
2. **Focus on relative Differences:** Tests like Wilcoxon (rank-sum) or Kruskal-Wallis compare *ranks distributions* across groups
3. **Exact p-values per Permutation:** Ranks allow exact tests by enumerating all possible rank orderings (for small samples)

4.8.3 Common Pitfalls and Misconceptions

1. **Loss of Information:** Ranks discard magnitude, a trade-off for robustness
2. **Ties Reduce Power:** Many ties weaken tests
3. **Not “Assumption-Free”:** Nonparametric \neq no assumptions (independence, distribution shapes)

4 Inferential Statistics

Table 4.2: Reaction times for two groups of participants

group	time
A	12.3
A	10.1
B	14.0
B	13.2
A	10.1
B	15.5
A	11.8
B	13.2

Table 4.3: sorted reaction times for two groups of participants

group	time	sorted_position
A	10.1	1
A	10.1	2
A	11.8	3
A	12.3	4
B	13.2	5
B	13.2	6
B	14.0	7
B	15.5	8

Table 4.4: sorted reaction times for two groups of participants

group	time	rank
A	10.1	1.5
A	10.1	1.5
A	11.8	3.0
A	12.3	4.0
B	13.2	5.5
B	13.2	5.5
B	14.0	7.0
B	15.5	8.0

Table 4.5: sorted reaction times for two groups of participants

group	sum_rank	count	mean_rank
A	10	4	2.5
B	26	4	6.5

4.8.3.1 Exercise on ranks

4.8.3.2 Sort the data

4.8.3.3 Assign Ranks

4.8.3.4 Sum of ranks

4.9 Paired and Independent Tests

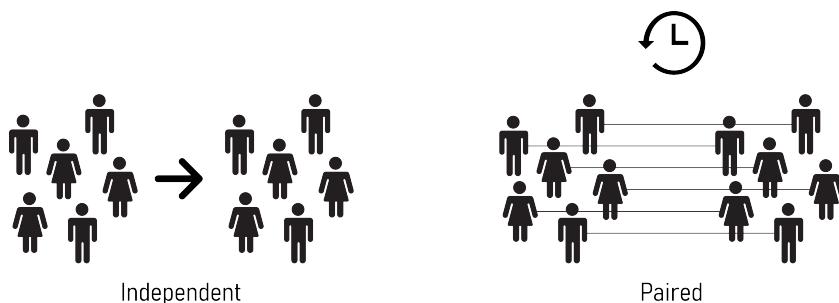


Figure 4.9: The difference between paired and independent Tests.

1. Paired Statistical Test:

- Paired tests are used when there is a natural pairing or connection between two sets of data points. This pairing is often due to repeated measurements on the same subjects or entities.
- They are designed to assess the difference between two related samples, such as before and after measurements on the same group of individuals.
- The key idea is to reduce variability by considering the differences within each pair, which can increase the test sensitivity.

2. Independent Statistical Test:

- Independent tests, also known as unpaired or two-sample tests, are used when there is no inherent pairing between the two sets of data.
- These tests are typically applied to compare two separate and unrelated groups or samples.
- They assume that the data in each group is independent of the other, meaning that the value in one group doesn't affect the value in the other group.

An example for a paired test is, if two groups of data are to be compared in two different points in time (see Figure 4.9).

4.10 Distribution Tests

The importance of testing for normality (or other distributions) lies in the fact that various statistical techniques, such as parametric tests (e.g., t-tests, ANOVA), are based on the assumption of for example normality. When data deviates significantly from a normal distribution, using these parametric methods can lead to incorrect conclusions and biased results. Therefore, it is essential to determine how a dataset is approximately distributed before applying such techniques.

Several tests for normality are available, with the most common ones being the Kolmogorov-Smirnov test, the Shapiro-Wilk test, and the Anderson-Darling test. These tests provide a quantitative measure of how well the data conforms to a normal distribution.

In practice, it is important to interpret the results of these tests cautiously. Sometimes, a minor departure from normality may not affect the validity of parametric tests, especially when the sample size is large. In such cases, using non-parametric methods may be an alternative. However, in cases where normality assumptions are crucial, transformations of the data or choosing appropriate non-parametric tests may be necessary to ensure the reliability of statistical analyses.

Tests for normality do not free you from the burden of thinking for yourself.

4.10.1 Quantile-Quantile plots

Quantile-Quantile plots are a graphical tool used in statistics to assess whether a dataset follows a particular theoretical distribution, typically the normal distribution. They provide a visual comparison between the observed quantiles¹ of the data and the quantiles expected from the chosen theoretical distribution.

A neutral explanation of how QQ plots work:

4.10.1.1 Sample data

In Table 4.6 $n = 10$ datapoints are shown as a sample dataset.

4.10.1.2 Data Sorting

To create a QQ plot, the data must be sorted in ascending order.

¹A quantile is a statistical concept used to divide a dataset into equal-sized subsets or intervals.

Table 4.6: 10 datapoints for the creation of the QQ-plot

sample_data
3
1
5
2
2
4

Table 4.7: The sorted data points.

sample_data
1
2
3
4
5

4.10.1.3 Empirical Quantiles

Theoretical quantiles are calculated based on the chosen distribution (e.g., the normal distribution). These quantiles represent the expected values if the data perfectly follows that distribution.

Table 4.8: The empirical quantiles

sample_data	sample_data_emp_prob
1	0.1
2	0.3
3	0.5
4	0.7
5	0.9

Table 4.9: The calculated theoretical quantiles

sample_data	sample_data_emp_prob	quant_theo
1	0.1	0.9736891
2	0.3	2.1708500
3	0.5	3.0000000
4	0.7	3.8291500
5	0.9	5.0263109

4.10.1.4 Theoretical Quantiles

4.10.1.5 Plotting Points

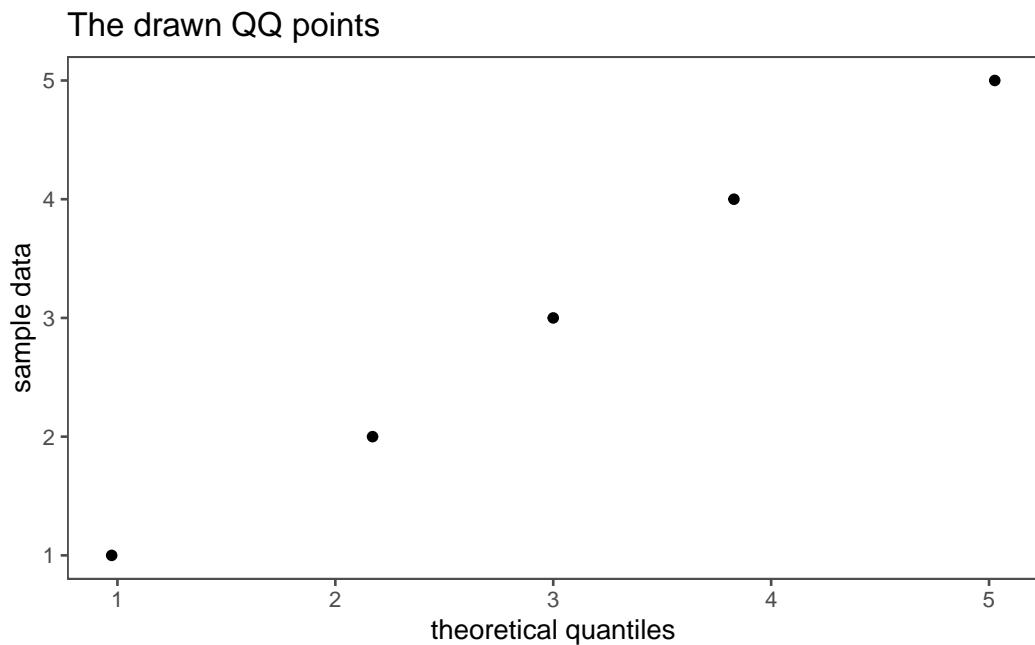


Figure 4.10: The QQ points as calculated before.

For each data point, a point is plotted in the QQ plot. The x-coordinate of the point corresponds to the theoretical quantile, and the y-coordinate corresponds to the observed quantile from the data, see Figure 4.10.

4.10.1.6 Perfect Normal Distribution

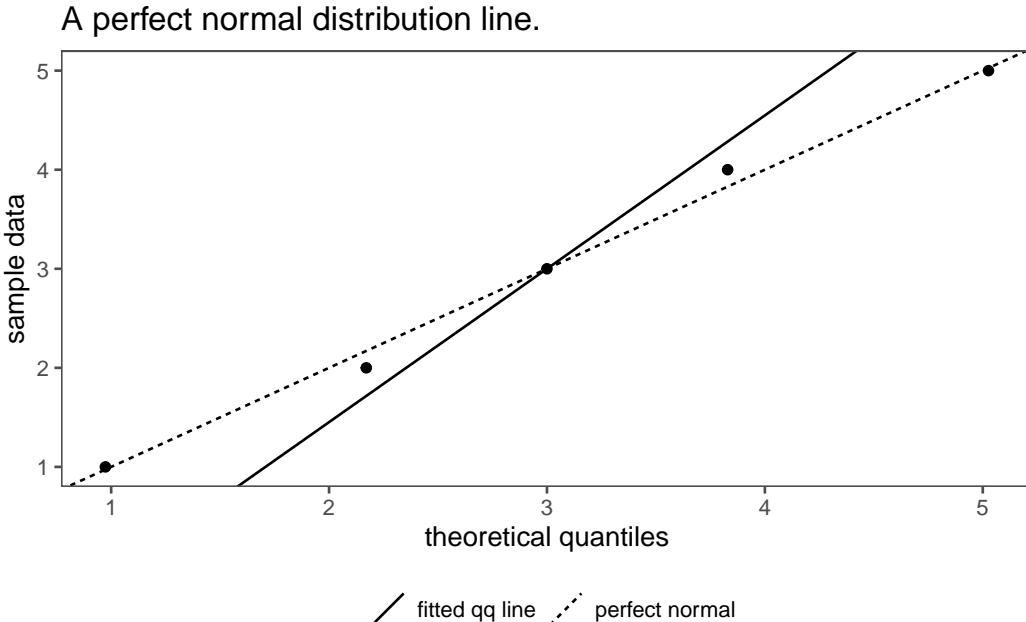


Figure 4.11: A perfect normal distribution would be indicated if all points would fall on this straight line.

In the case of a perfect normal distribution, all the points would fall along a straight line at a 45-degree angle. If the data deviates from normality, the points may deviate from this line in specific ways, see Figure 4.11.

Deviations from the straight line suggest departures from the assumed distribution. For example, if points curve upward, it indicates that the data has heavier tails than a normal distribution. If points curve downward, it suggests lighter tails. S-shaped curves or other patterns can reveal additional information about the data's distribution. In `?@fig-qq-line` the QQ-points are shown together with the respective QQ-line and a line of perfectly normal distributed points. Some deviations can be seen, but it is hard to judge, if the data is normally distributed or not.

4 Inferential Statistics

4.10.1.7 QQ plot with probabilities

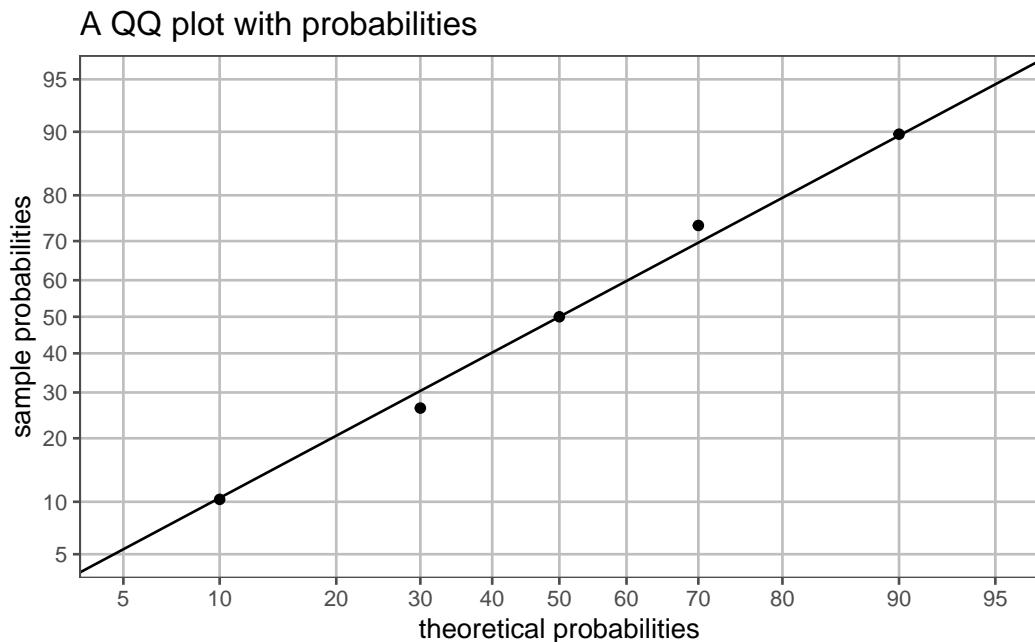


Figure 4.12: A QQ Plot with the assigned probabilities on the axis

4.10.1.8 Confidence Interval

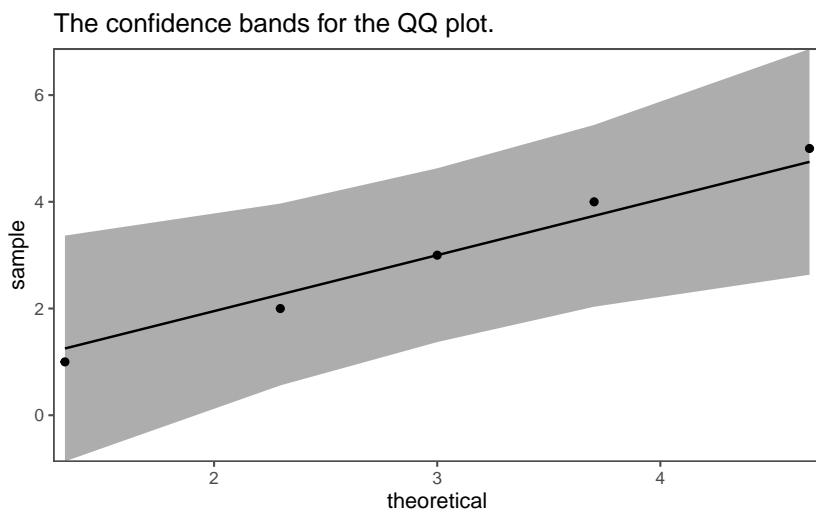


Figure 4.13: The QQ plot with confidence bands.

Because it is hard to judge from `?@fig-qq-line` if the points are normally distributed, it makes sense to get limits for normally distributed points. This is shown in Figure 4.13. The gray area depicts the (95%) confidence bands for a normal distribution. All the points fall into the area, as well as the line. This shows, that the points are likely to be normally distributed.

4.10.1.9 The drive shaft exercise

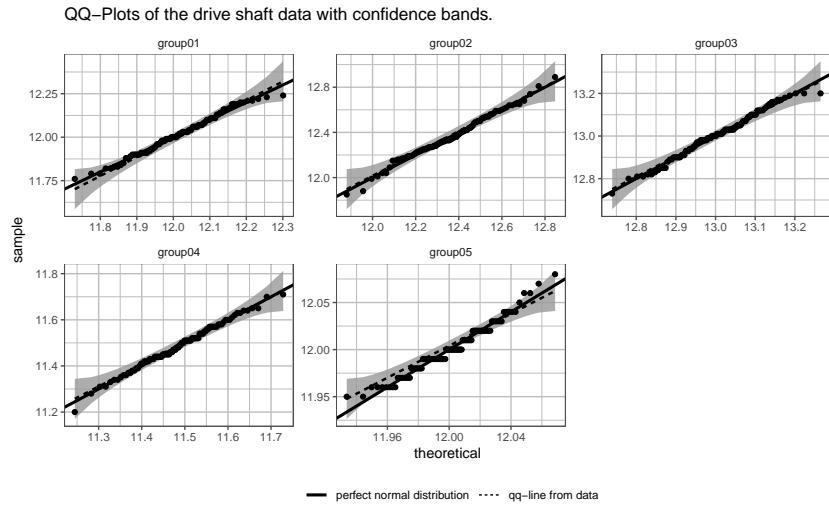


Figure 4.14: The QQ plots for each drive shaft group shown in subplots.

The QQ plot method is extended to the drive shaft exercise in Figure 4.14. In each subplot the plot for the respective group is shown together with the QQ-points, the QQ-line and the respective confidence bands. The scaling for each plot is different to enhance visibility of every subplot. A line for the perfect normal distribution is also shown in solid linestyle. From group 1 ... 4 all points fall into the QQ confidence bands. Group05 differs however. The points from visible categories, which is a strong indicator, that the measurement system may be to inaccurate.

4.10.2 Quantitative Methods

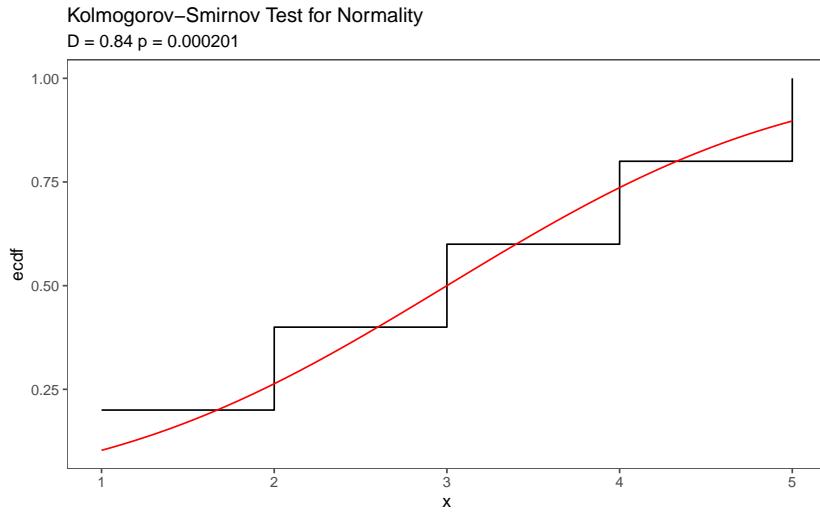


Figure 4.15: A visualisation of the KS test using the 10 datapoints from before

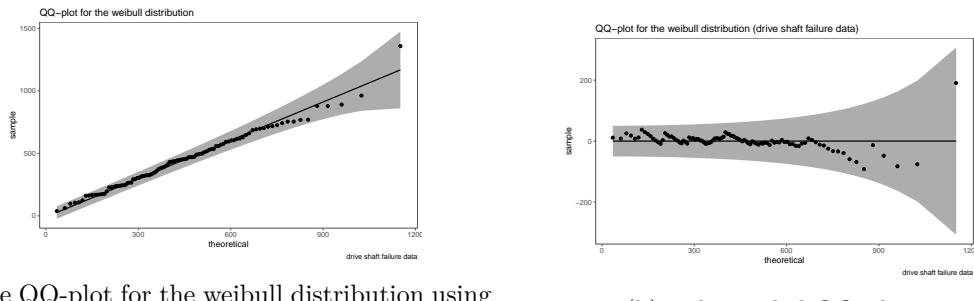
The Kolmogorov-Smirnov test for normality, often referred to as the KS test, is a statistical test used to assess whether a dataset follows a normal distribution. It evaluates how closely the cumulative distribution function of the dataset matches the expected CDF of a normal distribution.

1. **Null Hypothesis (H0):** The null hypothesis in the KS test states that the sample data follows a normal distribution.
2. **Alternative Hypothesis (Ha):** The alternative hypothesis suggests that the sample data significantly deviates from a normal distribution.
3. **Test Statistic (D):** The KS test calculates a test statistic, denoted as D which measures the maximum vertical difference between the empirical CDF of the data and the theoretical CDF of a normal distribution. It quantifies how far the observed data diverges from the expected normal distribution. A visualization of the KS-test is shown in Figure 4.15. The red line denotes a perfect normal distribution, whereas the step function shows the empirical CDF of the data itself.
4. **Critical Value:** To assess the significance of D , a critical value is determined based on the sample size and the chosen significance level (α). If D exceeds the critical value, it indicates that the dataset deviates significantly from a normal distribution.
5. **Decision:** If D is greater than the critical value, the null hypothesis is rejected, and it is concluded that the data is not normally distributed. If D is less than or

equal to the critical value, there is not enough evidence to reject the null hypothesis, suggesting that the data may follow a normal distribution.

It is important to note that the KS test is sensitive to departures from normality in both tails of the distribution. There are other normality tests, like the *Shapiro-Wilk test* and *Anderson-Darling test*, which may be more suitable in certain situations. Researchers typically choose the most appropriate test based on the characteristics of their data and the assumptions they want to test.

4.10.3 Expanding to non-normal distributions



(a) the QQ-plot for the weibull distribution using the drive shaft failure time data

(b) a detrended QQ-plot

Figure 4.16: The QQ-plot can easily be extended to non-normal distributions.

The QQ-plot can easily be extended to non-normal distributions as well. This is shown in Figure 4.16. In Figure 4.16a a classic QQ-plot for Figure 2.46 is shown. The same rules as before still apply, they are *only* extended to the weibull distribution. In Figure 4.16b a *detrended* QQ-plot is shown in order to account for visual bias. It is of course known, that the data follows a *weibull* distribution with a shape parameter $\beta = 2$ and a scale parameter $\lambda = 500$, but such distributional parameters can also be estimated (Delignette-Muller and Dutang 2015).

4.11 Test 1 Variable

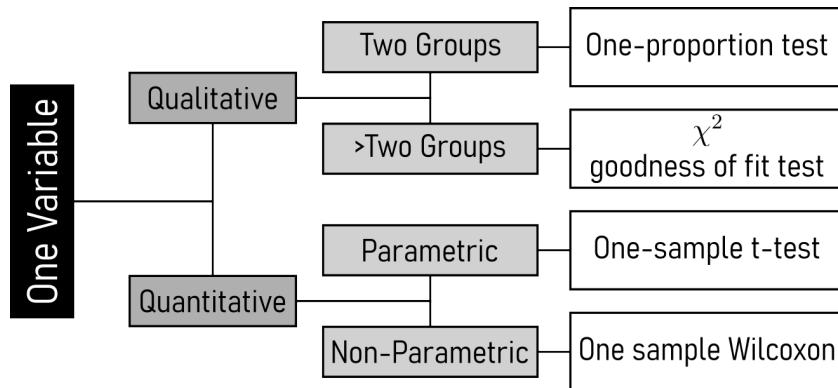


Figure 4.17: Statistical tests for one variable.

4.11.1 One Proportion Test

Scenario: A semiconductor manufacturer claims that their production line yields no more than 2% defective chips (i.e., the defect rate $p_0 = 0.02$). To verify this, a quality engineer randomly samples 500 chips and finds 14 defectives. Is there sufficient evidence at $\alpha = 0.05$ to conclude that the defect rate exceeds the claimed 2%?

The one proportion test is used on categorical data with a binary outcome, such as success or failure. Its prerequisite is having a known or hypothesized population proportion that the sample proportion shall be compared to. This test helps determine if the sample proportion significantly differs from the population proportion, making it valuable for studies involving proportions and percentages.

4.11.1.1 Define the Hypothesis

H₀: Defect rate is < 2 percent

H_a: Defect rate is > 2 percent

This is a **right-tailed** test

4.11.1.2 The z-test for proportions

The underlying distribution for the z-test is the *binomial* distribution.

The test itself relies on the *normal* approximation to the *binomial*

$$X \sim \text{Binomial}(n, p)$$

- n : sample size
- p : true population proportion
- Sample proportion: The sample proportion $\hat{p} = \frac{X}{n}$ is the estimator for p

4.11.1.3 The Bridge to Normality

Acc. to the CLT for large n

$$\hat{p} \sim N(p, \sqrt{\frac{p(1-p)}{n}}) \quad (4.8)$$

1. Mean: \hat{p} is the unbiased estimator of p
2. SE: The sd of \hat{p} is $\sqrt{\frac{p(1-p)}{n}}$
3. Normality Condition: $np \geq 10$ and $n(1-p) \geq 10$

4.11.1.4 The Z-Statistic

Under H_0 assume $p = p_0$. The Z-Statistic standardizes \hat{p} to

$$Z = \frac{\hat{p} - p_0}{\sqrt{\frac{p_0(1-p_0)}{n}}} \quad (4.9)$$

4.11.1.5 Check Assumptions

- Independence: Chips are randomly sampled

- Sample Size: $n \cdot p_0 \geq 10$ and $n(1-p_0) \geq 10$

- $500 \times 0.02 = 10 \geq 10$

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- $500 \times 0.98 = 490 \geq 10$

4.11.1.6 Calculate Test Statistic

- $\hat{p} = \frac{\text{defective}}{n} = \frac{14}{500} = 0.028$
- $p_0 = 0.02, n = 500$

...

$$z = \frac{\hat{p} - p_0}{\sqrt{\frac{p_0(1-p_0)}{n}}} = \frac{0.028 - 0.02}{\sqrt{\frac{0.02 \times 0.98}{500}}} \approx 1.28$$

4.11.1.7 Compute the p-value

$$P(Z > 1.28) = 1 - P(Z \leq 1.28) \approx 1 - 0.8997 = 0.1003$$

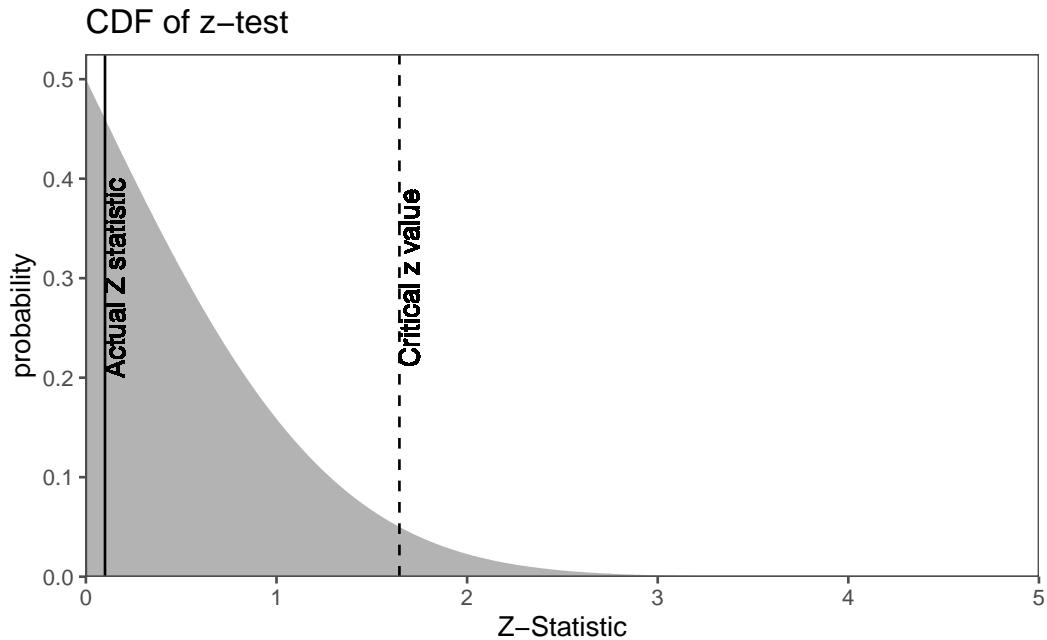


Figure 4.18: The z-test statistic

Table 4.10: The raw data for the gof χ^2 test.

Machine	Status	Count
A	Defective	45
A	Non-Defective	505
B	Defective	30
B	Non-Defective	520
C	Defective	60
C	Non-Defective	490

4.11.2 Chi² goodness of fit test

Scenario: A semiconductor manufacturer produces wafers using three machines (A, B, C). The QA team suspects that defect rates differ across machines. They collect data over a week:

4.11.2.1 Define the Hypotheses

H0: Defect rates are independent of machine (no difference).

Ha: Defect rates depend on the machine.

4.11.2.2 Calculate Test Statistic

$$\chi^2 = \sum \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

- O_{ij} observed frequency in cell i, j (Row i , column j)
- E_{ij} expected frequency in cell i, j under the H_0

4.11.2.3 Contingency tables

A contingency table (also called a cross-tabulation or two-way table) is a tabular representation of the relationship between two or more categorical variables. It displays the frequency distribution of observations across different categories, allowing us to examine associations, independence, or dependencies between variables.

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Table 4.11: The tabulated results for the observed frequencies

	Machine	Defective	Non-Defective	Row Total
A	A	45	505	550
	B	30	520	550
	C	60	490	550
sum	—	135	1515	1650

Table 4.12: The tabulated results for the expected frequencies

Machine	Defective	Non_Defective
A	45	505
B	45	505
C	45	505

4.11.2.4 Observed Contingency table

4.11.2.5 Calculate Expected Frequencies

For each cell, calculate E_{ij} :

1. Machine A, Defective:

$$E_{A,Defective} = \frac{\text{Row Total}_A \times \text{Column Total}_{Defective}}{\text{Grand Total}} = \frac{550 \times 135}{1650} = 45$$

2. Machine A, Non-Defective:

$$E_{A,Non-Defective} = \frac{\text{Row Total}_A \times \text{Column Total}_{NonDefective}}{\text{Grand Total}} = \frac{550 \times 1515}{1650} = 505$$

4.11.2.6 Expected table

4.11.2.7 The test result

The χ^2 goodness of Fit Test (gof) is applied on categorical data with expected frequencies. It is suitable for analyzing nominal or ordinal data. This test assesses whether there is a significant difference between the observed and expected frequencies in your dataset, making it useful for determining if the data fits an expected distribution.

Table 4.13: The test results for the gof χ^2 test.

statistic	p.value	method
10.891	0.004	Pearson's Chi-squared test

Table 4.14: The raw data for the one sample t-test.

group	mean_diameter	sd_diameter
group01	12.015	0.111
group02	12.364	0.189
group03	13.002	0.102
group04	11.486	0.094
group05	12.001	0.026

4.11.3 One-sample t-test

The one-sample t-test is designed for continuous data when you have a known or hypothesized population mean that you want to compare your sample mean to. It relies on the assumption of normal distribution, making it applicable when assessing whether a sample's mean differs significantly from a specified population mean.

The test can be applied in various settings. One is, to test if measured data comes from a population with a certain mean (for example a test against a specification). To show the application, the *drive shaft data* is employed. In Table 4.14 the *per group* summarised data of the drive shaft data is shown.

One important prerequisite for the One sample t-test normally distributed data. For this, graphical and numerical methods have been introduced in previous chapters. First, a classic QQ-plot is created for every group (see Figure 4.19). From a first glance, the data appears to be normally distributed.

4.11.3.1 Normality Check

A more quantitative approach to tests for normality is shown in Table 4.15. Here, each group is tested with the KS-test for normality. H_0 is accepted (the data is normal distributed) because the computed p-value is larger than the significance level ($\alpha = 0.05$).

4.11.3.2 Quantitative Normality Check

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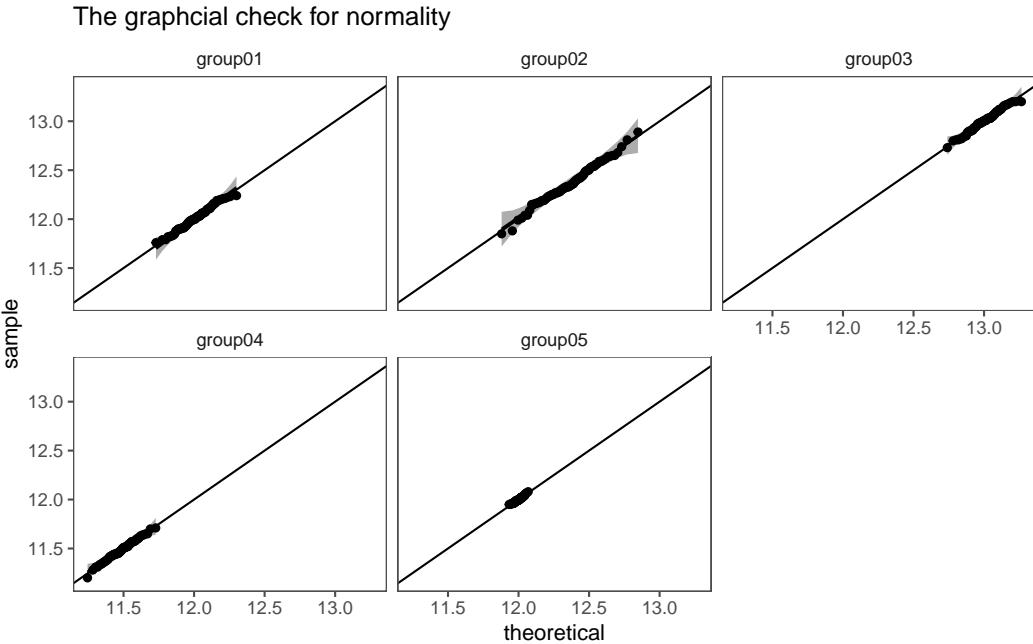


Figure 4.19: The qq-plot for the drive shaft data

Table 4.15: The results for the one KS normality test for each group.

group	statistic	p.value	method	alternative
group01	0.048	0.975	Asymptoticone-sampleKolmogorov-Smirnovtest	two-sided
group02	0.067	0.754	Asymptoticone-sampleKolmogorov-Smirnovtest	two-sided
group03	0.075	0.633	Asymptoticone-sampleKolmogorov-Smirnovtest	two-sided
group04	0.060	0.862	Asymptoticone-sampleKolmogorov-Smirnovtest	two-sided
group05	0.127	0.081	Asymptoticone-sampleKolmogorov-Smirnovtest	two-sided

There is sufficient evidence to assume normal distributed data within each group. The next step is, to test if the data comes from a certain population mean (μ_0). In this case,

4.11 Test 1 Variable

the population mean is the specification of the drive shaft at a diameter = 12mm.

4.11.3.3 Test result

Table 4.16: The results for the one sample t-test (against mean = 12mm).

group	estim- ate	statis- tic	p.value	param- eter	conf.low	conf.high	method	alterna- tive
group01	12.015	1.391	0.167	99.000	11.993	12.038	OneSample	two.sided test
group02	12.364	19.274	0.000	99.000	12.326	12.401	OneSample	two.sided test
group03	13.002	97.769	0.000	99.000	12.982	13.022	OneSample	two.sided test
group04	11.486	-54.441	0.000	99.000	11.468	11.505	OneSample	two.sided test
group05	12.001	0.418	0.677	99.000	11.996	12.006	OneSample	two.sided test

4.11.4 One sample Wilcoxon test

For situations where your data may not follow a normal distribution or when dealing with ordinal data, the one-sample Wilcoxon test is a non-parametric alternative to the t-test. It is used to evaluate whether a sample's median significantly differs from a specified population median.

The wear and tear of drive shafts can occur due to various factors related to the vehicle's operation and maintenance. Some common causes include:

1. **Normal Usage:** Over time, the drive shaft undergoes stress and strain during regular driving. This can lead to gradual wear on components, especially if the vehicle is frequently used.
2. **Misalignment:** Improper alignment of the drive shaft can result in uneven distribution of forces, causing accelerated wear. This misalignment may stem from issues with the suspension system or other related components.
3. **Lack of Lubrication:** Inadequate lubrication of the drive shaft joints and bearings can lead to increased friction, accelerating wear. Regular maintenance, including proper lubrication, is essential to mitigate this factor.
4. **Contamination:** Exposure to dirt, debris, and water can contribute to the degradation of drive shaft components. Contaminants can infiltrate joints and bearings, causing abrasive damage over time.

4 Inferential Statistics

5. **Vibration and Imbalance:** Excessive vibration or imbalance in the drive shaft can lead to increased stress on its components. This may result from issues with the balance of the rotating parts or damage to the shaft itself.
6. **Extreme Operating Conditions:** Harsh driving conditions, such as off-road terrain or constant heavy loads, can accelerate wear on the drive shaft. The components may be subjected to higher levels of stress than they were designed for, leading to premature wear and tear.

The wear and tear because of the reasons above can be rated on a scale with discrete values from 1 ... 5 with 2 being the reference value. It is therefore interesting, if the wear and tear rating of $n = 100$ drive shafts per group differs *significantly* from the reference value 2. Because we are dealing with discrete data, the one sample t-test can not be used.

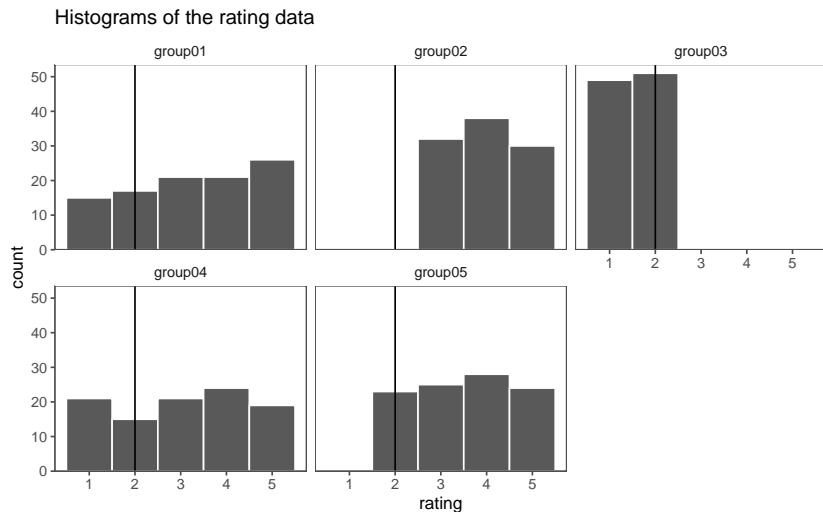


Figure 4.20: The wear and tear rating data histograms.

Table 4.17: The results for the one sample Wilcoxon test for every group against the reference value.

group	statistic	p.value	alternative
group01	3,208.500	0.000	greater
group02	5,050.000	0.000	greater
group03	0.000	1.000	greater
group04	3,203.500	0.000	greater
group05	3,003.000	0.000	greater

4.12 Test 2 Variable (Qualitative or Quantitative)

Table 4.18: The results for the one sample t-test compared to the results of a one sample Wilcoxon test.

group	t_tidy_p.value	wilcox_tidy_p.value
group01	0.167	0.182
group02	0.000	0.000
group03	0.000	0.000
group04	0.000	0.000
group05	0.677	0.803

4.12 Test 2 Variable (Qualitative or Quantitative)

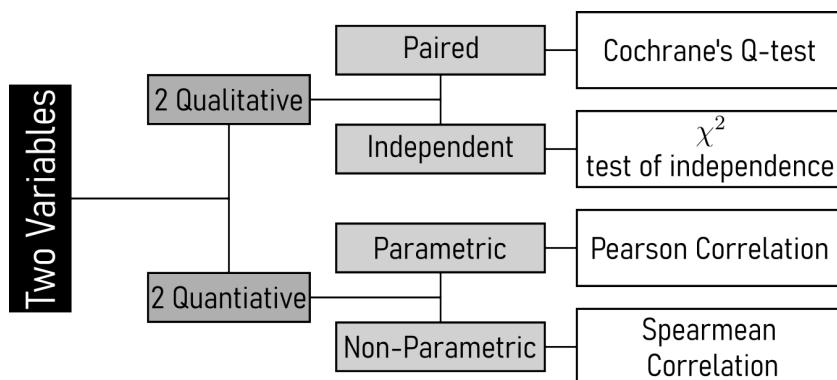


Figure 4.21: Statistical tests for two variables.

4.12.1 Chi² test of independence

This test is appropriate when you have two categorical variables, and you want to determine if there is an association between them. It is useful for assessing whether the two variables are dependent or independent of each other.

In the context of the drive shaft production the example assumes a dataset with categorical variables like “Defects” (Yes/No) and “Operator” (Operator A/B).

4.12.1.1 Contingency tables

A contingency table, also known as a cross-tabulation or crosstab, is a statistical table that displays the frequency distribution of variables. It organizes data into rows and columns to show the frequency or relationship between two or more categorical variables. Each cell in the table represents the count or frequency of occurrences that fall into a

4 Inferential Statistics

specific combination of categories for the variables being analyzed. It is commonly used in statistics to examine the association between categorical variables and to understand patterns within data sets.

Table 4.19: The contingency table for this example.

Defects	Operator A	Operator B
No	2	3
Yes	3	2

4.12.1.2 test results

With $p \approx 1 > 0.05$ the p -value is greater than the significance level of $\alpha = 0.05$. The H_0 is therefore proven, there is no difference between the operators. The test results are depicted below-

Pearson's Chi-squared test with Yates' continuity correction

```
data: contingency_table
X-squared = 0, df = 1, p-value = 1
```

4.12.2 Correlation

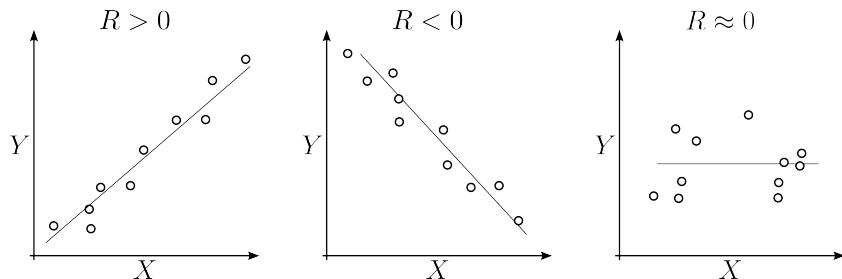


Figure 4.22: Correlation between two variables and the quantification thereof.

Correlation refers to a statistical measure that describes the relationship between two variables. It indicates the extent to which changes in one variable are associated with changes in another.

Correlation is measured on a scale from -1 to 1:

- A correlation of 1 implies a perfect positive relationship, where an increase in one variable corresponds to a proportional increase in the other.

4.12 Test 2 Variable (Qualitative or Quantitative)

- A correlation of -1 implies a perfect negative relationship, where an increase in one variable corresponds to a proportional decrease in the other.
- A correlation close to 0 suggests a weak or no relationship between the variables.

Correlation doesn't imply causation; it only indicates that two variables change together but doesn't determine if one causes the change in the other.

4.12.2.1 Pearson Correlation

The pearson correlation coefficient is a normalized version of the covariance.

$$R = \frac{\text{Cov}(X, Y)}{\sigma_x \sigma_y} \quad (4.10)$$

- Covariance is sensitive to **scale** (*mm* vs. *cm*)
- Pearson correlation **removes** units, allowing for meaningful comparisons across datasets

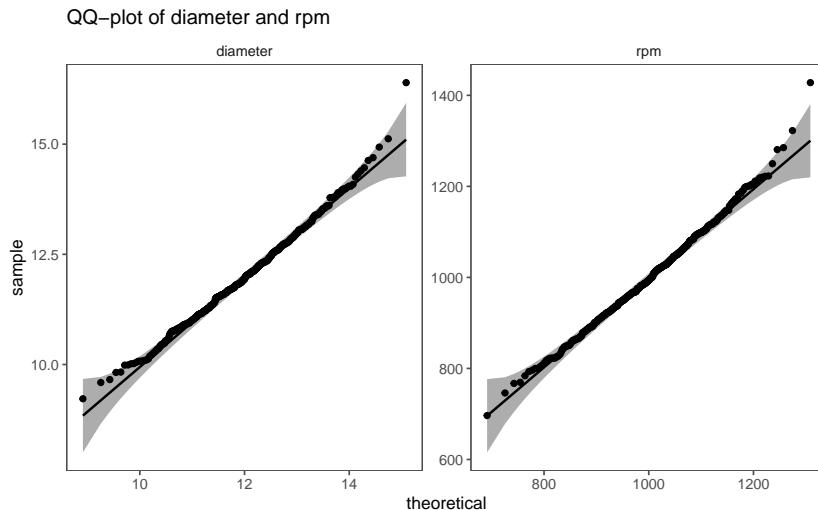


Figure 4.23: The QQ-plot of both variables. There is strong evidence that they are normally distributed.

Pearson's product-moment correlation

```
data: drive_shaft_rpm_dia$rpm and drive_shaft_rpm_dia$diameter
t = 67.895, df = 498, p-value < 2.2e-16
```

4 Inferential Statistics

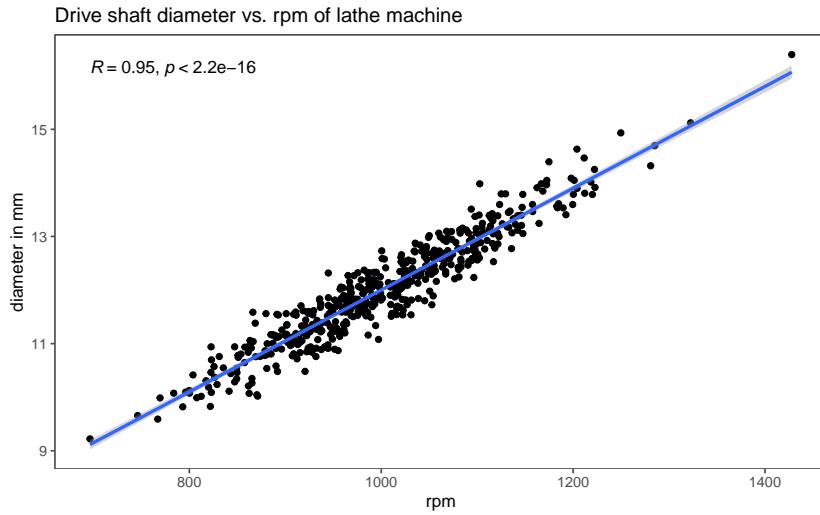


Figure 4.24: Correlation between rpm of lathe machine and the diameter of the drive shaft.

```

alternative hypothesis: true correlation is not equal to 0
95 percent confidence interval:
 0.9406732 0.9578924
sample estimates:
  cor
 0.95

```

When you have two continuous variables and want to measure the strength and direction of their linear relationship, Pearson correlation is the go-to choice (Pearson 1895). It assumes normally distributed data and is particularly valuable for exploring linear associations between variables and is calculated via (4.11).

$$R = \frac{\sum_{i=1}^n (x_i - \bar{x}) \times (y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2} \times \sqrt{\sum_{i=1}^n (y_i - \bar{y})^2}} \quad (4.11)$$

The Pearson Correlation Coefficient works best with normal distributed data. The normal distribution of the data is verified in Figure 4.23.

4.12.2.2 Spearman Correlation

Spearman (Spearman 1904) correlation is a non-parametric alternative to Pearson correlation. It is used when the data is not normally distributed or when the relationship

4.12 Test 2 Variable (Qualitative or Quantitative)

between variables is monotonic but not necessarily linear.

$$\rho = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)} \quad (4.12)$$

In Figure 4.25 the example data for a drive shaft production is shown. The `Production_Time` and the `Defects` seem to form a relationship, but the data does not appear to be normally distributed. This can also be seen in the QQ-plots of both variables in Figure 4.26.

The **spearman** correlation coefficient (ρ) is based on the pearson correlation, but applied to **ranked** data

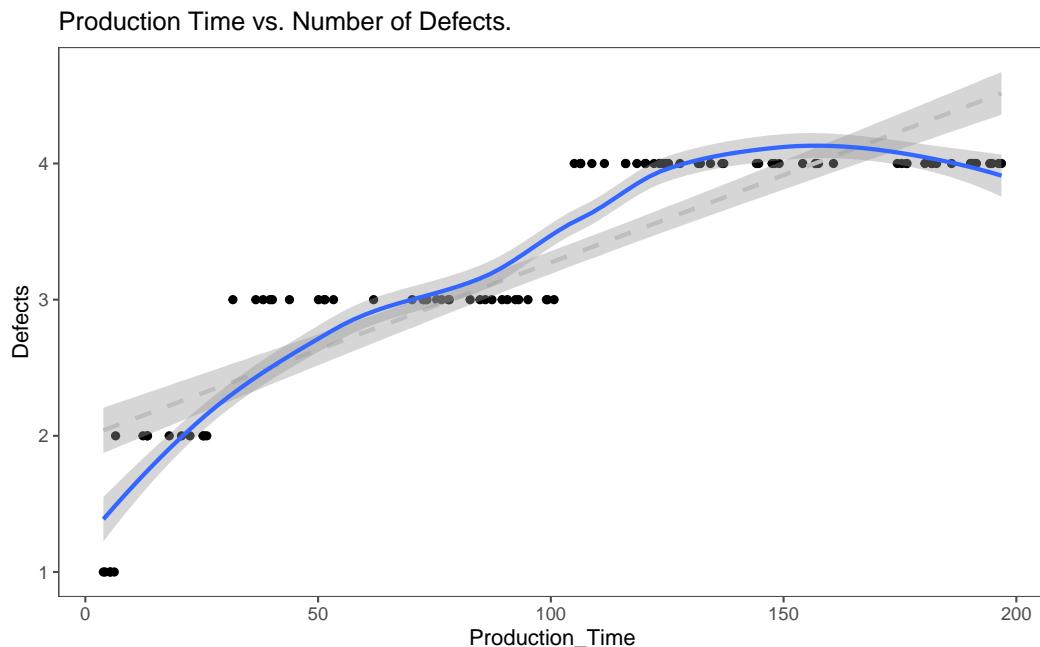


Figure 4.25: The relationship between the production time and the number of defects.

4.12.2.3 Correlation - methodological limits

While correlation analysis and summary statistics are certainly useful, one must always consider the raw data. The data taken from Davies, Locke, and D'Agostino McGowan (2022) showcases this. The summary statistics in Table 4.20 are practically the same, one would not suspect different underlying data. When the raw data is plotted though (Figure 4.27), it can be seen that the data appears to be highly non linear, forming different shapes as well as different categories etc.

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The QQ-plots for the variables. There is strong evidence that the data is not normally distributed.

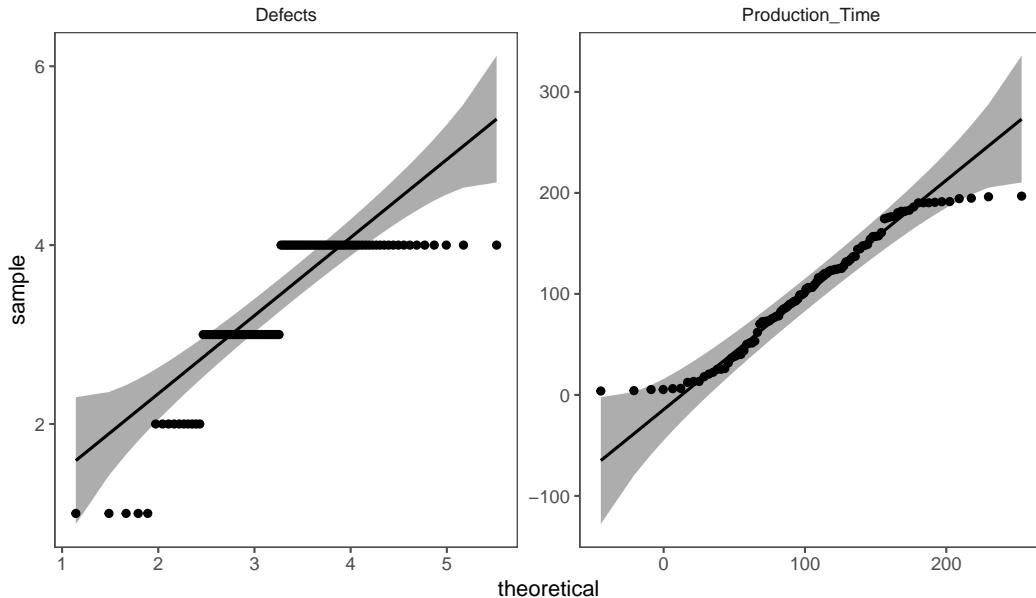
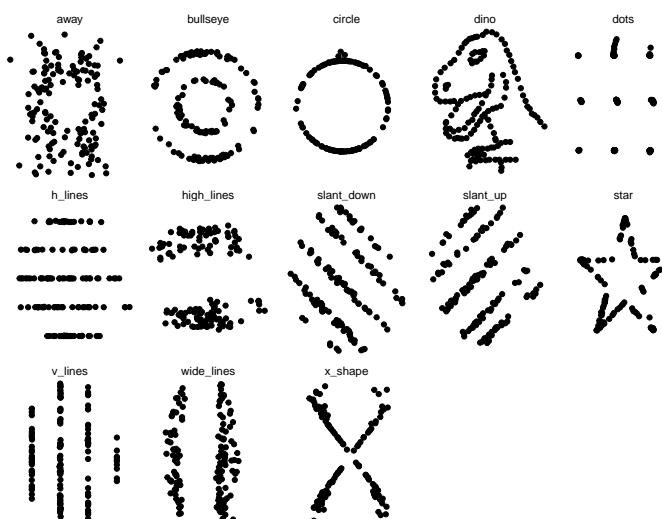


Figure 4.26: The QQ-plots of both variables.

Always check the raw data.

Table 4.20: The datasauRus data and the respective summary statistics.

dataset	mean_x	mean_y	std_dev_x	std_dev_y	corr_x_y
away	54.266	47.835	16.770	26.940	-0.064
bullseye	54.269	47.831	16.769	26.936	-0.069
circle	54.267	47.838	16.760	26.930	-0.068
dino	54.263	47.832	16.765	26.935	-0.064
dots	54.260	47.840	16.768	26.930	-0.060
h_lines	54.261	47.830	16.766	26.940	-0.062
high_lines	54.269	47.835	16.767	26.940	-0.069
slant_down	54.268	47.836	16.767	26.936	-0.069
slant_up	54.266	47.831	16.769	26.939	-0.069
star	54.267	47.840	16.769	26.930	-0.063
v_lines	54.270	47.837	16.770	26.938	-0.069
wide_lines	54.267	47.832	16.770	26.938	-0.067
x_shape	54.260	47.840	16.770	26.930	-0.066



4.13 Test 2 Variables (2 Groups)

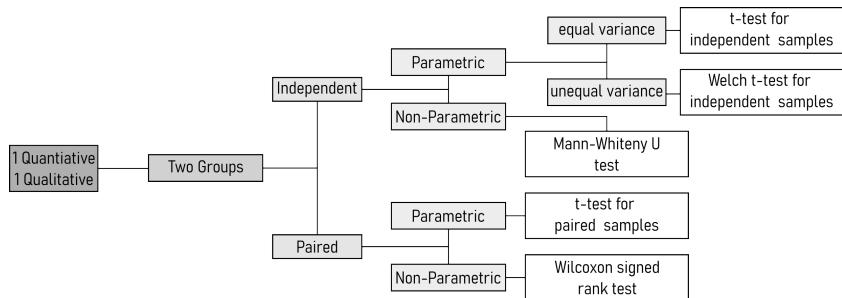
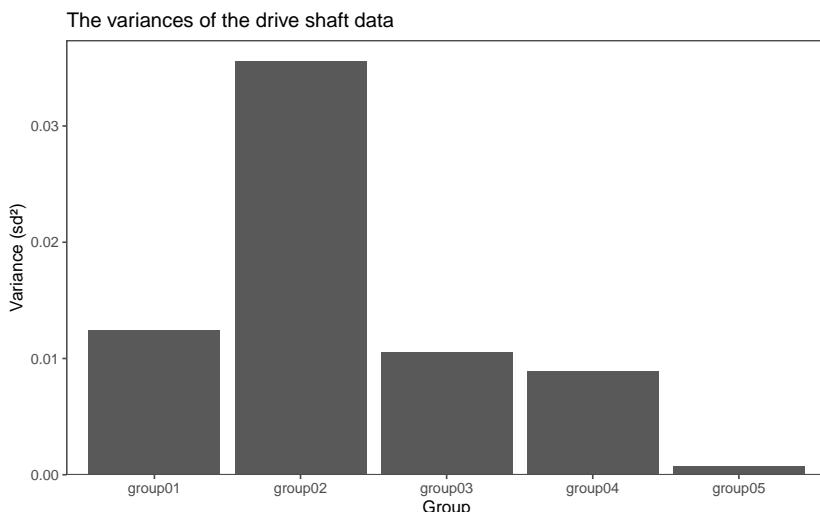


Figure 4.28: Statistical tests for two variable.

4.13.1 Test for equal variance (homoscedasticity)

Figure 4.29: The variances (sd^2) for the drive shaft data.

Tests for equal variances, also known as tests for homoscedasticity, are used to determine if the variances of two or more groups or samples are equal. Equal variances are an assumption in various statistical tests, such as the t-test and analysis of variance (ANOVA). When the variances are not equal, it can affect the validity of these tests. Two common tests for equal variances are:

Certainly, here are bullet points outlining the null hypothesis, prerequisites, and decisions for each of the three tests:

4.13.1.1 F-Test (Hahs-Vaughn and Lomax 2013)

- **Null Hypothesis:** The variances of the different groups or samples are equal.
- **Prerequisites:**
 - Independence
 - Normality
 - Number of groups = 2
- **Decisions:**
 - $p > \alpha \rightarrow$ fail to reject H0
 - $p < \alpha \rightarrow$ reject H0

F test to compare two variances

```
data: ds_wide$group01 and ds_wide$group03
F = 1.1817, num df = 99, denom df = 99, p-value = 0.4076
alternative hypothesis: true ratio of variances is not equal to 1
95 percent confidence interval:
 0.7951211 1.7563357
sample estimates:
ratio of variances
           1.181736
```

4.13.1.2 Bartlett Test (Bartlett 1937)

- **Null Hypothesis:** The variances of the different groups or samples are equal.
- **Prerequisites:**
 - Independence
 - Normality
 - Number of groups > 2
- **Decisions:**
 - $p > \alpha \rightarrow$ fail to reject H0
 - $p < \alpha \rightarrow$ reject H0

Bartlett test of homogeneity of variances

```
data: diameter by group
Bartlett's K-squared = 275.61, df = 4, p-value < 2.2e-16
```

4.13 Test 2 Variables (2 Groups)

4.13.1.3 Levene Test (Olkin June)

- **Null Hypothesis:** The variances of the different groups or samples are equal.
- **Prerequisites:**
 - Independence
 - Number of groups > 2
- **Decisions:**
 - $p > \alpha \rightarrow$ fail to reject H_0
 - $p < \alpha \rightarrow$ reject H_0

```
Levene's Test for Homogeneity of Variance (center = median)
Df F value    Pr(>F)
group   4 38.893 < 2.2e-16 ***
495
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

4.13.2 t-test for independent samples

The independent samples t-test is applied when you have continuous data from two independent groups. It evaluates whether there is a significant difference in means between these groups, assuming a normal distribution of the data.

- **Null Hypothesis:** The means of the two samples are equal.
- **Prerequisites:**
 - Independence
 - Normal Distribution
 - Number of groups = 2
 - equal Variances of the groups

First, the variances are compared in order to check if they are equal using the F-Test (as described in Section 4.13.1.1).

F test to compare two variances

```
data: group01 %>% pull("diameter") and group03 %>% pull("diameter")
F = 1.1817, num df = 99, denom df = 99, p-value = 0.4076
alternative hypothesis: true ratio of variances is not equal to 1
95 percent confidence interval:
```

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```
0.7951211 1.7563357
sample estimates:
ratio of variances
1.181736
```

With $p > \alpha = 0.05$ the H_0 is accepted, the variances are equal.

The next step is to check the data for normality using the KS-test (as described in Section 4.10.2).

Asymptotic one-sample Kolmogorov-Smirnov test

```
data: group01 %>% pull("diameter")
D = 0.048142, p-value = 0.9746
alternative hypothesis: two-sided
```

Asymptotic one-sample Kolmogorov-Smirnov test

```
data: group03 %>% pull("diameter")
D = 0.074644, p-value = 0.6332
alternative hypothesis: two-sided
```

With $p > \alpha = 0.05$ the H_0 is accepted, the data seems to be normally distributed.

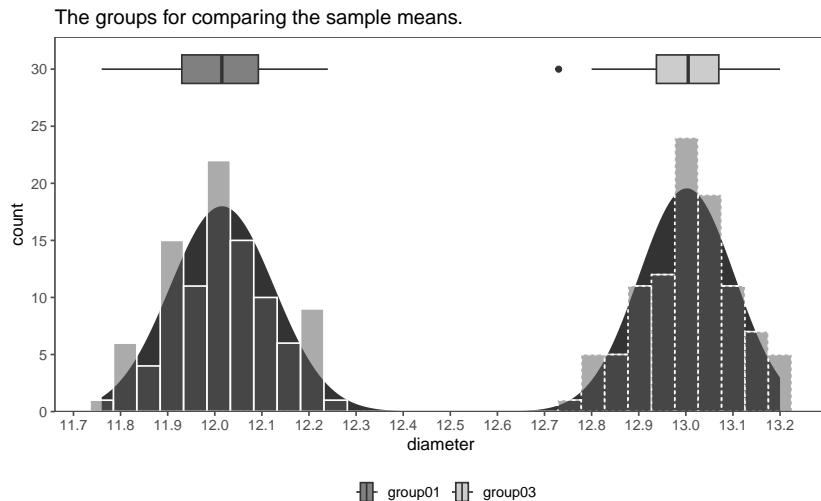


Figure 4.30: The data within the two groups for comparing the sample means using the t-test for independent samples.

4.13 Test 2 Variables (2 Groups)

The formal test is then carried out. With $p < \alpha = 0.05$ H_0 is rejected, the data comes from populations with different means.

Two Sample t-test

```
data: group01 %>% pull(diameter) and group03 %>% pull(diameter)
t = -65.167, df = 198, p-value < 2.2e-16
alternative hypothesis: true difference in means is not equal to 0
95 percent confidence interval:
-1.0164554 -0.9567446
sample estimates:
mean of x mean of y
12.0155 13.0021
```

4.13.3 Welch t-test for independent samples

Similar to the independent samples t-test, the Welch t-test is used for continuous data with two independent groups (WELCH 1947). However, it is employed when there are unequal variances between the groups, relaxing the assumption of equal variances in the standard t-test.

- **Null Hypothesis:** The means of the two samples are equal.
- **Prerequisites:**
 - Independence
 - Normal Distribution
 - Number of groups = 2

First, the variances are compared in order to check if they are equal using the F-Test (as described in Section 4.13.1.1).

F test to compare two variances

```
data: group01 %>% pull("diameter") and group02 %>% pull("diameter")
F = 0.34904, num df = 99, denom df = 99, p-value = 3.223e-07
alternative hypothesis: true ratio of variances is not equal to 1
95 percent confidence interval:
0.2348504 0.5187589
sample estimates:
ratio of variances
0.3490426
```

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With $p < \alpha = 0.05$ H_0 is rejected and H_a is accepted. The variances are different.

Using the KS-test (see Section 4.10.2) the data is checked for normality.

Asymptotic one-sample Kolmogorov-Smirnov test

```
data: group01 %>% pull("diameter")
D = 0.048142, p-value = 0.9746
alternative hypothesis: two-sided
```

Asymptotic one-sample Kolmogorov-Smirnov test

```
data: group02 %>% pull("diameter")
D = 0.067403, p-value = 0.7539
alternative hypothesis: two-sided
```

With $p > \alpha = 0.05$ H_0 is accepted, the data seems to be normally distributed.

The groups for comparing the sample means.

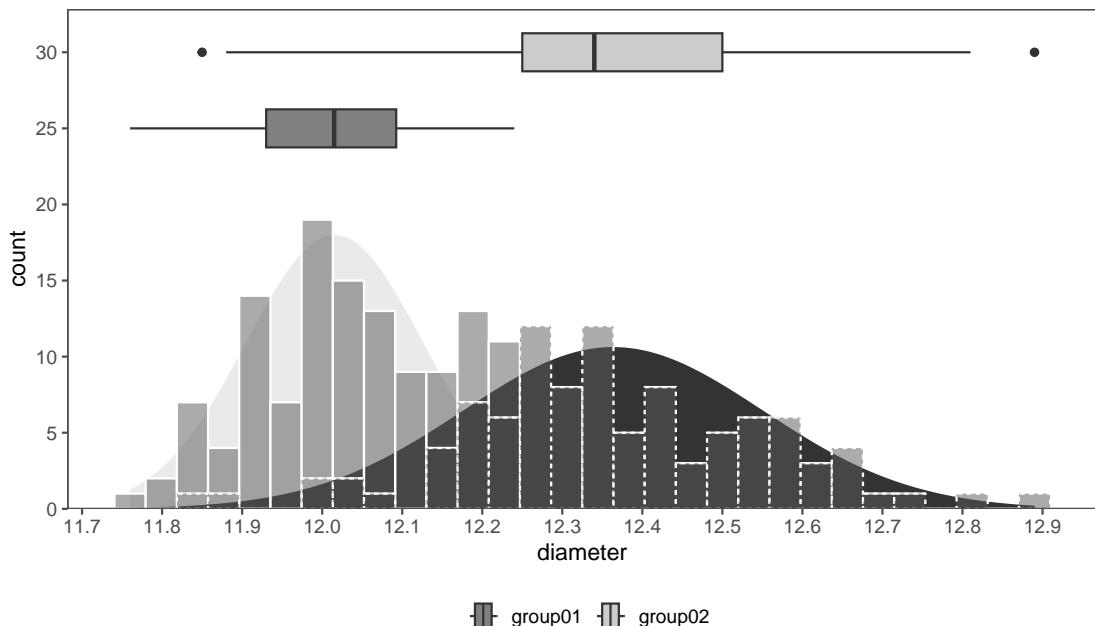


Figure 4.31: The data within the two groups for comparing the sample means using the Welch-test for independent samples.

4.13 Test 2 Variables (2 Groups)

Then, the formal test is carried out.

Welch Two Sample t-test

```
data: group01 %>% pull(diameter) and group02 %>% pull(diameter)
t = -15.887, df = 160.61, p-value < 2.2e-16
alternative hypothesis: true difference in means is not equal to 0
95 percent confidence interval:
-0.3912592 -0.3047408
sample estimates:
mean of x mean of y
12.0155   12.3635
```

With $p < \alpha = 0.05$ we reject H_0 , the data seems to be coming from different population means, even though the variances are overlapping (and different).

4.13.4 Mann-Whitney U test

For non-normally distributed data or small sample sizes, the Mann-Whitney U test serves as a non-parametric alternative to the independent samples t-test (Mann and Whitney 1947). It assesses whether there is a significant difference in medians between two independent groups.

- **Null Hypothesis:** The medians of the two samples are equal.
- **Prerequisites:**
 - Independence
 - no specific distribution (non-parametric)
 - Number of groups = 2

4 Inferential Statistics

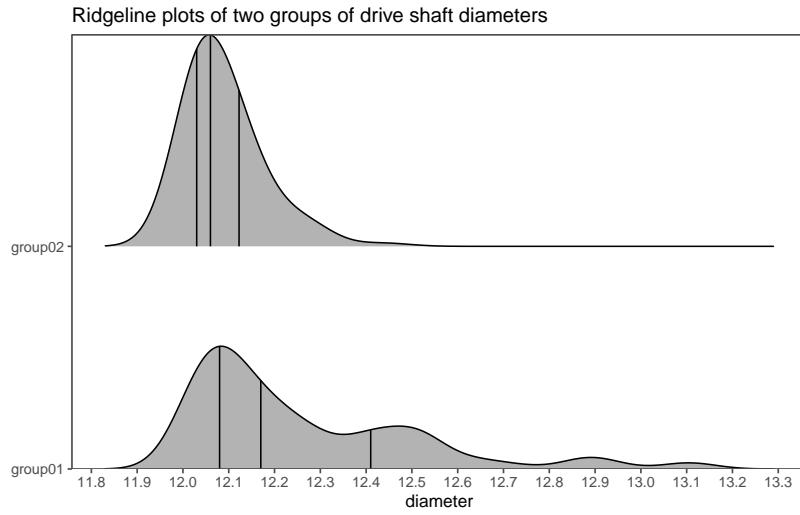


Figure 4.32: The data within the two groups for comparing the sample medians using the Mann-Whitney-U Test.

This time a graphical method to check for normality is employed (QQ-plot, see Section 4.10.1). From the Figure 4.33 it is pretty clear, that the data is not normally distributed. Furthermore, the variances seem to be unequal as well.

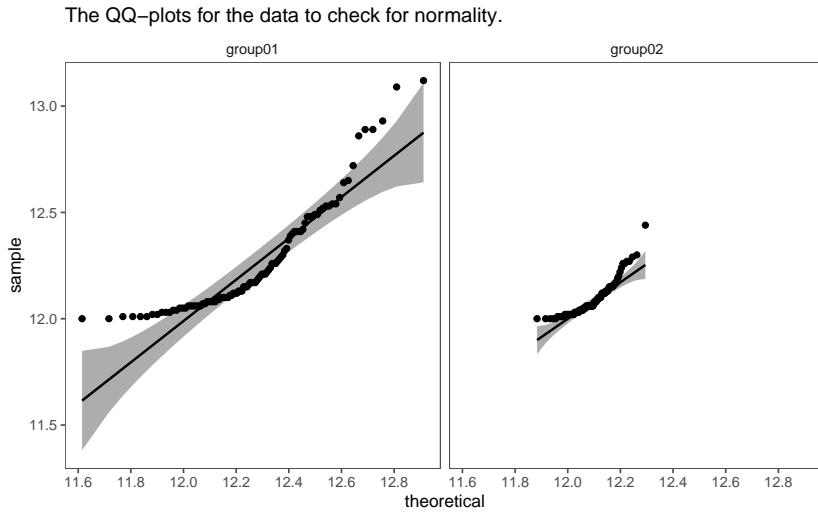


Figure 4.33: The data within the two groups for comparing the sample medians using the Mann-Whitney-U Test.

Then, the formal test is carried out. With $p < \alpha = 0.05$ H_0 is rejected, the true location shift is not equal to 0.

4.13 Test 2 Variables (2 Groups)

Wilcoxon rank sum test with continuity correction

```
data: diameter by group
W = 7396, p-value = 4.642e-09
alternative hypothesis: true location shift is not equal to 0
```

4.13.5 t-test for paired samples

The paired samples t-test is suitable when you have continuous data from two related groups or repeated measures. It helps determine if there is a significant difference in means between the related groups, assuming normally distributed data.

- **Null Hypothesis:** True mean difference is not equal to 0.
- **Prerequisites:**
 - Paired Data
 - Normal Distribution
 - equal variances
 - Number of groups = 2

Using the F-Test, the variances are compared.

F test to compare two variances

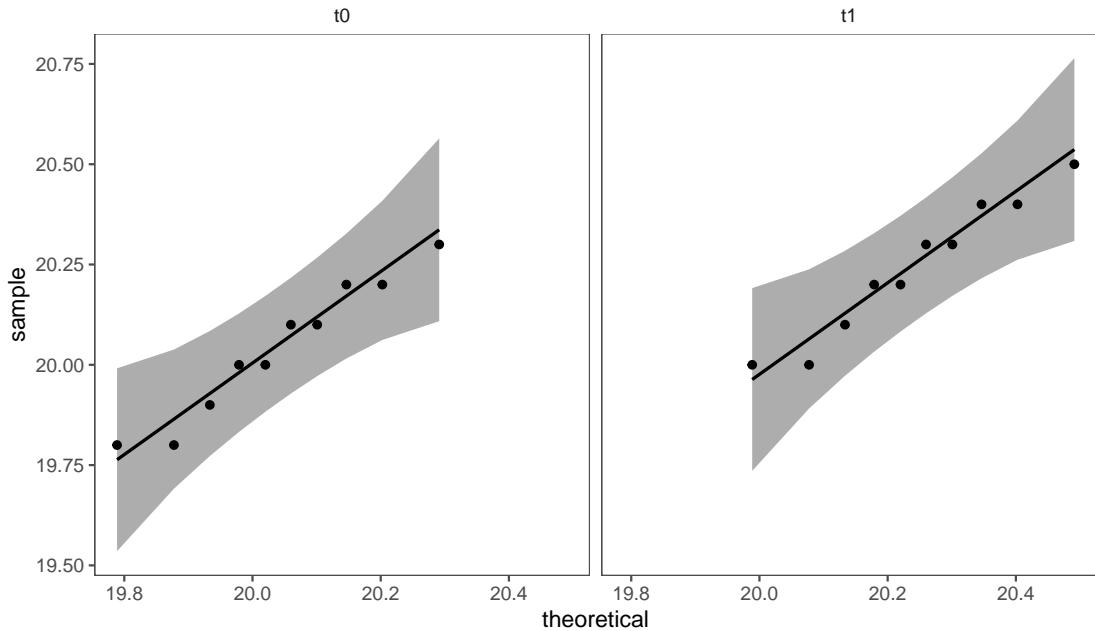
```
data: diameter by timepoint
F = 1, num df = 9, denom df = 9, p-value = 1
alternative hypothesis: true ratio of variances is not equal to 1
95 percent confidence interval:
0.2483859 4.0259942
sample estimates:
ratio of variances
1
```

With $p > \alpha = 0.05$ H_0 is accepted, the variances are equal.

Using a QQ-plot the data is checked for normality.

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QQ-plots of the treatment data at the different timepoints



Without a formal test, the data is assumed to be normally distributed.

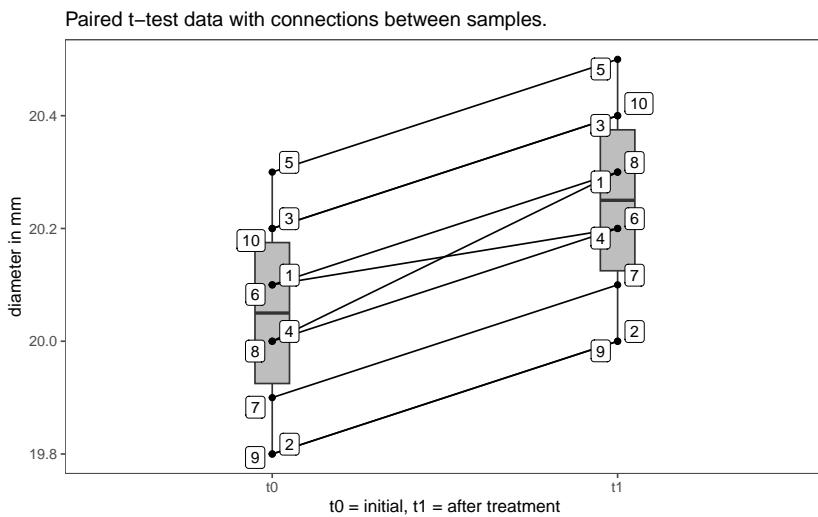


Figure 4.34: A boxplot of the data, showing the connections between the datapoints.

The formal test is then carried out.

```
# A tibble: 1 x 8
```

4.13 Test 2 Variables (2 Groups)

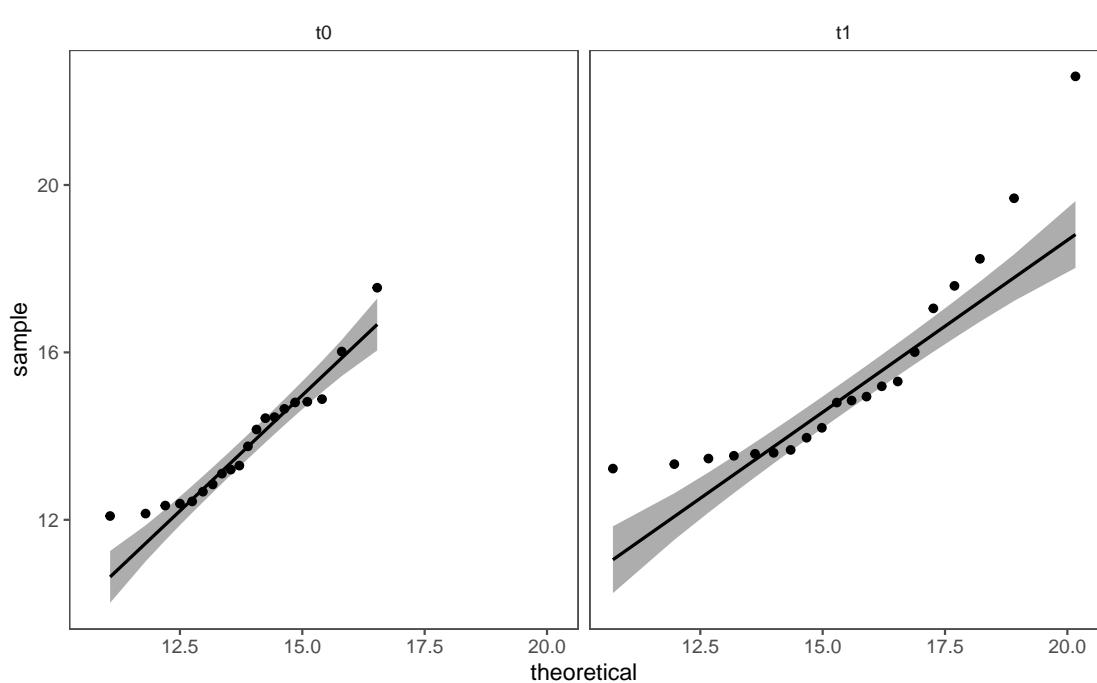
```
.y.      group1 group2   n1   n2 statistic    df      p
* <chr>  <chr>  <chr>  <int> <int>    <dbl> <dbl>    <dbl>
1 diameter t0     t1       10    10     -13.4     9 0.000000296
```

With $p < \alpha = 0.05$ H_0 is rejected, the treatment changed the properties of the product.

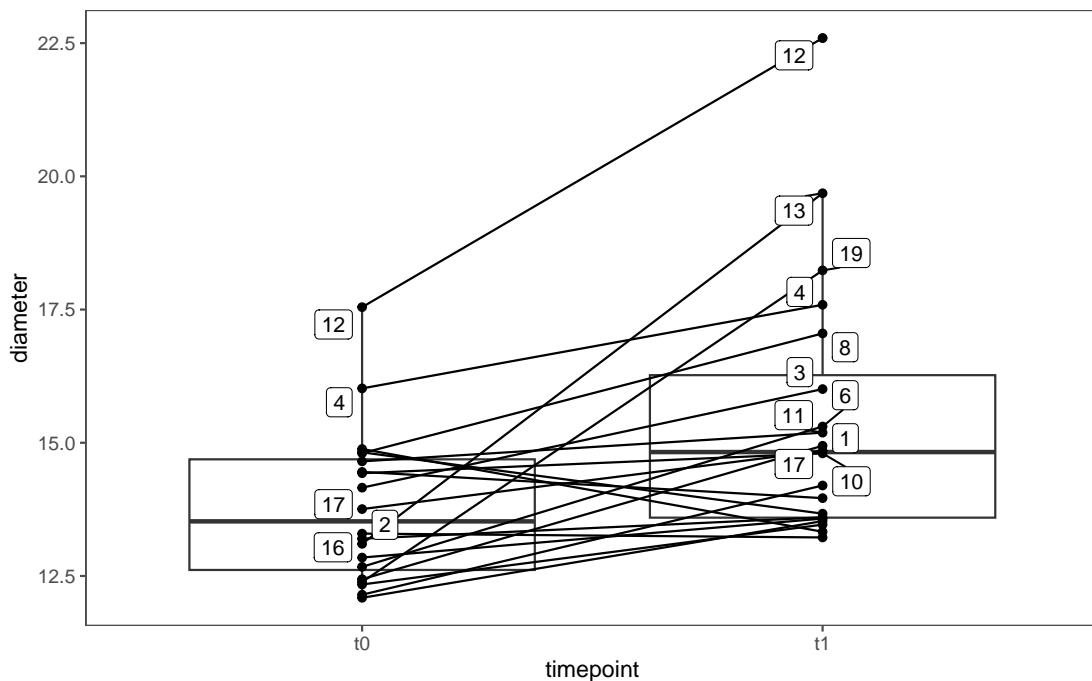
4.13.6 Wilcoxon signed rank test

For non-normally distributed data or situations involving paired samples, the Wilcoxon signed rank test is a non-parametric alternative to the paired samples t-test. It evaluates whether there is a significant difference in medians between the related groups.

- **Null Hypothesis:** True mean difference is not equal to 0.
- **Prerequisites:**
 - Paired Data
 - Number of groups = 2



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```
# A tibble: 1 x 7
  .y.     group1 group2    n1    n2 statistic      p
* <chr>   <chr>  <chr> <int> <int>    <dbl>    <dbl>
1 diameter t0      t1       20    20      25 0.00169
```

4.14 Test 2 Variables (> 2 Groups)

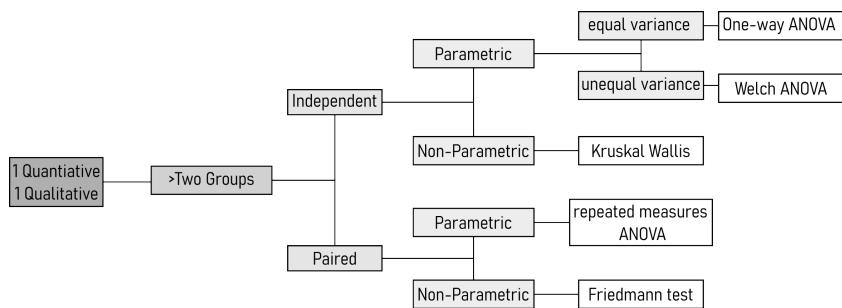


Figure 4.35: Statistical tests for one variable.

4.14.1 Analysis of Variance (ANOVA) - Basic Idea

ANOVA's ability to compare multiple groups or factors makes it widely applicable across diverse fields for analyzing variance and understanding relationships within data. In the context of engineering sciences the application of ANOVA include:

1. **Experimental Design and Analysis:** Engineers often conduct experiments to optimize processes, test materials, or evaluate designs. ANOVA aids in analyzing these experiments by assessing the effects of various factors (like temperature, pressure, or material composition) on the performance of systems or products. It helps identify significant factors and their interactions to improve engineering processes.
2. **Product Testing and Reliability:** Engineers use ANOVA to compare the performance of products manufactured under different conditions or using different materials. This analysis helps ensure product reliability by identifying which factors significantly impact product quality, durability, or functionality.
3. **Process Control and Improvement:** ANOVA plays a crucial role in quality control and process improvement within engineering. It helps identify variations in manufacturing processes, such as assessing the impact of machine settings or production methods on product quality. By understanding these variations, engineers can make informed decisions to optimize processes and minimize defects.
4. **Supply Chain and Logistics:** In engineering logistics and supply chain management, ANOVA aids in analyzing the performance of different suppliers or transportation methods. It helps assess variations in delivery times, costs, or product quality across various suppliers or logistical approaches.
5. **Simulation and Modeling:** In computational engineering, ANOVA is used to analyze the outputs of simulations or models. It helps understand the significance

4 Inferential Statistics

of different input variables on the output, enabling engineers to refine models and simulations for more accurate predictions.

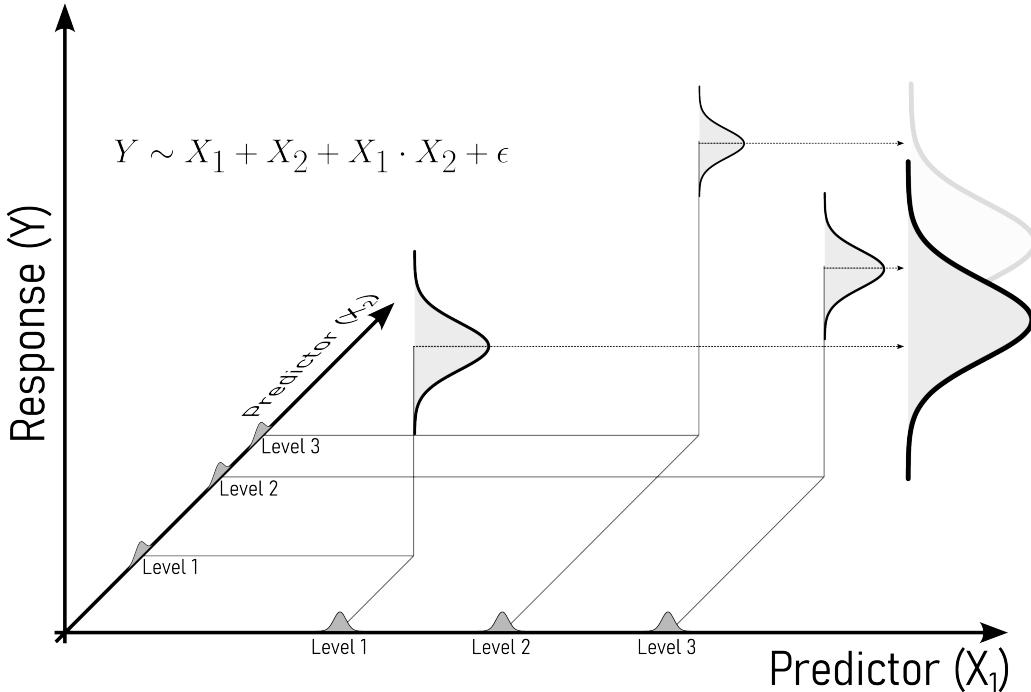


Figure 4.36: The basic idea of an ANOVA.

Across such fields ANOVA is often used to:

Comparing Means: ANOVA is employed when comparing means between three or more groups. It assesses whether there are statistically significant differences among the means of these groups. For instance, in an experiment testing the effect of different fertilizers on plant growth, ANOVA can determine if there's a significant difference in growth rates among the groups treated with various fertilizers.

Modeling Dependencies: ANOVA can be extended to model dependencies among variables in more complex designs. For instance, in factorial ANOVA, it's used to study the interaction effects among multiple independent variables on a dependent variable. This allows researchers to understand how different factors might interact to influence an outcome.

Measurement System Analysis (MSA): ANOVA is integral in MSA to evaluate the variation contributed by different components of a measurement system. In assessing the reliability and consistency of measurement instruments or processes, ANOVA helps in dissecting the total variance into components attributed to equipment variation, operator variability, and measurement error.

4.14 Test 2 Variables (> 2 Groups)

As with statistical tests before, the applicability of the ANOVA depends on various factors.

4.14.1.1 Sum of squared error (SSE)

The sum of squared errors is a statistical measure used to assess the goodness of fit of a model to its data. It is calculated by squaring the differences between the observed values and the values predicted by the model for each data point, then summing up these squared differences. The SSE indicates the total variability or dispersion of the observed data points around the fitted regression line or model. Lower SSE values generally indicate a better fit of the model to the data.

$$SSE = \sum_{i=1}^n (y_i - \hat{y}_i)^2 \quad (4.13)$$

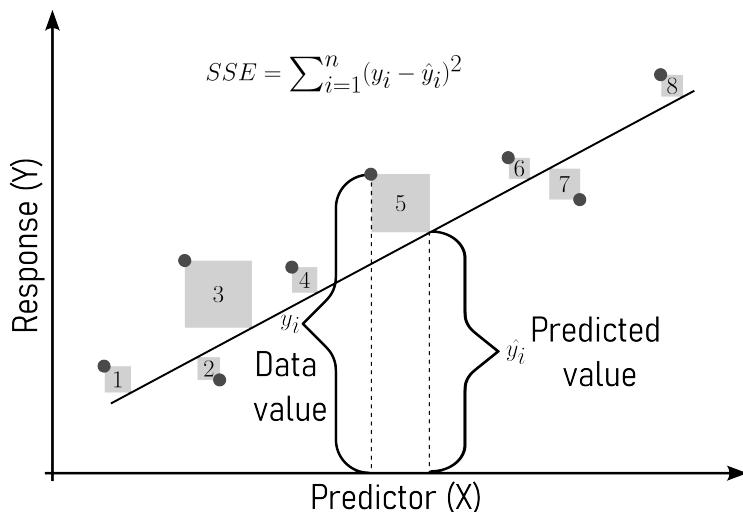


Figure 4.37: A graphical depiction of the SSE.

4.14.1.2 Mean squared error (MSE)

The mean squared error is a measure used to assess the average squared difference between the predicted and actual values in a dataset. It is frequently employed in regression analysis to evaluate the accuracy of a predictive model. The MSE is calculated by taking the average of the squared differences between predicted values and observed values. A lower MSE indicates that the model's predictions are closer to the actual values, reflecting better accuracy.

$$MSE = \frac{1}{n} \sum_{i=1}^n (y_i - \hat{y}_i)^2 \quad (4.14)$$

4.14.2 One-way ANOVA

The one-way analysis of variance (ANOVA) is used for continuous data with three or more independent groups. It assesses whether there are significant differences in means among these groups, assuming a normal distribution.

- **Null Hypothesis:** True mean difference is equal to 0.
- **Prerequisites:**
 - equal variances
 - Number of groups > 2
 - One response, one predictor variable

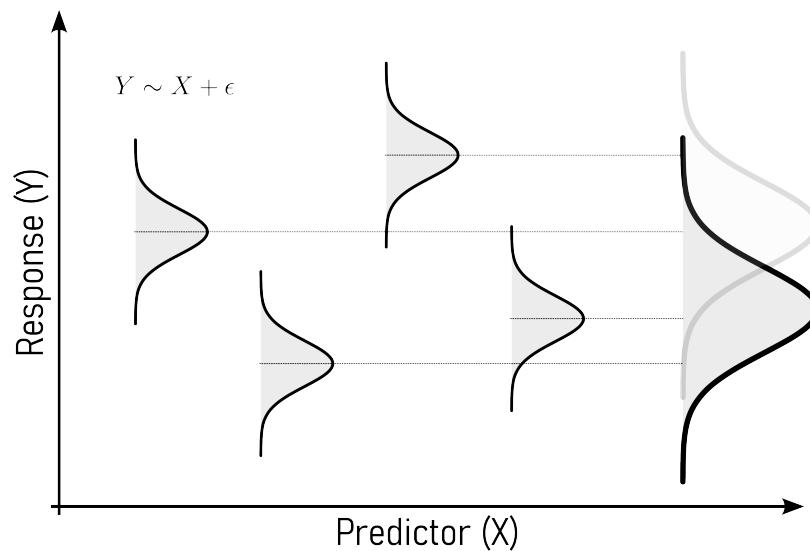


Figure 4.38: The basic idea of a One-way ANOVA.

The most important prerequisite for a One-way ANOVA are equal variances. Because there are more than two groups, the Bartlett test (as introduced in Section 4.13.1.2) is chosen (data is normally distributed).

Bartlett test of homogeneity of variances

4.14 Test 2 Variables (> 2 Groups)

```
data: diameter by group
Bartlett's K-squared = 275.61, df = 4, p-value < 2.2e-16
```

Because $p < \alpha = 0.05$ the variances are different.

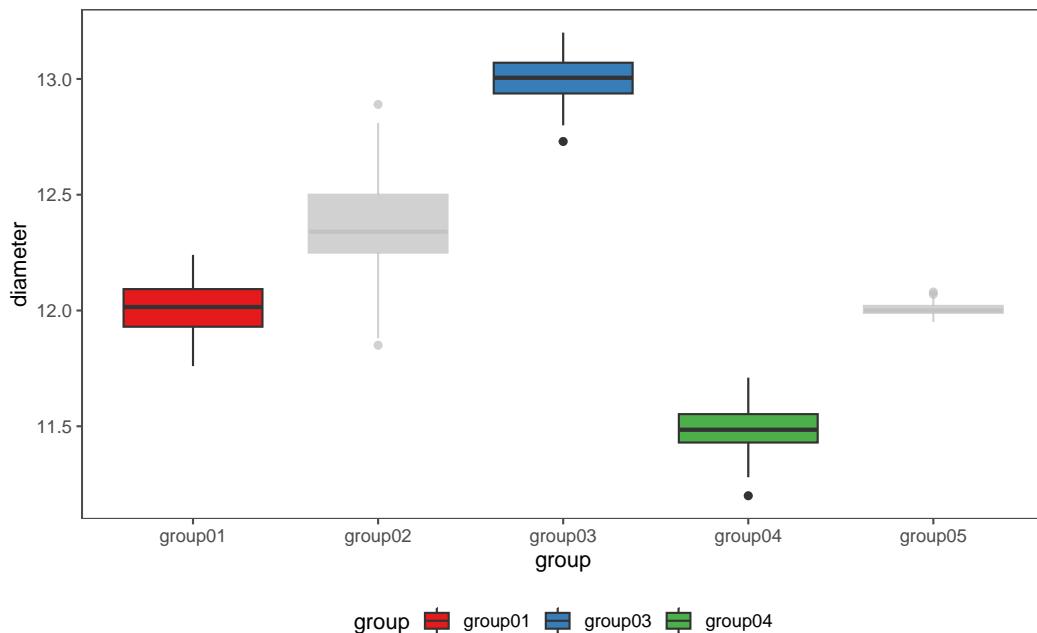


Figure 4.39: The groups with equal variance are highlighted.

Bartlett test of homogeneity of variances

```
data: diameter by group
Bartlett's K-squared = 2.7239, df = 2, p-value = 0.2562
```

With $p > \alpha = 0.05$ H_0 is accepted, the variances of **group01**, **group02** and **group03** are equal.

Of course, many software package provide an automated way of performing a One-way ANOVA, but the first will be explained in detail. The general model for a One-way ANOVA is shown in (4.15).

$$Y \sim X + \epsilon \quad (4.15)$$

- H_0 : All population means are equal.

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- H_a : Not all population means are equal.

For a One-way ANOVA the predictor variable X is the mean (\bar{x}) of all datapoints x_i .

First the SSE and the MSE is calculated for the complete model (H_a is true), see Table 4.21. The complete model means, that every mean, for every group is calculated and the SSE according to (4.13) is calculated.

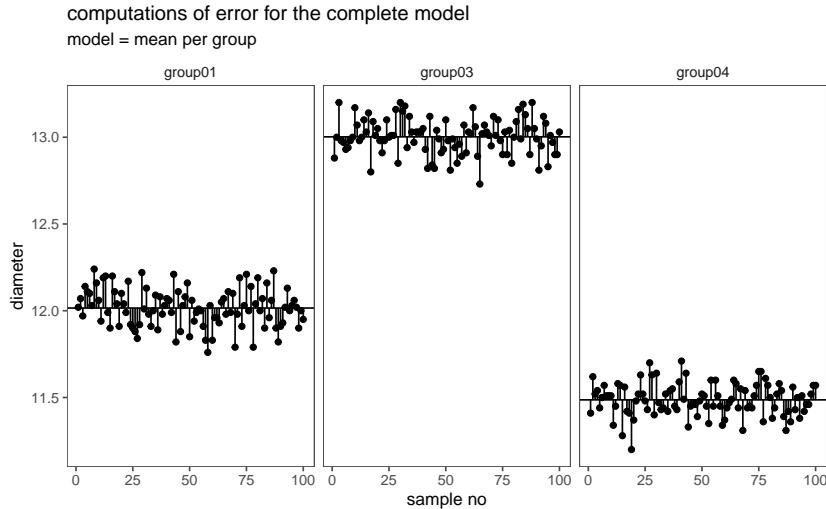


Figure 4.40: Computation of error for the complete model (mean per group as model)

Table 4.21: The SSE and MSE for the complete model.

sse	df	n	p	mse
3.150	297.000	300.000	3.000	0.011

Then, the SSE and the MSE is calculated for the reduced model (H_0 is true). In the reduced model, the mean is not calculated per group, the overall mean is calculated (results in Table 4.22).

Table 4.22: The SSE and MSE from the reduced model.

sse	df	n	p	mse
121.506	299.000	300.000	1.000	0.406

The SSE , df and MSE explained by the complete model are calculated:

4.14 Test 2 Variables (> 2 Groups)

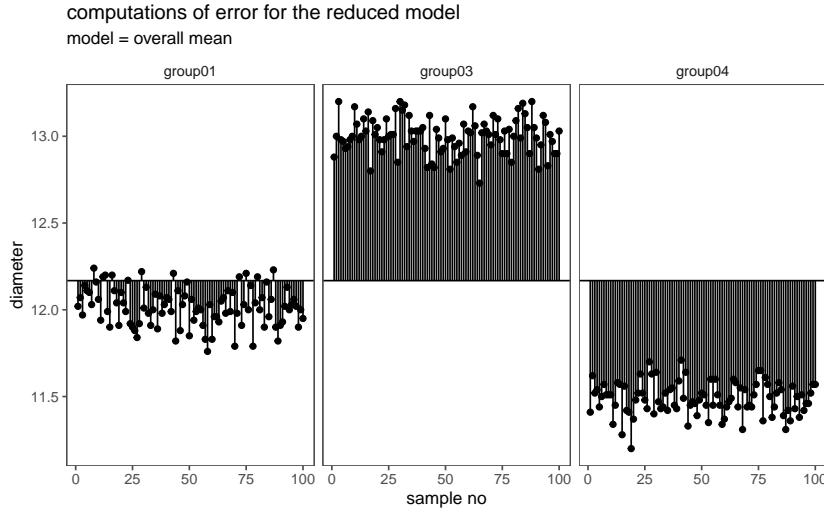


Figure 4.41: Computation of error for the reduced model (overall mean as model)

$$SSE_{explained} = SSE_{reduced} - SSE_{complete} = 118.36 \quad (4.16)$$

$$df_{explained} = df_{reduced} - df_{complete} = 2 \quad (4.17)$$

$$MSE_{explained} = \frac{SSE_{explained}}{df_{explained}} = 59.18 \quad (4.18)$$

The ratio of the variance (MSE) as explained by the complete model to the reduced model is then calculated. The probability of this statistic is afterwards calculated (if H_0 is true).

```
[1] 2.762026e-236
```

The probability of a F-statistic with $pf = 5579.207$ is 0.

A crosscheck with a automated solution (`aov`-function) yields the results shown in Table 4.23.

Table 4.23: The ANOVA results from the `aov` function.

term	df	sumsq	meansq	statistic	p.value
group	2.000	118.356	59.178	5,579.207	0.000
Residuals	297.000	3.150	0.011	NA	NA

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Some sanity checks are of course required to ensure the validity of the results. First, the variance of the residuals must be equal along the groups (see Figure 4.42).

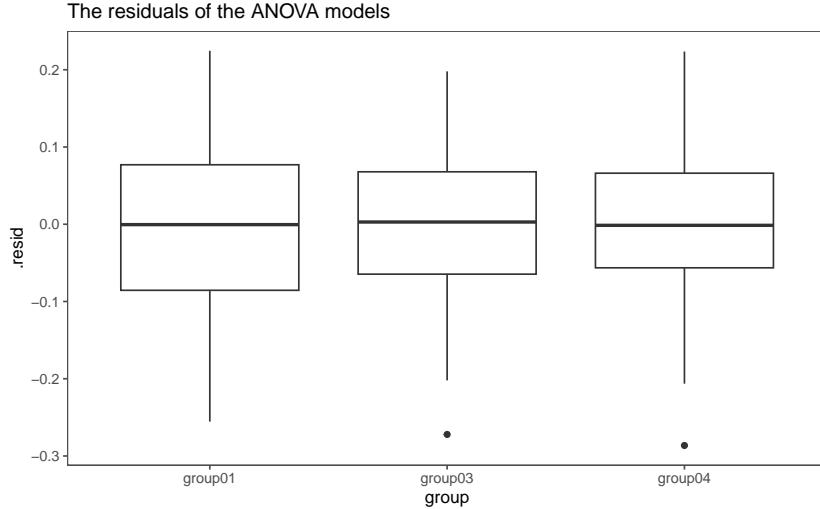


Figure 4.42: The variances of the residuals.

Also, the residuals from the model must be normally distributed (see Figure 4.43).

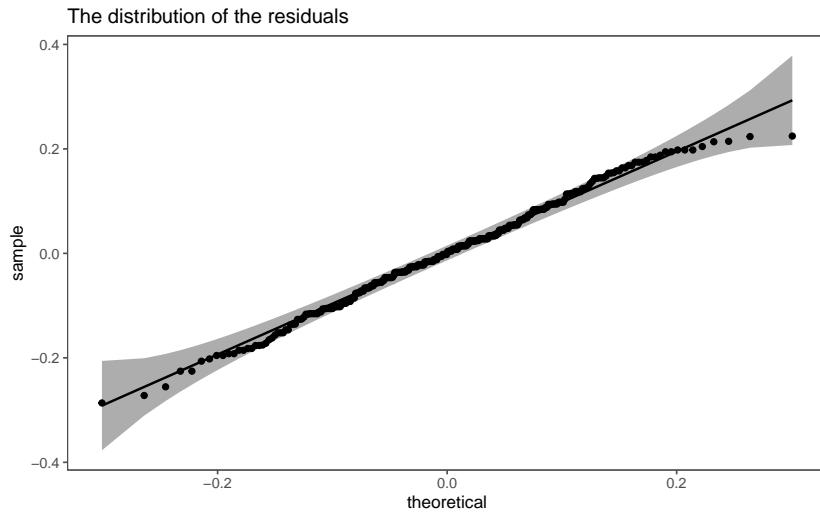


Figure 4.43: The distribution of the residuals.

The model seems to be valid (equal variances of residuals, normal distributed residuals).

With $p < \alpha = 0.05$ H_0 can be rejected, the means come from different populations.

4.14.3 Welch ANOVA

Welch ANOVA: Similar to one-way ANOVA, the Welch ANOVA is employed when there are unequal variances between the groups being compared. It relaxes the assumption of equal variances, making it suitable for situations where variance heterogeneity exists.

- **Null Hypothesis:** True mean difference is not equal to 0.
- **Prerequisites:**
 - Number of groups > 2
 - One response, one predictor variable

The Welch ANOVA drops the prerequisite of equal variances in groups. Because there are more than two groups, the Bartlett test (as introduced in Section 4.13.1.2) is chosen (data is normally distributed).

```
Bartlett test of homogeneity of variances
```

```
data: diameter by group
Bartlett's K-squared = 275.61, df = 4, p-value < 2.2e-16
```

With $p < \alpha = 0.05$ H_0 can be rejected, the variances are not equal.

The ANOVA table for the Welch ANOVA is shown in Table 4.24.

Table 4.24: The ANOVA results from the ANOVA Welch Test (not assuming equal variances).

num.df	den.df	statistic	p.value	method
4.000	215.085	3,158.109	0.000	One-way analysis ofmeans (not assuming equalvariances)

4.14.4 Kruskal Wallis

Kruskal-Wallis Test: When dealing with non-normally distributed data, the Kruskal-Wallis test is a non-parametric alternative to one-way ANOVA. It is used to evaluate whether there are significant differences in medians among three or more independent groups.

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In this example the drive strength is measured using three-point bending. Three different methods are employed to increase the strength of the drive shaft.

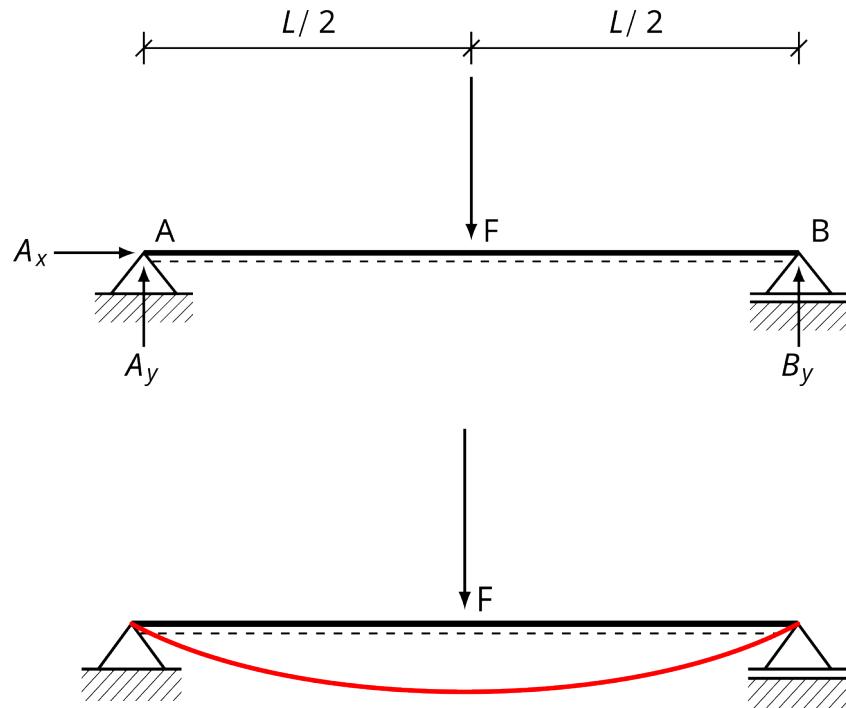


Figure 4.44: The mechanical Background for a three-point bending test

- Method A: baseline material
- Method B: different geometry
- Method C: different material

In Figure 4.45 the raw drive shaft strength data for Method A, B and C is shown. At first glance, the data does not appear to be normally distributed.

4.14 Test 2 Variables (> 2 Groups)

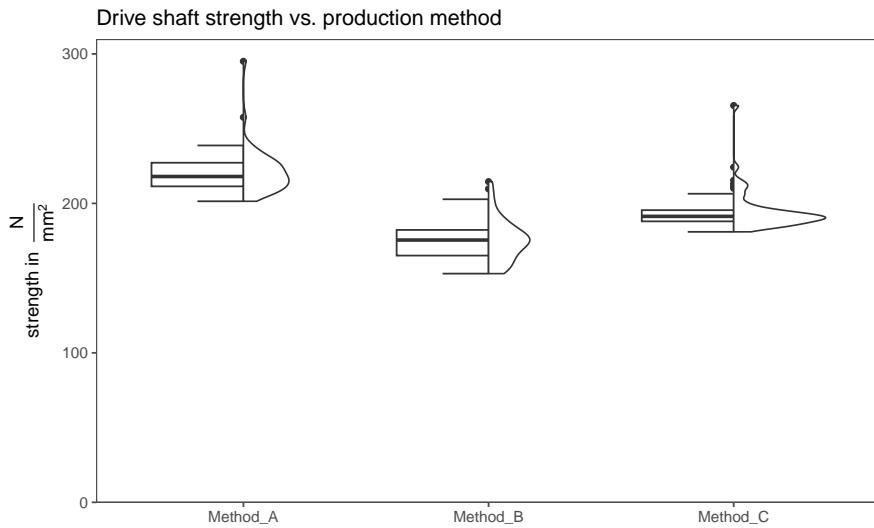


Figure 4.45: The raw data from the drive shaft strength testing.

In Figure 4.46 the visual test for normal distribution is performed. The data does not appear to be normally distributed.

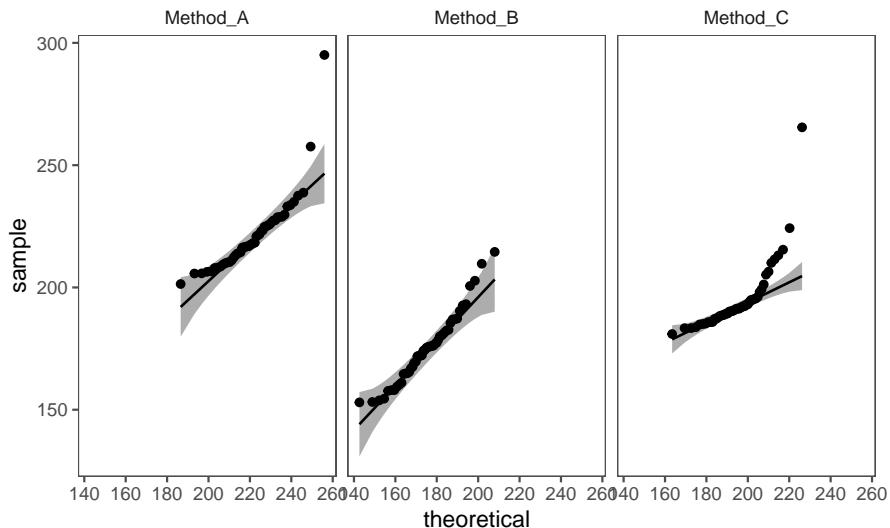


Figure 4.46: The qq-plot for the drive shaft strength testing data.

The Kruskal-Wallis test is then carried out. With $p < \alpha = 0.05$ it is shown, that the groups come from populations with different means. The next step is to find which of the groups are different using a post-hoc analysis.

Kruskal-Wallis rank sum test

```
data: strength by group
Kruskal-Wallis chi-squared = 107.65, df = 2, p-value < 2.2e-16
```

The Kruskal-Wallis Test (as the ANOVA) can only tell you, if there is a significant difference between the groups, not what groups are different. Post-hoc tests are able to determine such, but must be used with a correction for multiple testing (see (Tamhane 1977))

Pairwise comparisons using Wilcoxon rank sum test with continuity correction

```
data: kw_shaft_data$strength and kw_shaft_data$group

Method_A Method_B
Method_B < 2e-16  -
Method_C 6.8e-14  2.0e-10

P value adjustment method: bonferroni
```

Because $p < \alpha = 0.05$ it can be concluded, that all means are different from each other.

4.14.5 repeated measures ANOVA

Repeated Measures ANOVA: The repeated measures ANOVA is applicable when you have continuous data with multiple measurements within the same subjects or units over time. It is used to assess whether there are significant differences in means over the repeated measurements, under the assumptions of sphericity and normal distribution.

In this example, the diameter of $n = 20$ drive shafts is measured after three different steps.

- Before Machining
- After Machining
- After Inspection

4.14 Test 2 Variables (> 2 Groups)

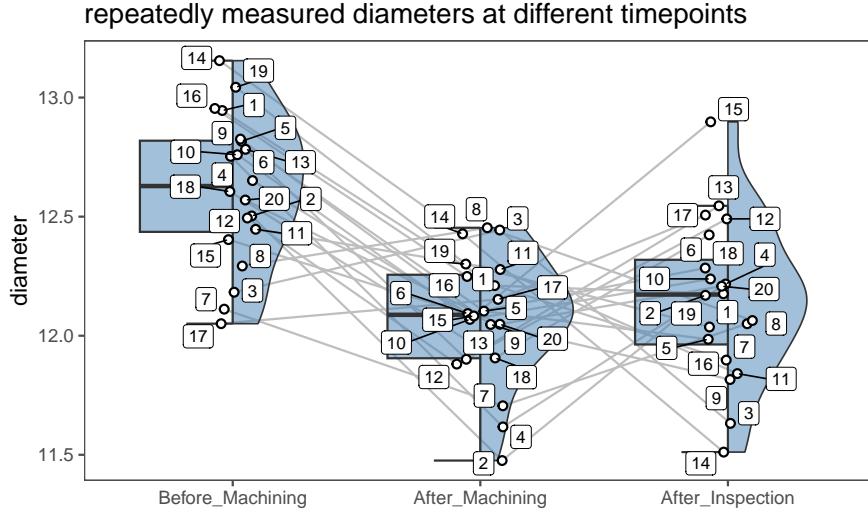


Figure 4.47: The raw data for the repeated measures ANOVA.

First, outliers are identified. There is no strict rule to identify outliers, in this case a classical measure is applied according to (4.19)

$$\text{outlier} = \begin{cases} x_i & > Q3 + 1.5 \cdot IQR \\ x_i & < Q1 - 1.5 \cdot IQR \end{cases} \quad (4.19)$$

```
# A tibble: 1 x 5
  timepoint      Subject_ID diameter is.outlier is.extreme
  <chr>           <fct>       <dbl>   <lgl>     <lgl>
1 After_Inspection 15         12.9    TRUE      FALSE
```

A check for normality is done employing the Shapiro-Wilk test (Shapiro and Wilk 1965).

timepoint	variable	statistic	p
After_Inspection	diameter	0.968	0.727
After_Machining	diameter	0.954	0.456
Before_Machining	diameter	0.968	0.741

The next step is to check the dataset for sphericity, meaning to compare the variance of the groups among each other in order to determine the equality thereof. For this the Mauchly Test for sphericity is employed (Mauchly 1940).

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```
Effect      W      p p<.05
1 timepoint 0.927 0.524
```

With $p > \alpha = 0.05$ H_0 is accepted, the variances are equal. Otherwise sphericity corrections must be applied (Greenhouse and Geisser 1959).

The next step is to perform the repeated measures ANOVA, which yields the following results.

Effect	DFn	DFd	F	p	p<.05	ges
timepoint	2.000	36.000	18.081	0.000	*	0.444

With $p < \alpha = 0.05$ H_0 is rejected, the different timepoints yield different diameters. Which groups are different is then determined using a post-hoc test, including a correction for the significance level (Bonferroni 1936).

In this case, the assumptions for a t-test are met, the pairwise t-test can be used.

group1	group2	n1	n2	statistic	df	p	p.adj	signif
After_Inspection	After_Machining	19	19	0.342	18	0.736	1.000	ns
After_Inspection	Before_Machining	19	19	-4.803	18	0.000	0.000	***
After_Machining	Before_Machining	19	19	-6.283	18	0.000	0.000	****

with $p < \alpha = 0.05$ H_0 is rejected for the comparison `Before_Machining - After_Machining` and `After_Inspection - Before_Machining`. It can therefore be concluded that the machining has a significant influence on the diameter, whereas the inspection has none.

4.14.6 Friedman test

The Friedman test is a non-parametric alternative to repeated measures ANOVA (Friedman 1937). It is utilized when dealing with non-normally distributed data and multiple measurements within the same subjects. This test helps determine if there are significant differences in medians over the repeated measurements.

The same data as for the repeated measures ANOVA will be used.

.y.	n	statistic	df	p	method
diameter	20.000	16.900	2.000	0.000	Friedman test

With $p < \alpha = 0.05$ H_0 is rejected, the timepoints play a vital role for the drive shaft parameter.

5 Regression Analysis

Regression analysis is a statistical method used to examine the relationship between one dependent variable and one or more independent variables. It aims to understand how the dependent variable changes when one or more independent variables change.

The core idea is to create a mathematical model that represents this relationship. The model is typically in the form of an equation that predicts the value of the dependent variable based on the values of the independent variables.

There are different types of regression analysis, such as linear regression (when the relationship between variables is linear) and nonlinear regression (when the relationship is not linear). The process involves finding the best-fitting line or curve that minimizes the differences between the predicted values from the model and the actual observed values.

5.1 Linear Regression

$$y = \beta_0 + \beta_1 \cdot X \quad (5.1)$$

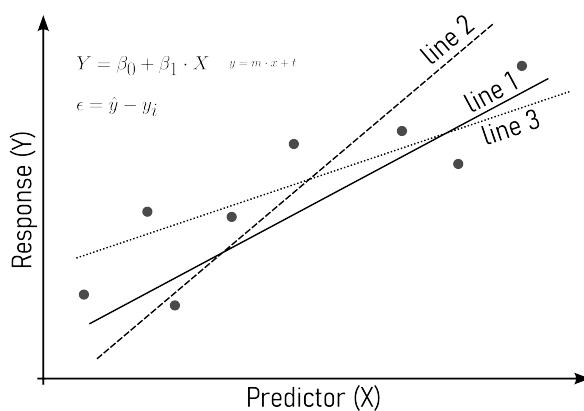


Figure 5.1: The basic idea behind linear regression.

5 Regression Analysis

The basic idea behind linear regression is, to find the line of the form $Y = \beta_0 + \beta_1 \cdot X$ that best fits the datapoints. In order to determine the best fit, a criterion to optimize for is needed. This is where residuals come into play.

5.1.1 Residuals

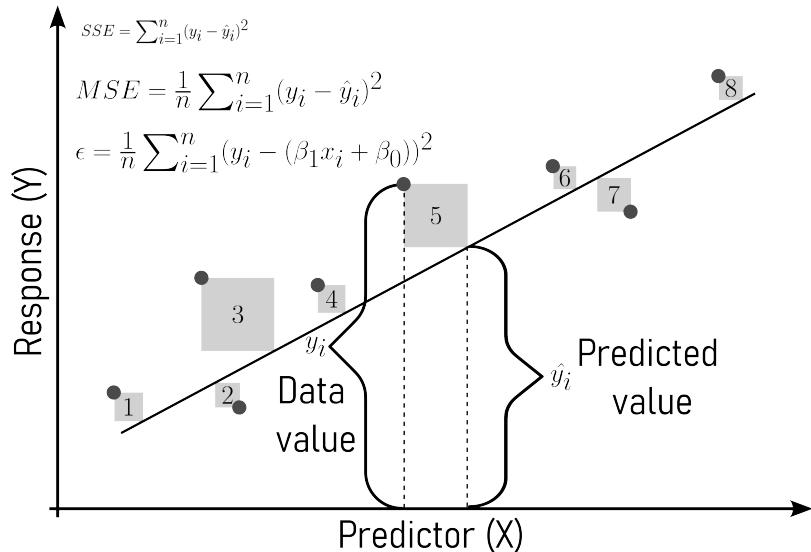


Figure 5.2: The calculation of residuals.

The computation of the residuals is based on (5.2) to the residual sum of squares.

$$RSS = \frac{1}{n} \sum_{i=1}^n (y_i - (\beta_1 x_i + \beta_0))^2 \quad (5.2)$$

5.1.2 Gradient Descent (Ruder 2016)

In linear regression, gradient descent is an iterative optimization process used to minimize the difference between predicted and actual values. It starts with initial coefficients and calculates the gradient of the cost function, representing the error. The coefficients are then updated in the opposite direction of the gradient, with the magnitude of the update controlled by a learning rate. This process is repeated until convergence, gradually refining the coefficients to improve the accuracy of the linear regression model.

5.1 Linear Regression

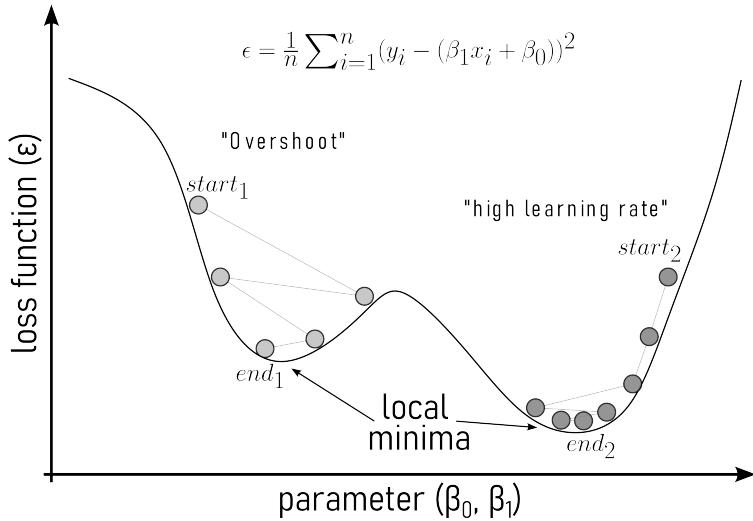


Figure 5.3: An example for the gradient descent algorithm

5.1.3 Model Evaluation and Interpretation

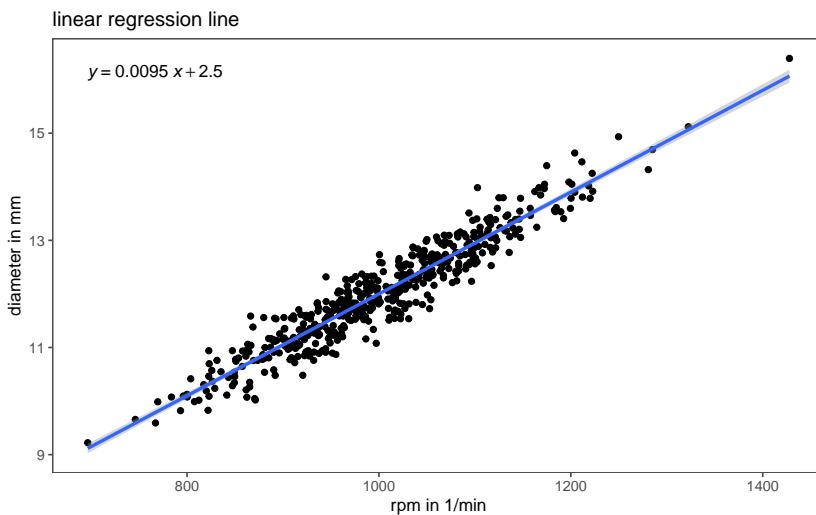


Figure 5.4: The linear regression between rounds per minute (rpm) of the lathing machine and the diameter of the drive shaft.

The coefficient of determination (r^2), is a statistical measure that assesses the proportion of the variance in the dependent variable that is explained by the independent variable(s) in a regression model. It ranges from 0 to 1, where 0 indicates that the model does not explain any variability, and 1 indicates that the model explains all the variability. In

5 Regression Analysis

other words, r^2 provides insight into the goodness of fit of a regression model, indicating how well the model's predictions match the observed data.

$$r^2 = 1 - \frac{RSS}{SSE} \quad (5.3)$$

The adjusted coefficient of determination, is a modification of the regular r^2 in regression analysis. While r^2 assesses the proportion of variance explained by the independent variables, the $r_{adjusted}^2$ takes into account the number of predictors (k) in the model, addressing potential issues with overfitting according to (5.4).

The $r_{adjusted}^2$ incorporates a penalty for adding unnecessary predictors that do not significantly contribute to explaining the variance in the dependent variable. This adjustment helps prevent an inflated r^2 when including more predictors, even if they don't improve the model significantly.

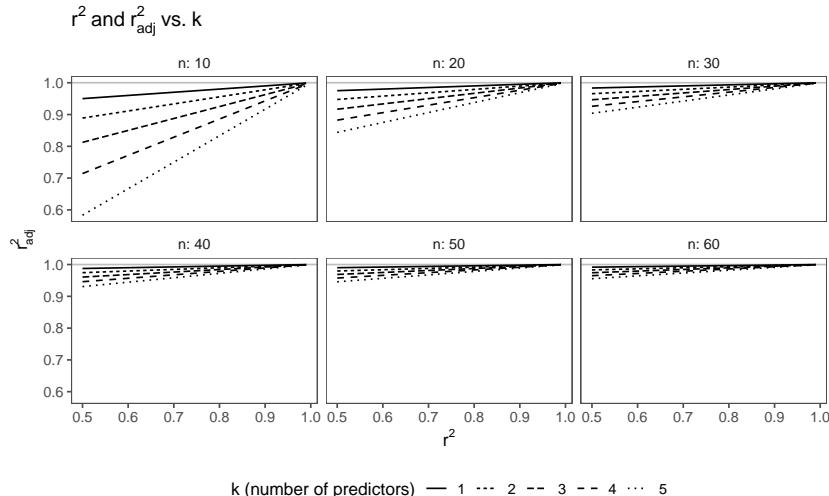


Figure 5.5: The influence of k (number of predictors) on r^2 and $r_{adjusted}^2$.

$$r_{adjusted}^2 = 1 - (1 - r^2) \frac{n - 1}{n - k - 1} \quad (5.4)$$

Call:

```
lm(formula = diameter ~ rpm, data = drive_shaft_rpm_dia)
```

Residuals:

5.1 Linear Regression

```

      Min       1Q   Median      3Q      Max
-0.89501 -0.19690 -0.01096  0.21917  1.00742

Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept) 2.5000000  0.1406190 17.78   <2e-16 ***
rpm         0.0095000  0.0001399 67.89   <2e-16 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.3126 on 498 degrees of freedom
Multiple R-squared:  0.9025,    Adjusted R-squared:  0.9023
F-statistic:  4610 on 1 and 498 DF,  p-value: < 2.2e-16

```

In linear regression modeling, the absence of a visible pattern in the residuals is desirable because it indicates that the model adequately captures the underlying relationship between the independent and dependent variables. Residuals are the differences between the observed and predicted values, and their randomness or lack of discernible pattern suggests that the model is effectively explaining the variance in the data. A visible pattern in residuals could indicate that the model fails to account for certain patterns or trends, suggesting potential shortcomings or misspecifications in the regression model. Detecting and addressing such patterns in residuals is crucial for ensuring the validity and reliability of the linear regression analysis.

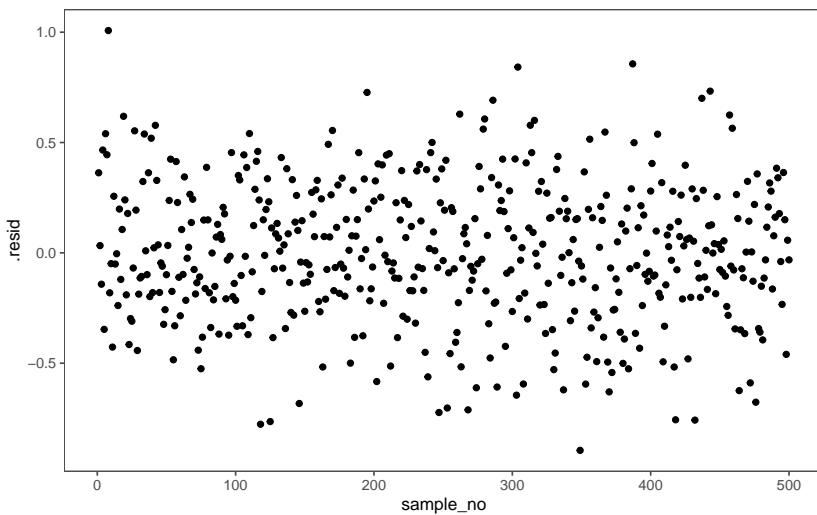


Figure 5.6: There should not be a visible pattern in the residuals.

5 Regression Analysis

Table 5.1: The significance of model parameters.

term	estimate	std.error	statistic	p.value
(Intercept)	2.500	0.141	17.779	0.000
rpm	0.010	0.000	67.895	0.000

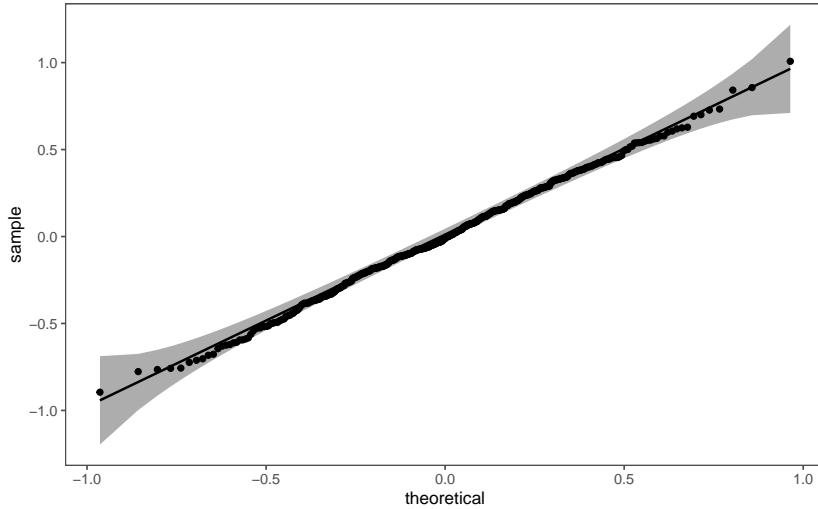


Figure 5.7: The residuals should be normally distributed.

In linear regression, the assumption of normally distributed residuals is essential for accurate statistical inference, parameter estimation using ordinary least squares, and constructing reliable confidence intervals. Normal residuals indicate that the model appropriately captures data variability and helps identify issues like heteroscedasticity. While departures from normality may not always invalidate results, adherence to this assumption enhances the model's robustness and reliability. If consistently violated, alternative modeling approaches or transformations may be considered.

5.1.4 Hypothesis testing in linear regression

Null Hypothesis (H_0): $\beta_1 = 0$

Alternative Hypothesis (H_a): $\beta_1 \neq 0$

In linear regression, t testing of coefficients assesses whether individual regression coefficients significantly differ from zero, providing insights into the significance of each predictor's contribution to the model.

Table 5.2: The significance of the model.

r.squared	adj.r.squared	statistic	p.value	df	df.residual	nobs
0.902	0.902	4,609.692	0.000	1.000	498.000	500.000

Table 5.3: The data in a tabular overview including test for normal distribution.

Characteristic	Overall N = 500 ¹	A N = 165 ¹	B N = 181 ¹	C N = 154 ¹
rpm	999 (932, 1,068)	993 (923, 1,061)	995 (927, 1,074)	1,012 (946, 1,068)
diameter	11.95 (11.30, 12.66)	11.90 (11.24, 12.51)	11.98 (11.30, 12.67)	12.01 (11.41, 12.77)
feed	40.01 (39.34, 40.67)	39.98 (39.34, 40.63)	39.91 (39.34, 40.65)	40.05 (39.37, 40.78)

¹Median (Q1, Q3)²Kruskal-Wallis rank sum test

In linear regression, the F-test assesses the overall significance of the regression model by comparing the fit of the model with predictors to a model without predictors, helping determine if the regression equation explains a significant proportion of the variance in the dependent variable.

5.2 Multiple linear regression

A short exploratory data analysis of the data for the multiple linear regression is given in Table 5.3.

5 Regression Analysis

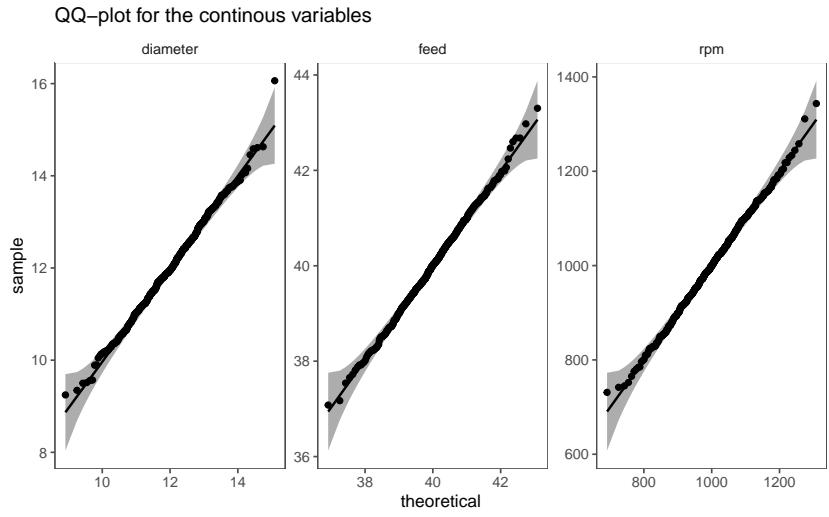


Figure 5.8: The graphical test for normal distribution (QQ-plot)

Figure 5.8 shows the graphical test for normal distribution for the multiple linear regression.

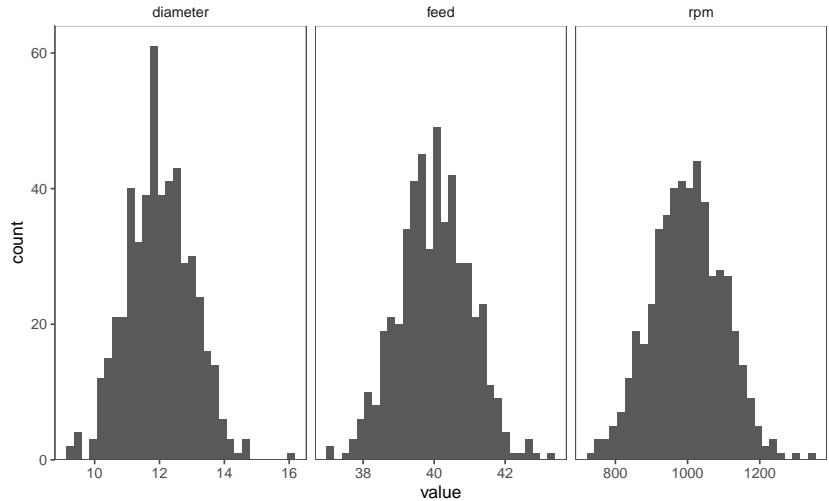


Figure 5.9: The distribution of the output and input parameters.

In Figure 5.9 the distribution of the input data is shown in a histogram.

$$Y \sim rpm + feed + site \quad (5.5)$$

5.2 Multiple linear regression

Table 5.4: The output of the multiple linear regression modelling

Characteristic	Beta	95% CI	p-value
rpm	0.00	0.00, 0.01	<0.001
feed	0.44	0.29, 0.58	<0.001
site			
A	0.00	—	
B	0.09	-0.02, 0.20	0.11
C	0.08	-0.03, 0.20	0.15

Abbreviation: CI = Confidence Interval

(5.5) shows the general model for the multiple linear regression model. In this example, also the production site (**site A**, **site B** and **site C**) is included to test, if different production sites lead to differently produced drive shafts. The results of the multiple regression are shown in Table 5.4. Whilst the continuous variables appear to be significant ($p < \alpha = 0.05$), the production site does not play a significant role for the drive shaft diameter.

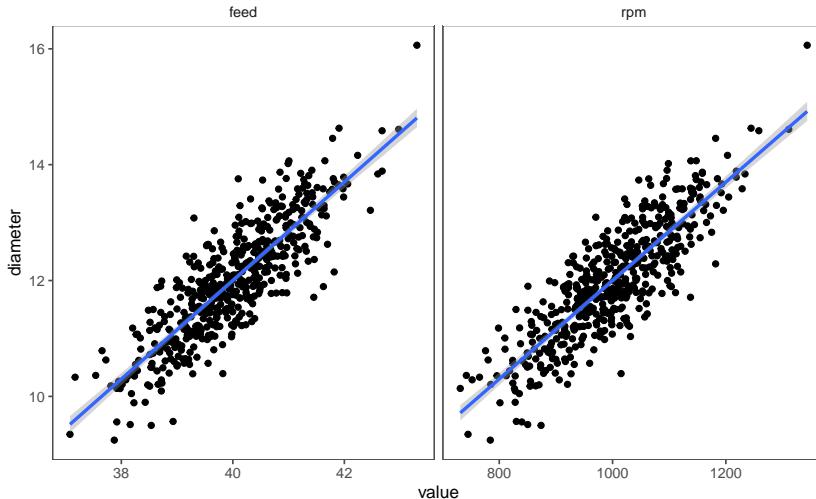


Figure 5.10: The model of the mulitple linear regression

In Figure 5.10 the model is shown to ease the interpretation. With increasing **rpm** or **feed** also the drive shaft diameter increases.

5 Regression Analysis

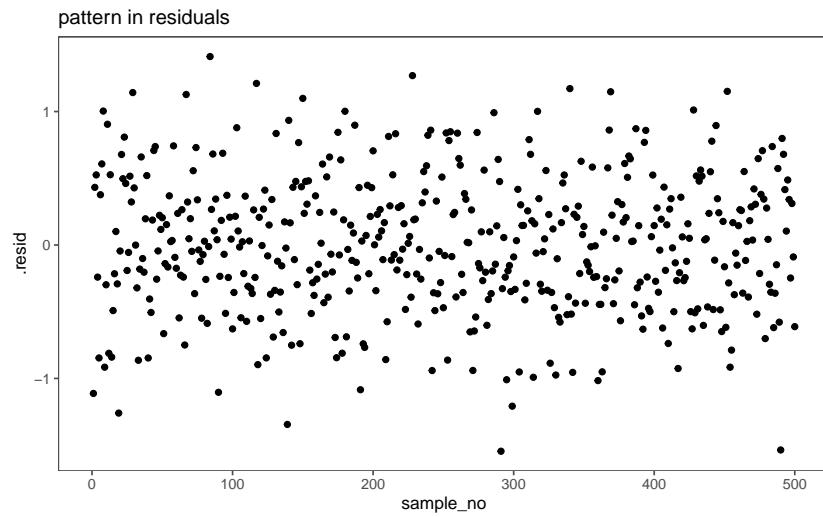


Figure 5.11: The check for pattern in the residuals

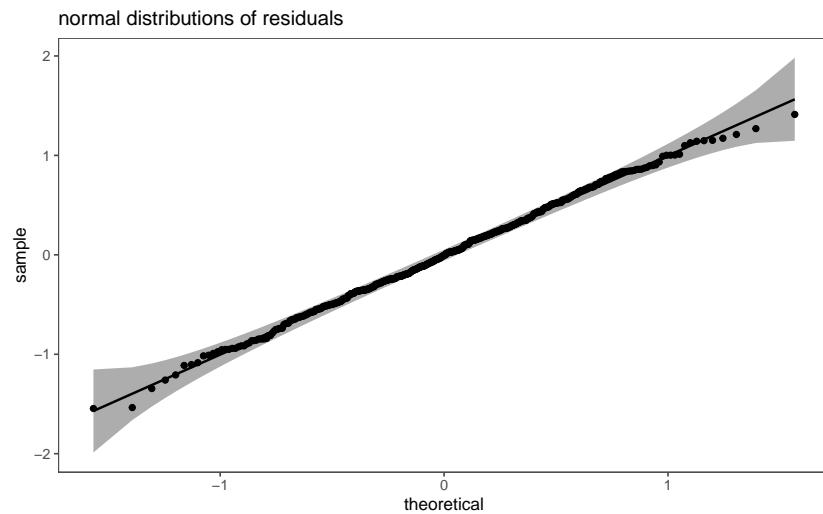


Figure 5.12: The check for normal distribution in the residuals.

In Figure 5.12 the normal distribution of the residuals is confirmed, the model appears to be valid.

5.3 Logistic Regression

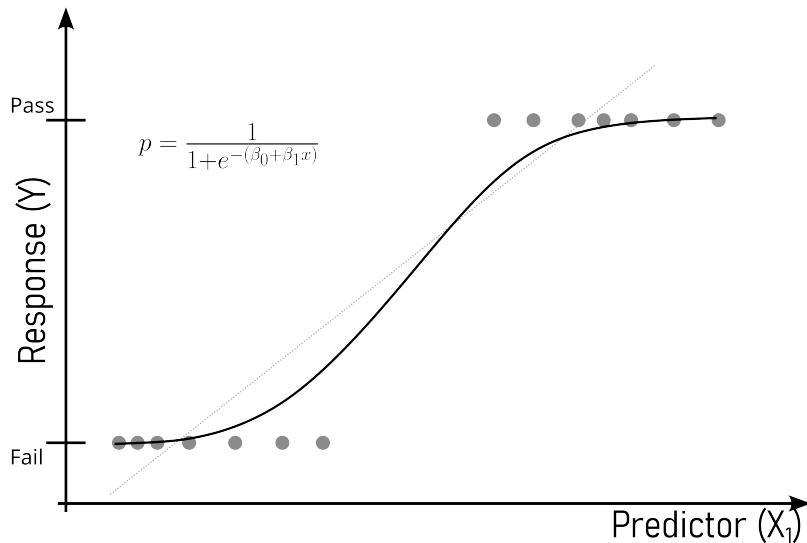


Figure 5.13: The basic idea of logistic regression.

Logistic regression is a statistical method designed for binary classification problems (Figure 5.13). It models the probability that an observation belongs to a particular class using the sigmoid (logistic) function (5.6). The key steps include:

1. Probability Modeling:

- Model predicts the probability of an instance belonging to a specific class.

2. Linear Combination:

- Combines linearly weighted input features, representing the log-odds of the positive class.

3. Sigmoid Function:

- Transforms the linear combination to ensure output is between 0 and 1.

4. Decision Boundary:

- Threshold probability (usually 0.5) determines class assignment.

5. Maximum Likelihood Estimation:

- Parameters are estimated using maximum likelihood to maximize the likelihood of observed outcomes.

6. Odds Ratio:

5 Regression Analysis

- Quantifies the impact of each predictor on the odds of the positive class.

Logistic regression is widely used for binary classification tasks in different domains, providing an interpretable way to model the relationship between predictors and a binary outcome.

$$p = \frac{1}{1 + e^{-(\beta_0 + \beta_1 x)}} \quad (5.6)$$

The ordinary linear regression equation is shown in (5.1).

If for y the probabilities P are used they may be > 1 or < 0 which is not possible for P .

To overcome this issue, the odds of $P = \frac{P}{1-P}$ are taken.

$$\begin{aligned} \frac{P}{1-P} &= \beta_0 + \beta_1 x \\ \frac{P}{1-P} &\in 0 \dots +\infty \end{aligned} \quad (5.7)$$

Restricted variables are not easy to model why (5.7) is expanded to (5.8).

$$\log\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 x \quad (5.8)$$

Which then in turn gives (5.6).

5.3.1 $\beta_0 = 1$ and $\beta_1 = 1$

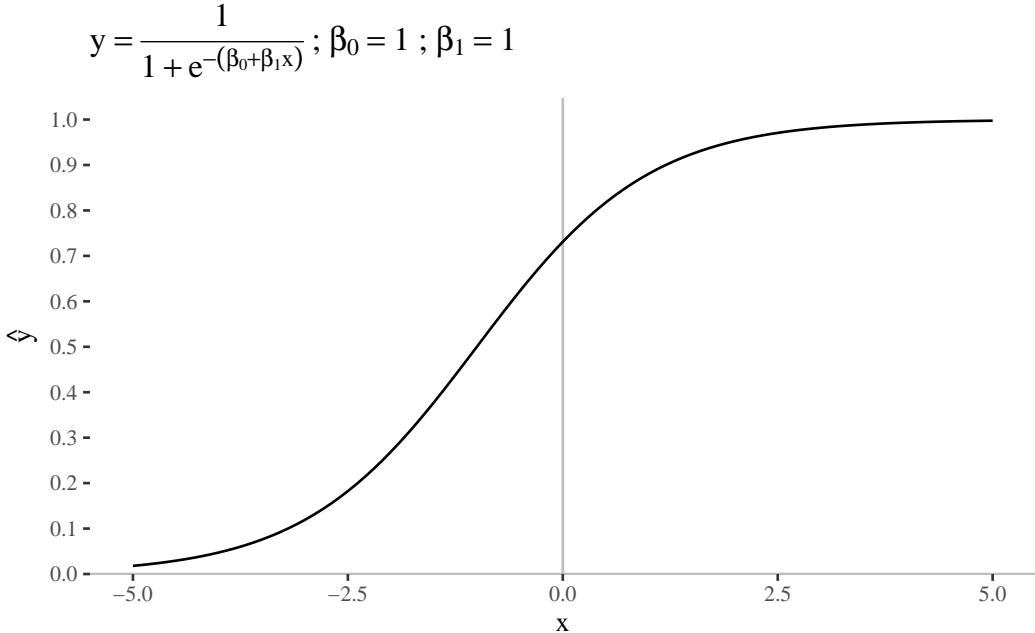


Figure 5.14: The influence of different parameters for the sigmoid function

In order to better understand the influencing factors a small parametric study on β_0 and β_1 is given. Figure 5.14 the sigmoid function $p = \frac{1}{1+e^{-(\beta_0+\beta_1 x)}}$ with $\beta_0 = 1$ and $\beta_1 = 1$ is shown as a reference. Please note that the *linear regression* ($\beta_0 + \beta_1 x$) expands the usual *sigmoid* function which is given by

$$f(x) = \frac{1}{1 + e^{-x}}$$

to model it in the *intercept* and *gradient* kind of logic.

5 Regression Analysis

5.3.2 $\beta_0 = 1$ and $\beta_1 = 0 \dots 5$

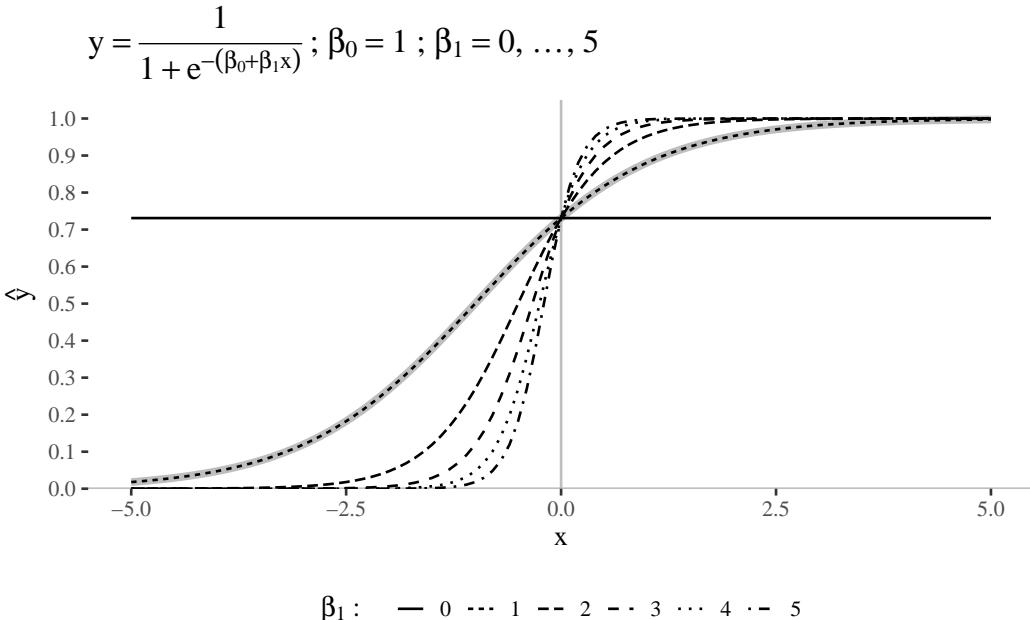


Figure 5.15: The influence of different parameters for the sigmoid function

In the first case of the parametric study the *gradient* parameter is studied by varying it between $0 \dots 5$ with $step_size = 1$. From Figure 5.15 it can be seen, that the *linear regression gradient* parameters varies the characteristic *S*-like shape of the sigmoid function. The higher β_1 is, the more pronounced the *S*-shape becomes. The reference shape for $\beta_0 = 1$ and $\beta_1 = 1$ is shown in light gray in the figure. An interesting effect is visible for a gradient of $\beta_1 = 0$: The function becomes a constant which only depends on the *intercept* (in this case $\beta_0 = 1$).

5.3.3 $\beta_0 = 1$ and $\beta_1 = -5 \dots 0$

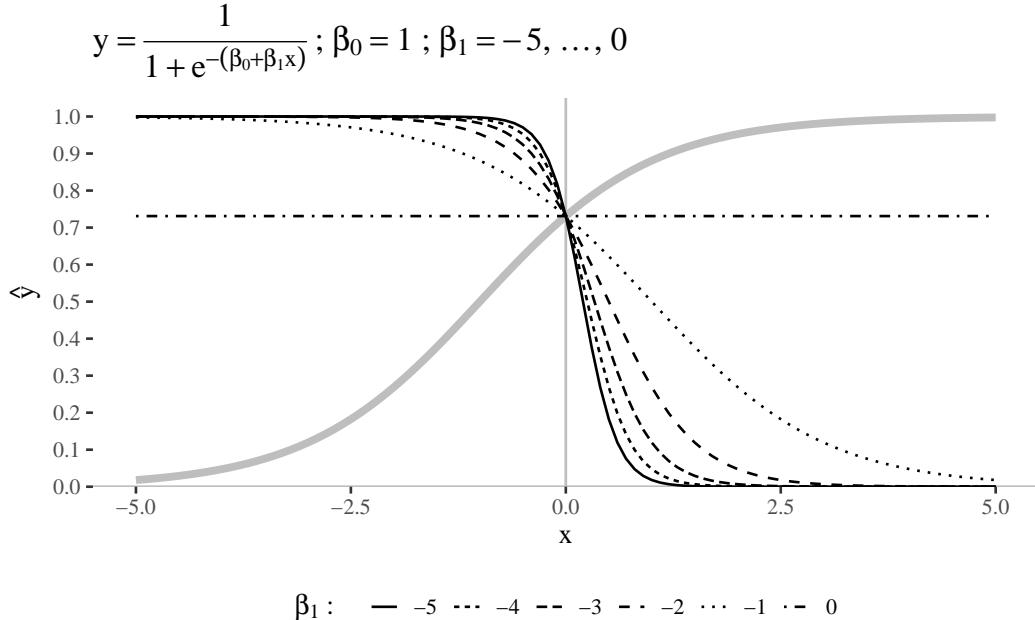


Figure 5.16: The influence of different parameters for the sigmoid function

When the parameter study is expanded to negative values of β_1 ($\beta_1 = -5 \dots 0$) the curve is mirrored and reverses its direction (see Figure 5.16), which is also highlighted by the reference shape for $\beta_0 = 1$ and $\beta_1 = 1$ in light gray. The general interpretation for the influence of this parameter is reversed by stays the same: the larger the deviation from 0 is for β_1 , the more pronounced the S-like shape becomes.

5 Regression Analysis

5.3.4 $\beta_0 = 0 \dots 5$ and $\beta_1 = 1$

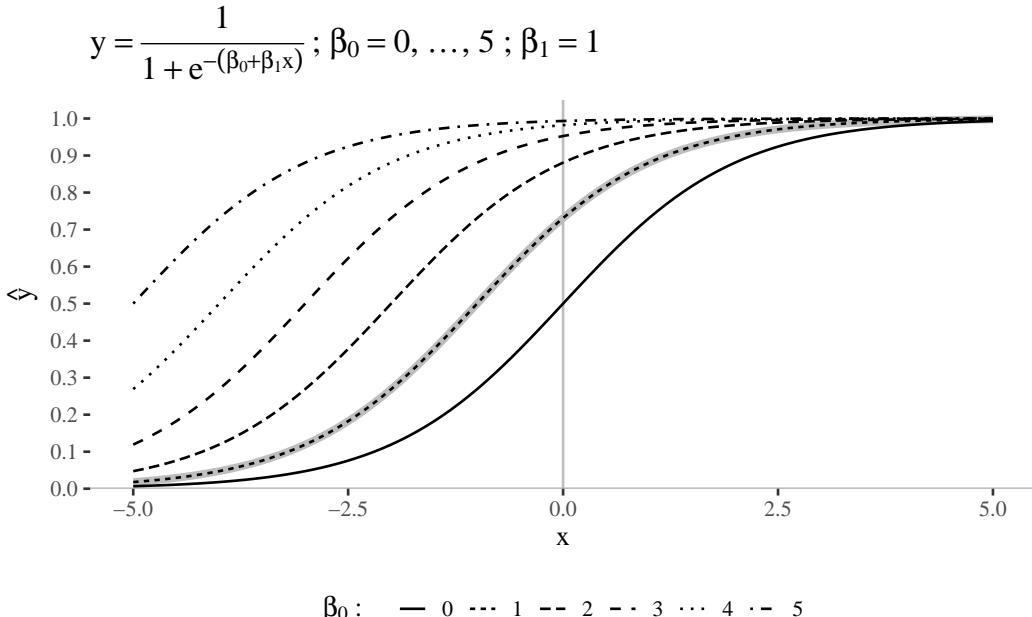


Figure 5.17: The influence of different parameters for the sigmoid function

The second step is to vary the *intercept* (β_0) of the linear regression function that is “hidden” within the sigmoid function. The reference function for $\beta_0 = 1$ and $\beta_1 = 1$ is again shown in light gray in the background in Figure 5.17. It can clearly be seen, that the *intercept* in a sigmoid-function setting can be used as a kind of offset. Whilst the curve is exactly 0.5 at $\beta_0 = 0$, this intersection can be adapted by modeling the intercept. For $\beta_0 > 0$ the intersection point becomes > 0.5 .

5.3.5 $\beta_0 = -5 \dots 0$ and $\beta_1 = 1$

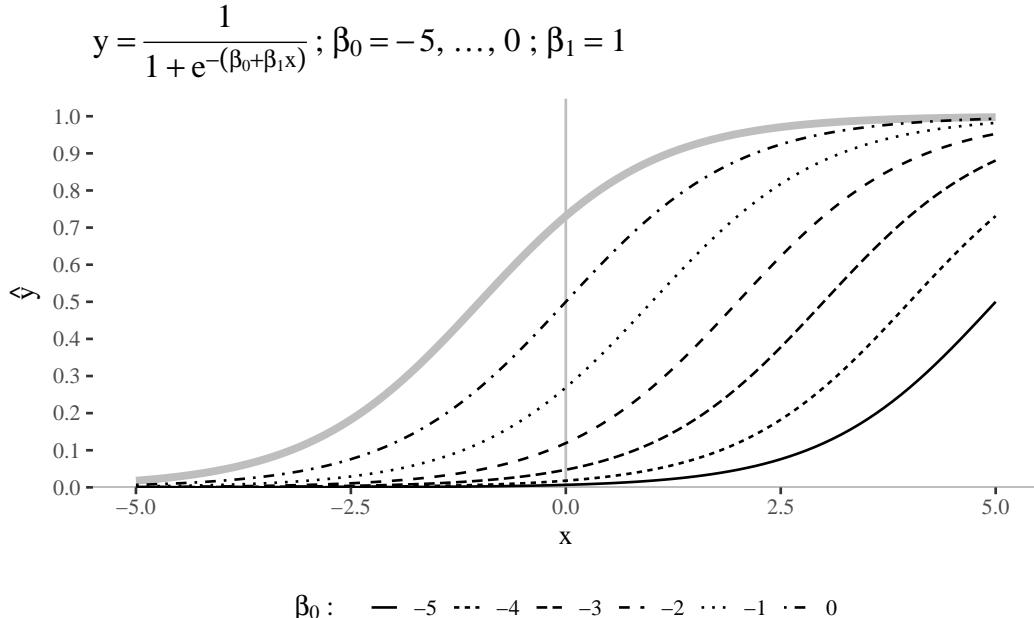


Figure 5.18: The influence of different parameters for the sigmoid function

The reference function for $\beta_0 = 1$ and $\beta_1 = 1$ is again shown in light gray in the background in Figure 5.18. For an *intercept* < 0 the intersection point with the **xaxis** then offsets the curve in the other direction compared with Figure 5.17. For $\beta_0 < 0$ the intersection point becomes < 0.5 . In both cases the *S*-shape like characteristic of the sigmoid function is retained.

5.3.6 Maximum Likelihood Estimation (MLE)

Maximum Likelihood Estimation (MLE) is a statistical method used for estimating the parameters of a model (Starmer 2022). In this approach, the parameter values are chosen to maximize the likelihood function, which represents the probability of observing the given data under the assumed statistical model. The idea is to find the parameter values that make the observed data most probable.

In contrast to the cost function for linear regression (4.14), \hat{y}_i in logistic regression is a non-linear function (5.9).

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$$\hat{y} = \frac{1}{1 + e^{-z}} \quad (5.9)$$

Which is why the Maximum Likelihood Estimator is used.

Using the MLE basically means, to try different models (with different model parameters) that maximize the likelihood of the parameters being true. Because it is easier to look for minima (gradient descent), a loss function is formulated that can be used as a loss function.

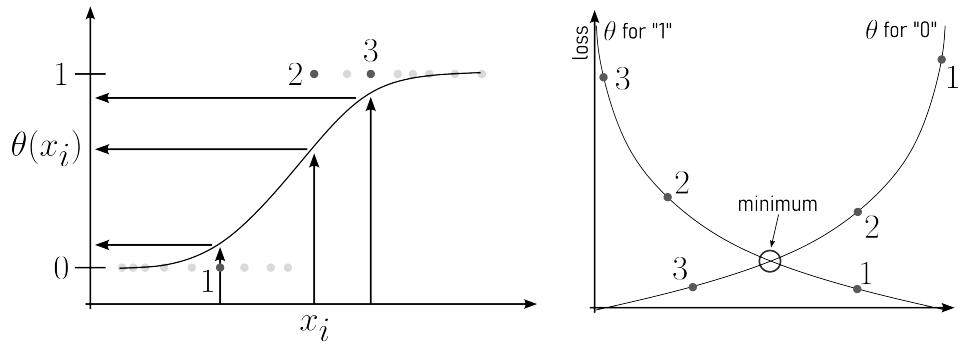


Figure 5.19: The principle of MLE.

$$-\log L(\theta) = -\sum_{i=1}^n y \log(\sigma(\theta^T x^i)) + (1-y) \log(1 - \sigma(\theta^T x^i)) \quad (5.10)$$

Table 5.5: The overview of the logistic regression data.

Characteristic	N = 500 ¹
feed	19.89 (18.55, 21.40)
pass_1_fail_0	
0	256 (51%)
1	244 (49%)

¹Median (Q1, Q3); n (%)

5.3.7 Modeling Production Data

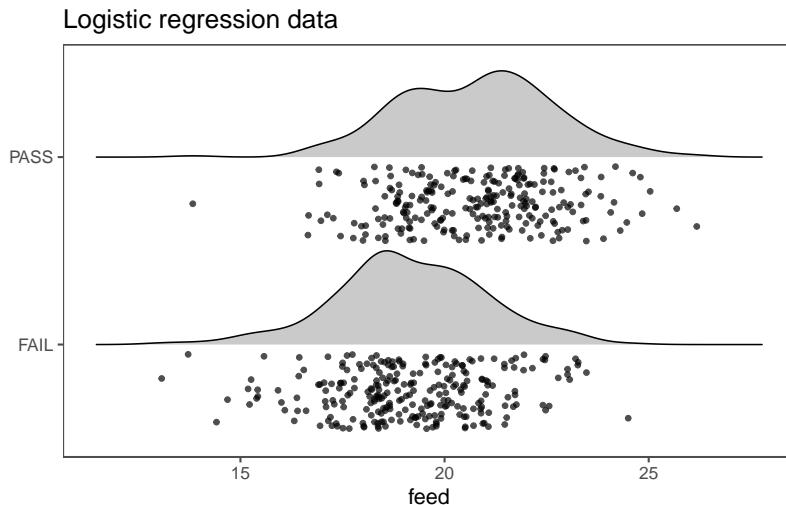


Figure 5.20: The data for the logistic regression data.

In Figure 5.20 the data for the production data. The drive shafts have been rated between **PASS** and **FAIL** and the lathe machine feed has been recorded. The question is now, at which feed the drive shafts start to **FAIL**.

Table 5.5 shows an overview of the logistic regression data. **PASS** and **FAIL** are fairly similar distributed.

The model coefficients are shown in Table 5.6. Translated in equation (5.11) and (5.12) we can see, what has been computed.

5 Regression Analysis

Table 5.6: The modeling of the logistic regression data.

Characteristic	log(OR)	95% CI	p-value
feed	0.46	0.35, 0.57	<0.001

Abbreviations: CI = Confidence Interval, OR = Odds Ratio

$$\log\left(\frac{P}{1-P}\right) = -9.17 + 0.46x \quad (5.11)$$

$$\frac{P}{1-P} = e^{-9.17+0.46x} \quad (5.12)$$

Therefore the models explains what the odds $\frac{P}{1-P}$ are for a drive shaft to be FAIL or PASS for a given feed.

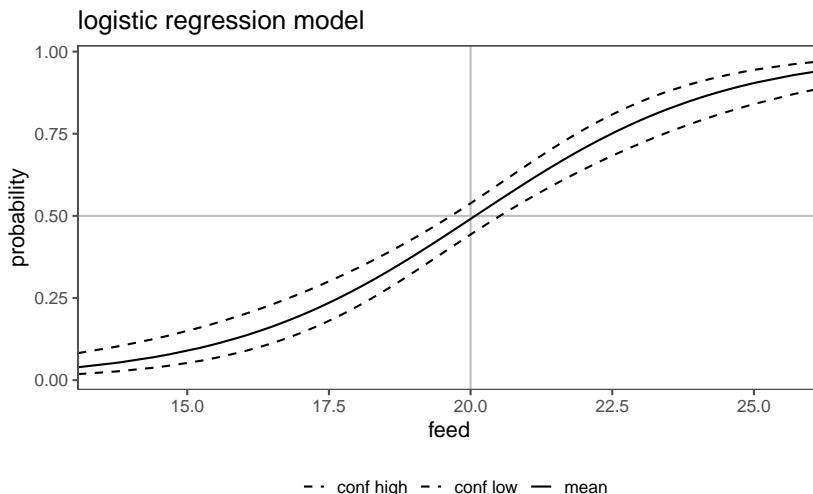


Figure 5.21: The probability (odds) for a drive shaft being PASS or FAIL for a given feed

Figure 5.21 shows the probability for a drive shaft PASS or FAIL for a given feed as well as the confidence interval of the odds ratio for any given feed. For example the probability for PASS at a feed of 20 is 49% with a confidence interval of 44% to 54%.

5.3.7.0.1 residuals

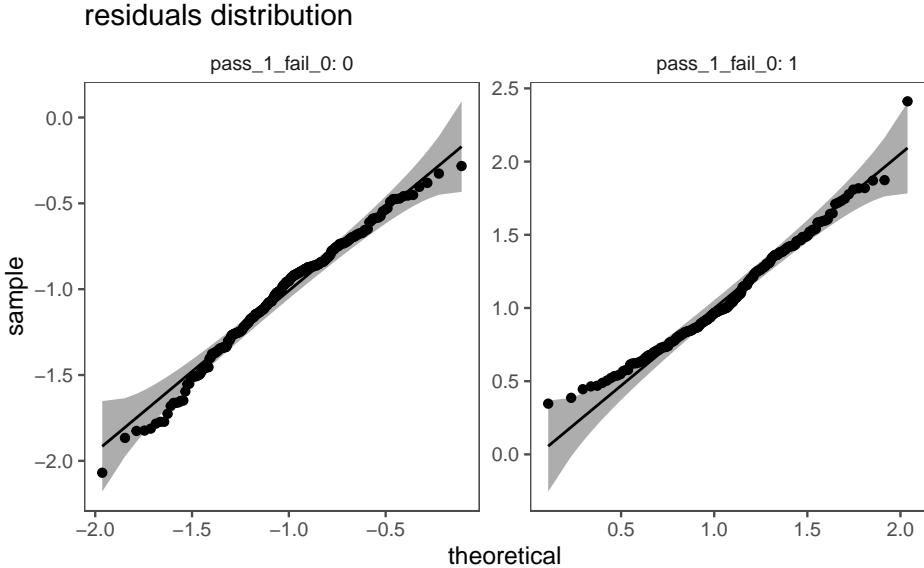


Figure 5.22: Are the residuals of the model normally distributed?

5.3.7.1 Mc Fadden R^2

McFadden's R^2 is a measure used to evaluate the goodness of fit for logistic regression models and is calculated using (5.13).

$$R^2 = 1 - \frac{\log(L_{model})}{\log(L_{null})} = 0.1198876 \quad (5.13)$$

It compares the `model` to the `null`-model. It is much smaller than the coefficient of determination with values ranging between 0.2 ... 0.4 already indicating a good model fit in practice.

5.3.7.2 Confusion Matrix

A confusion matrix is a table used to evaluate the performance of a classification algorithm. It provides a detailed breakdown of the actual versus predicted classifications, enabling the calculation of various performance metrics. The matrix is particularly useful for binary and multiclass classification problems.

On the **x-axis** usually the *ground truth* is depicted whereas on the **y-axis** the predictions of the algorithm are shown. From this several performance metrics can be calculated.

		ground truth	
		(T)rue (P)ositive	(F)alse (P)ositive
prediction	(F)alse (N)egative		(T)rue (N)egetive
		(T)rue (P)ositive	(F)alse (N)egative

correct inference
incorrect inference

Figure 5.23: A confusion matrix

- True Positive (**TP**): The number of positive instances correctly classified as positive.
- False Positive (**FP**): The number of negative instances incorrectly classified as positive (also known as Type I error).
- True Negative (**TN**): The number of negative instances correctly classified as negative.
- False Negative (**FN**): The number of positive instances incorrectly classified as negative (also known as Type II error).

5.3.7.2.1 Accuracy

$$\frac{TP + TN}{TP + FP + TN + FN}$$

Definition The ratio of correctly predicted instances (both true positives and true negatives) to the total instances.

Interpretation Accuracy measures the overall correctness of the model. It indicates the proportion of total predictions that were correct. While accuracy is useful, it can be misleading in cases of imbalanced datasets where one class is more frequent than the other.

5.3.7.2.2 Precision

$$\frac{TP}{TP + FP}$$

Definition The ratio of true positive instances to the total instances predicted as positive.

Interpretation Precision, also known as positive predictive value, measures the accuracy of positive predictions. It is the proportion of correctly identified positive instances out of all instances predicted as positive. High precision indicates a low false positive rate.

5.3.7.2.3 Recall

$$\frac{TP}{TP + FN}$$

Definition The ratio of true positive instances to the total actual positive instances.

Interpretation Recall measures the model's ability to correctly identify all positive instances. It is the proportion of correctly identified positive instances out of all actual positive instances. High recall indicates a low false negative rate.

5.3.7.2.4 Specificity

$$\frac{TN}{TN + FP}$$

Definition The ratio of true negative instances to the total actual negative instances.

5 Regression Analysis

Interpretation Specificity measures the model's ability to correctly identify negative instances. It is the proportion of correctly identified negative instances out of all actual negative instances. High specificity indicates a low false positive rate.

5.3.7.2.5 F1 Score

$$2 \times \frac{Precision \times Recall}{Precision + Recall}$$

Definition The harmonic mean of precision and recall.

Interpretation The F1 Score combines precision and recall into a single metric. It provides a balance between the two, particularly useful when you need to take both false positives and false negatives into account. The F1 score is especially helpful when the class distribution is uneven or when you seek a balance between precision and recall.

5.3.7.2.6 Summary on metrics

- **Accuracy** is best for overall performance but can be misleading for imbalanced datasets.
- **Precision** is crucial when the cost of false positives is high.
- **Recall** is important when the cost of false negatives is high.
- **Specificity** complements recall, providing insight into the true negative rate.
- **F1 Score** offers a balanced measure, useful when both precision and recall are important.

5.3.7.3 Confusion Matrix in practice

Confusion matrix for different thresholds

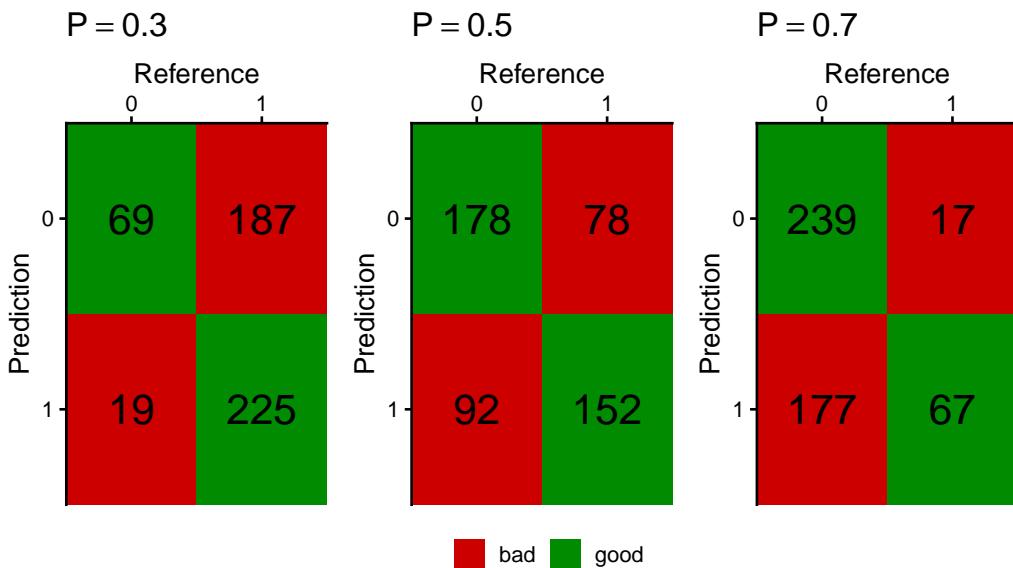
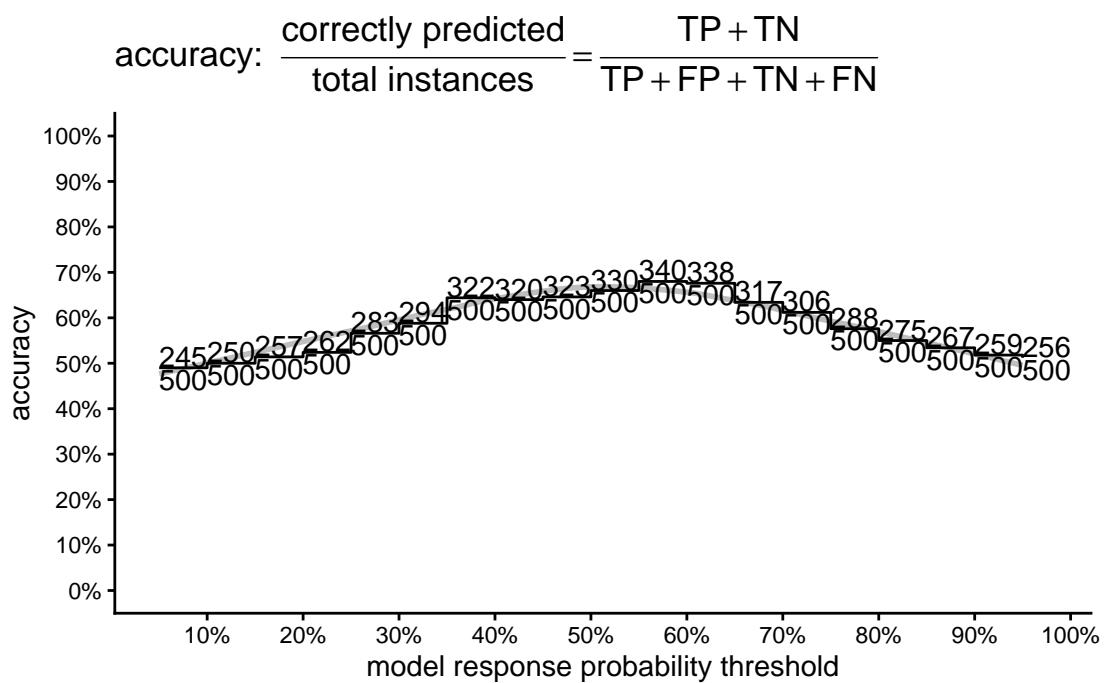


Figure 5.24: Confusion matrices at different probability thresholds

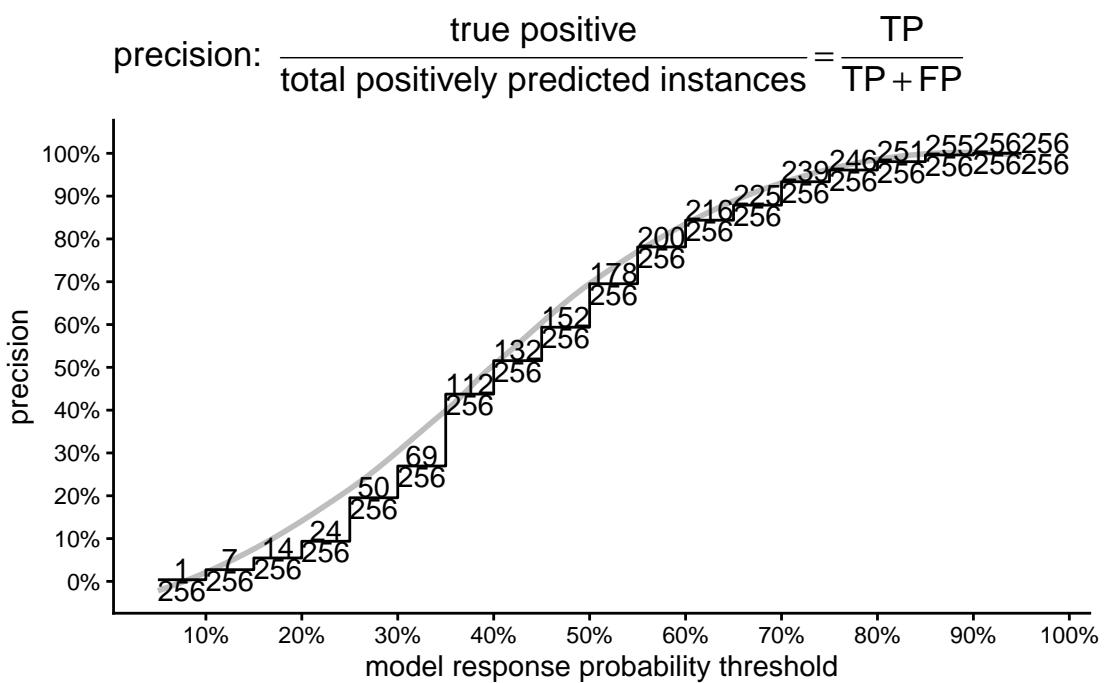
Figure 5.24 shows three different confusion matrices at different probability threshold for the logistic regression model and the respective True Positive, False Positive, True Negative and False Negative rates. On the *x-axis* the reference is depicted and the *true* classes, being 0 for FAIL and 1 for PASS parts. The *y-axis* shows the prediction of the respective model with the classes again being 0 for FAIL and 1 for PASS. The *probability threshold P = 0.3 ... 0.7* is the classification threshold of the model. The logistic regression model computes a *Probability* based on the *Predictor variable (feed)*. This threshold then classifies the product as *pass* or *fail*

5 Regression Analysis

5.3.7.4 Accuracy, correct classification rate, proportion of correct predictions

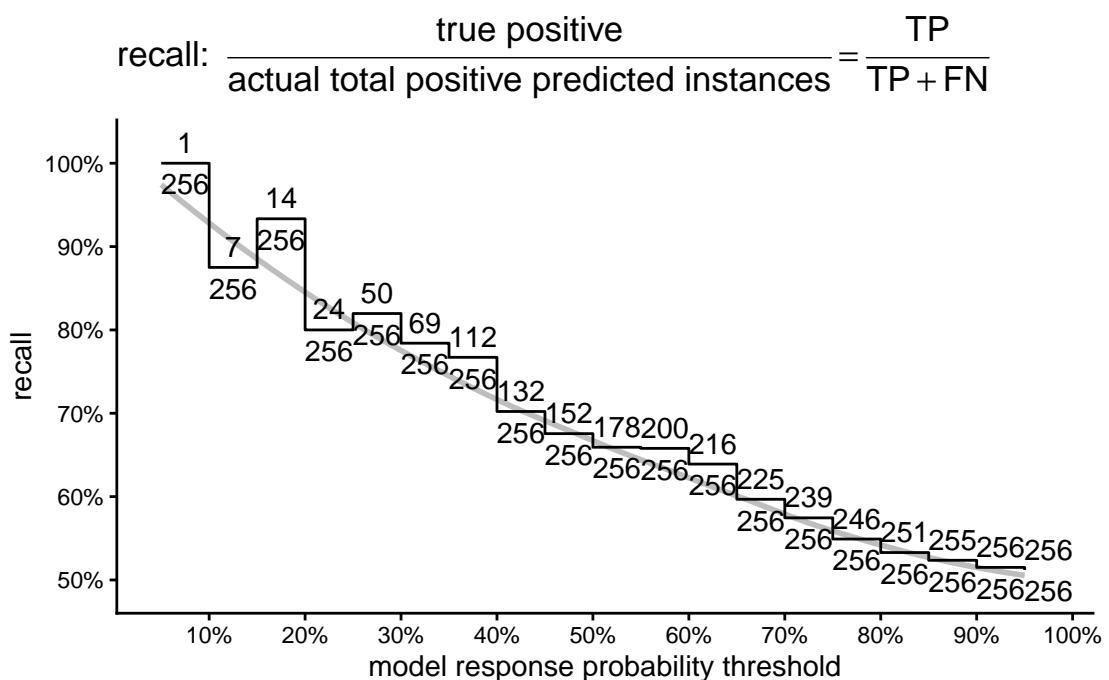


5.3.7.5 Precision

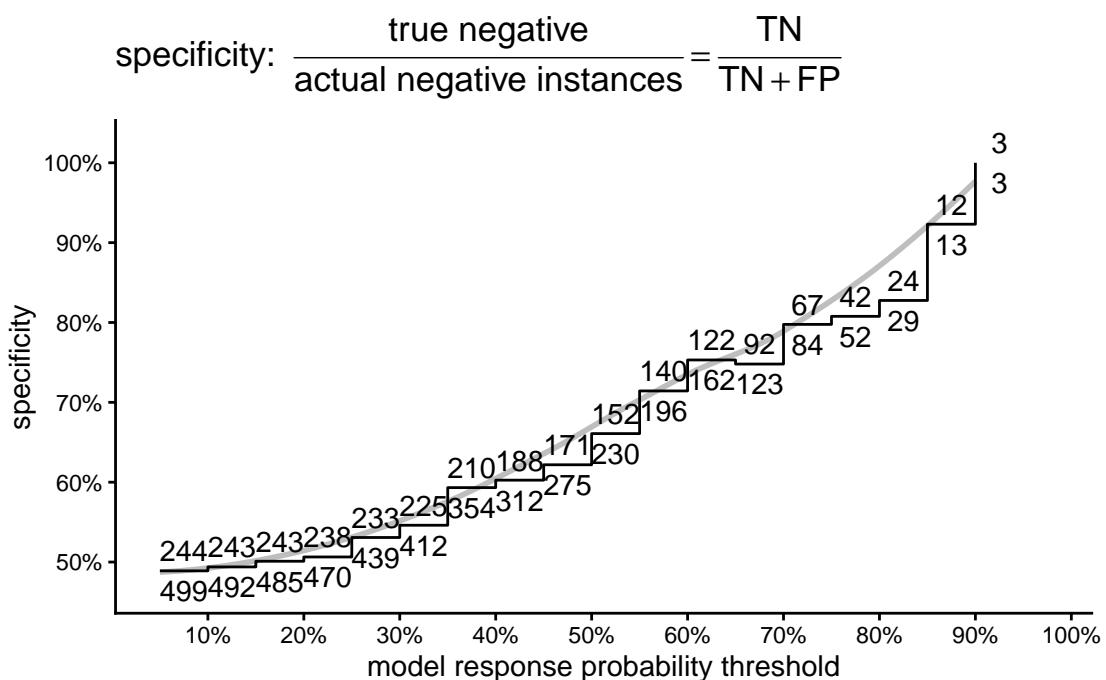


5 Regression Analysis

5.3.7.6 Recall, True positive rate, sensitivity, hit rate, detection rate

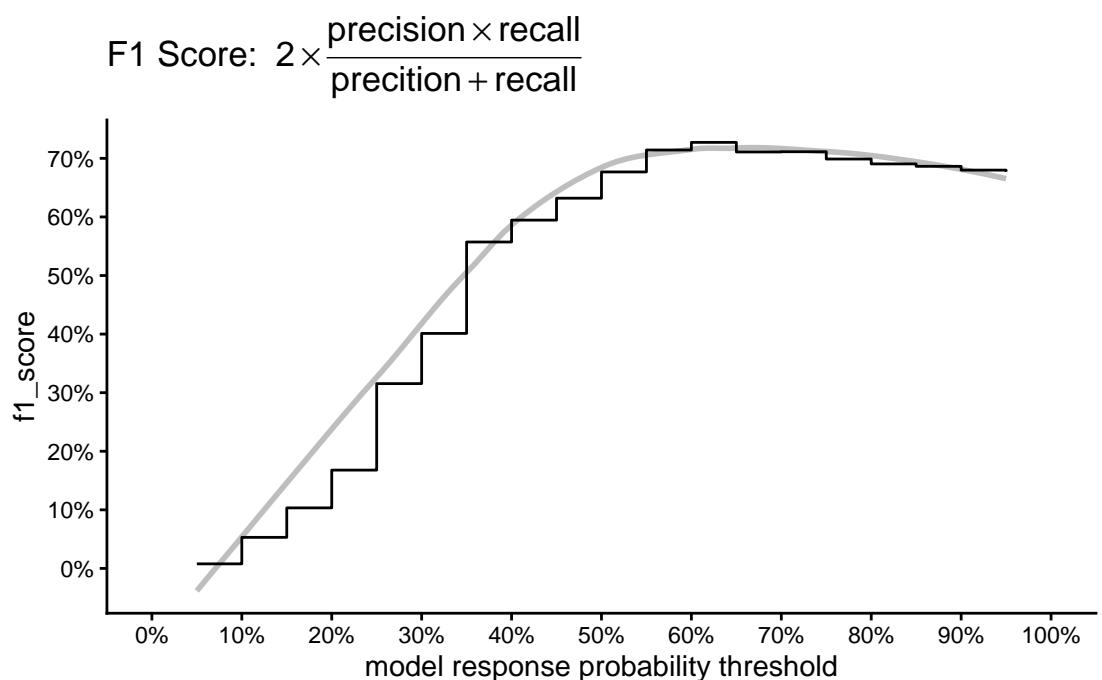


5.3.7.7 Specificity, true negative rate, selectivity, true negative fraction, 1 - false positive rate

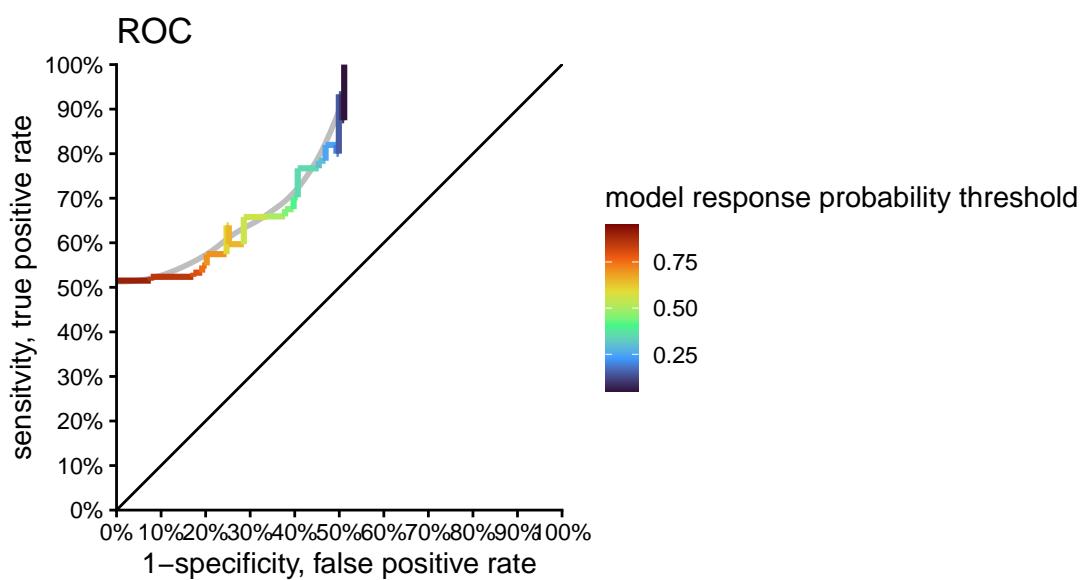


5 Regression Analysis

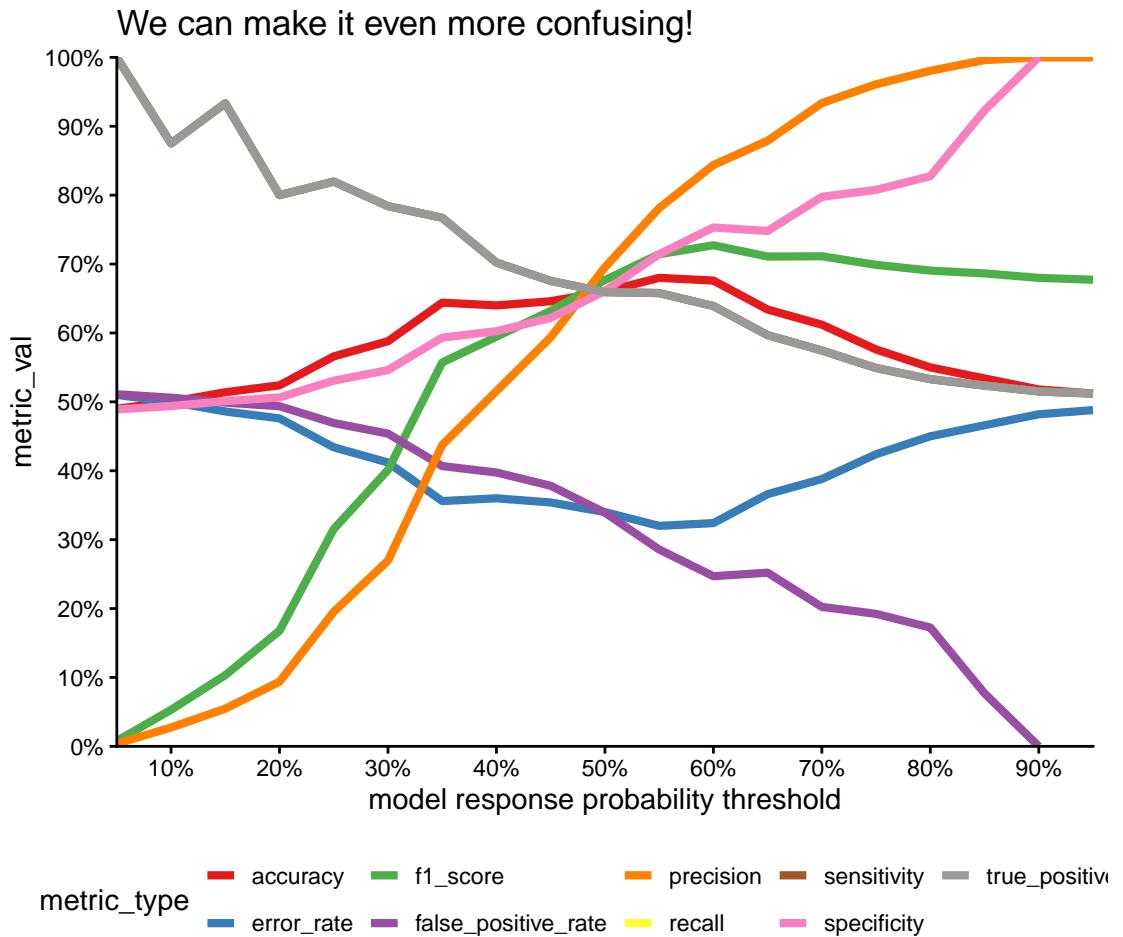
5.3.7.8 F1 Score, harmonic mean of precision and recall



5.3.7.9 Receiver Operator Curve (ROC)



5.3.7.10 METRICSSSS!!!!



6 Choose a statistical Test

One Proportion Test: Used for binary categorical data to compare a sample proportion to a known population proportion.

Chi-Square Goodness of Fit Test: Assesses whether observed categorical data frequencies match expected frequencies.

One Sample T-Test: Compares a sample mean to a known or hypothesized population mean for continuous data, assuming a normal distribution.

One Sample Wilcoxon Test: Non-parametric test for continuous data or ordinal data to compare a sample's median to a known population median.

Cochran's Q Test: Evaluates proportions in three or more related categorical groups, often with repeated measures.

Chi-Square Test of Independence: Determines if two categorical variables are associated.

Pearson Correlation: Measures linear relationships between two continuous variables, assuming normal distribution.

Spearman Correlation: Non-parametric alternative for non-linear or non-normally distributed data.

T-Test for Independent Samples: Compares means of two independent groups for continuous data, assuming normal distribution.

Welch T-Test for Independent Samples: Used when variances between two independent groups are unequal.

Mann-Whitney U Test: Non-parametric alternative for comparing two independent groups with non-normally distributed data.

T-Test for Paired Samples: Compares means of two related groups or repeated measures, assuming normal distribution.

Wilcoxon Signed Rank Test: Non-parametric alternative for paired data or non-normally distributed data.

One-Way ANOVA: Compares means of three or more independent groups for continuous data, assuming normal distribution.

6 Chose a statistical Test

Welch ANOVA: Utilized when variances between groups being compared are unequal.

Kruskal-Wallis Test: Non-parametric alternative for comparing three or more independent groups with non-normally distributed data.

Repeated Measures ANOVA: For continuous data with multiple measurements within the same subjects over time.

Friedman Test: Non-parametric alternative for analyzing non-normally distributed data with repeated measures.

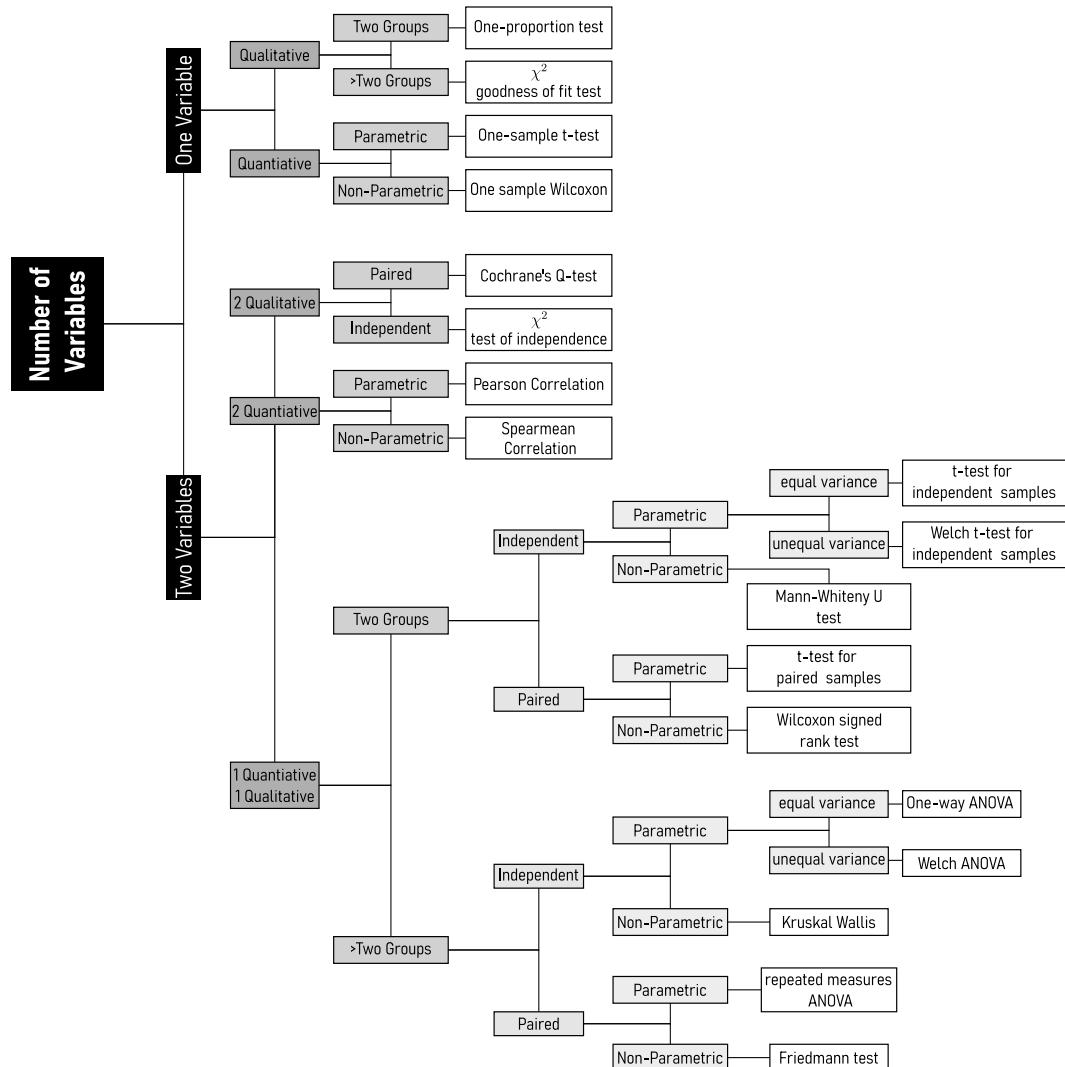


Figure 6.1: Roadmap to choose the right test

7 Production Statistics

7.1 Introduction to Production Statistics

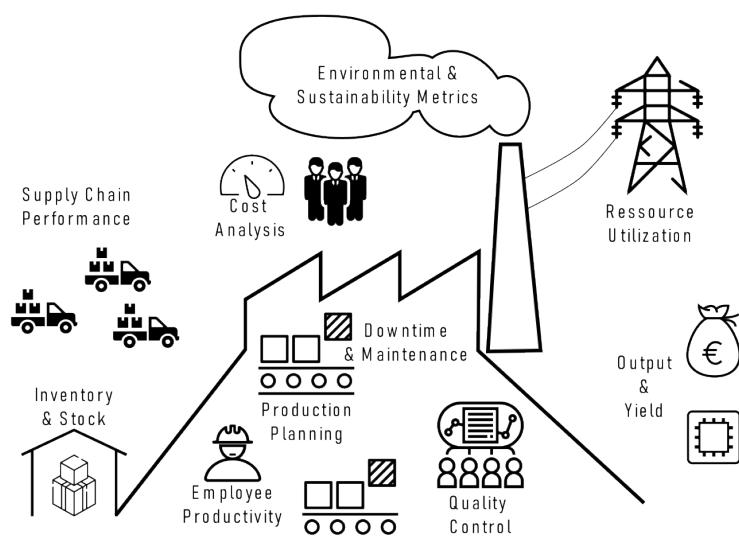


Figure 7.1: What Production Statistics tries to quantify.

1. **Output and Yield** statistics refer to the measurement of both the *quantity* and *quality* of products or services produced during a specific period. This includes tracking metrics such as the *number of units produced*, *yield rates*, and *defect rates*, as well as assessing production *cycle times*.
2. **Resource Utilization** statistics involve the monitoring and analysis of how efficiently resources such as *labor*, *machinery*, *materials*, and *energy* are used in production processes. Key metrics in this category include *machine uptime*, *downtime*, and overall resource *efficiency*.
3. **Quality Control** statistics play a vital role in evaluating the quality of products or services by tracking *defects*, *errors*, and *variations* in the production process. These statistics encompass *defect rates*, *reject rates*, and variation analysis to ensure products meet specified quality standards.

7 Production Statistics

4. **Cost Analysis** through production statistics involves assessing the cost-effectiveness of production processes. This includes analyzing production *costs*, *overhead expenses*, and calculating the *cost per unit produced*. Such data aids in making informed decisions related to cost reduction and budgeting.
5. **Inventory and Stock** statistics pertain to the management of inventory levels and *turnover rates*. These statistics also encompass *lead times* and tracking *stockouts*, which are crucial for efficient inventory management and ensuring product availability.
6. **Production Planning** statistics are essential for optimizing production processes. Metrics include *capacity utilization*, *order fulfillment rates*, and production *lead times*. This data assists in scheduling and ensuring the efficient use of resources.
7. **Downtime and Maintenance** statistics track equipment *breakdowns*, *maintenance schedules*, and production *interruptions*. Monitoring such data is vital for minimizing production downtime and ensuring equipment operates efficiently.
8. **Employee Productivity** statistics evaluate workforce performance and efficiency. Metrics such as *output per worker* and *labor efficiency* are used to assess employee contributions and identify areas for improvement, including *training needs*.
9. **Supply Chain Performance** statistics extend beyond production to evaluate the entire supply chain, including suppliers, logistics, and distribution. Metrics like *lead times*, *order fulfillment rates*, and supplier performance data help ensure the efficiency of the supply chain.
10. **Environmental and Sustainability Metrics** encompass *resource consumption*, *waste generation*, and *environmental impact*. They are used to assess an organization's environmental footprint and implement sustainable practices.

7.2 Control Charts for Variables

7.2.1 The production

In Figure 7.2 the drive shaft production and the behaviour of the mission critical parameter **diameter** is shown over time.

7.2 Control Charts for Variables

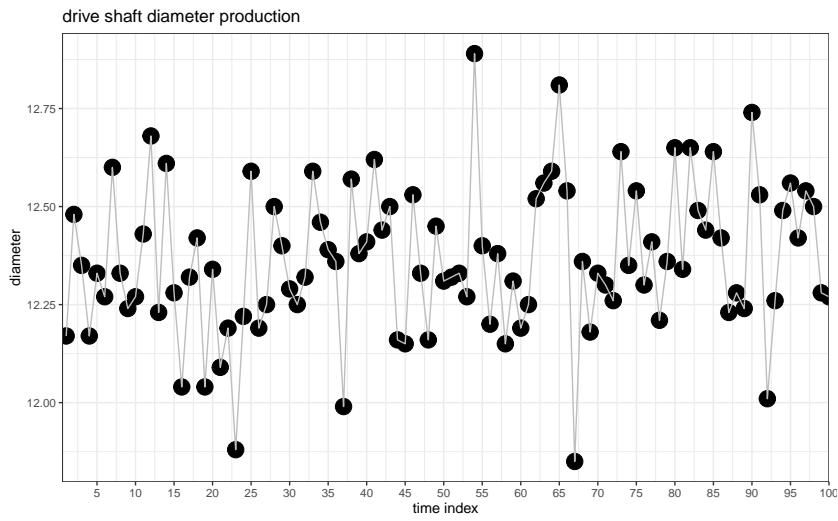


Figure 7.2: The drive shaft production over time

7.2.2 Run Chart

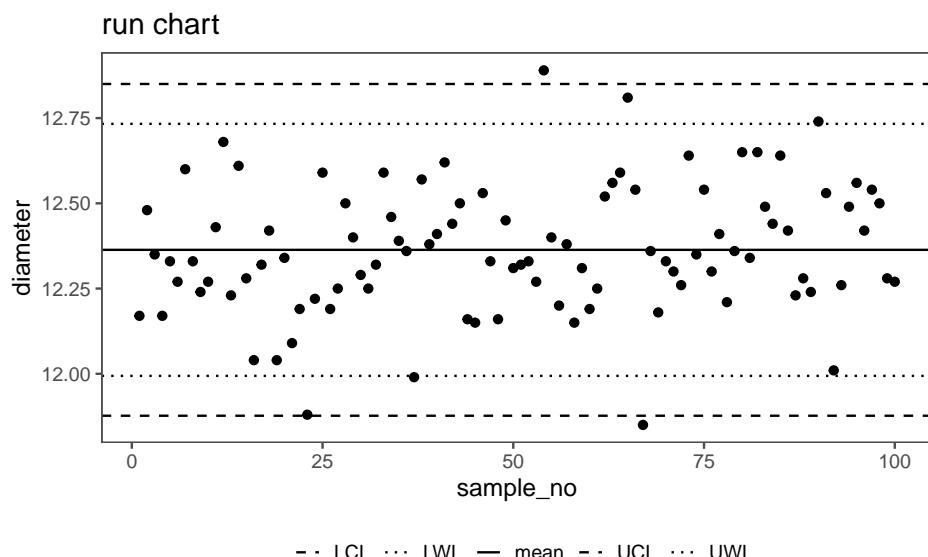


Figure 7.3: A run chart with control and warning limits without subgroups.

7 Production Statistics

$$UCL = \bar{x} + 2.58 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 1 \quad (7.1)$$

$$LCL = \bar{x} - 2.58 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 1 \quad (7.2)$$

$$UWL = \bar{x} + 1.96 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 1 \quad (7.3)$$

$$LWL = \bar{x} - 1.96 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 1 \quad (7.4)$$

In Shewhart (Shewhart and Deming 1986) charts for statistical process control, control limits such as the Upper Control Limit (UCL), Lower Control Limit (LCL), Upper Warning Limit (UWL), and Lower Warning Limit (LWL) play a crucial role. These limits establish boundaries for normal process variability. By incorporating confidence intervals, such as 97% or 99%, into these limits, a statistical framework is added, providing a nuanced understanding of process variability. A 97% confidence interval implies that 97% of data points should fall within the calculated range, while a 99% interval accommodates 99%. This approach enhances the sensitivity of Shewhart charts, aiding in the timely detection of significant process shifts. The choice of confidence level depends on the desired balance between false alarms and the risk of missing genuine deviations from the norm.

7.2.3 X-bar chart

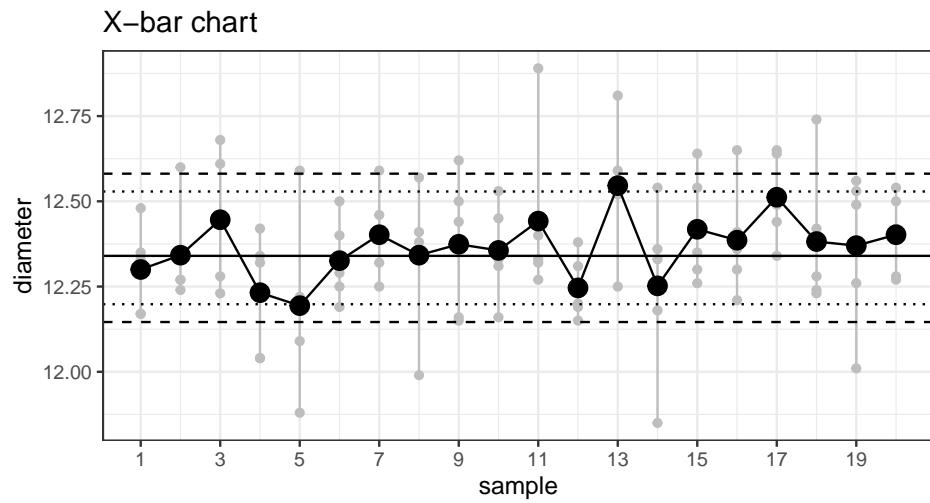


Figure 7.4: A X-bar chart with control and warning limits based on subgroups of $n = 5$

7.2 Control Charts for Variables

$$UCL = \bar{x} + 2.58 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 5 \quad (7.5)$$

$$LCL = \bar{x} - 2.58 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 5 \quad (7.6)$$

$$UWL = \bar{x} + 1.96 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 5 \quad (7.7)$$

$$LWL = \bar{x} - 1.96 \frac{sd(x)}{\sqrt{n}} \text{ with } GroupSize = 5 \quad (7.8)$$

An X-bar chart is a statistical tool for quality control, used to monitor process stability over time. It involves collecting data, calculating subgroup means, determining control limits, and plotting the data on a chart. By monitoring points relative to the control limits, it helps identify shifts in the process mean, allowing corrective action for consistent quality.

It is effective in quality control because it focuses on detecting changes in the process mean. By setting statistical control limits, it distinguishes between common and special causes of variation. When data points fall outside these limits, it signals the presence of external factors, prompting corrective action. The chart's visual representation of data points over time facilitates early issue detection, supporting a proactive approach to maintaining process stability and continuous improvement in quality control.

7.2.4 S-Chart

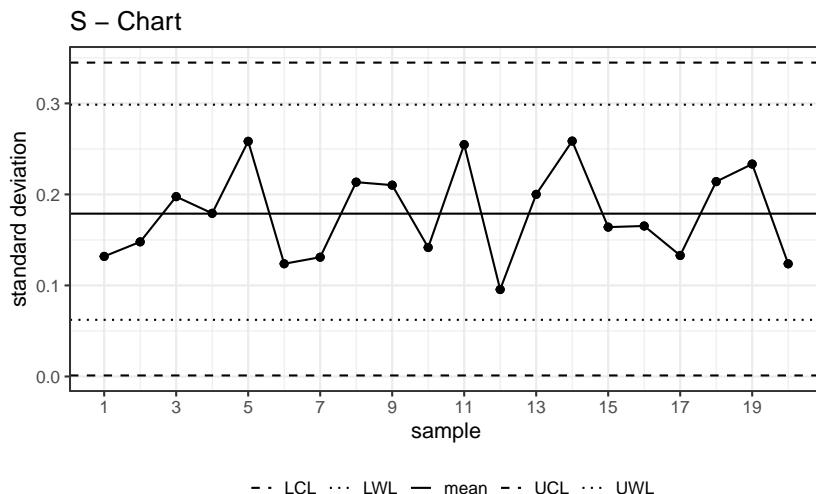


Figure 7.5: The s chart with control and warning limits.

$$UCL = \sigma * \sqrt{\frac{\chi^2_{1-\beta=0.995;n-1}}{n-1}} \text{ with } n = 5 \quad (7.9)$$

$$LCL = \sigma * \sqrt{\frac{\chi^2_{1-\beta=0.005;n-1}}{n-1}} \text{ with } n = 5 \quad (7.10)$$

$$UWL = \sigma * \sqrt{\frac{\chi^2_{1-\beta=0.975;n-1}}{n-1}} \text{ with } n = 5 \quad (7.11)$$

$$LWL = \sigma * \sqrt{\frac{\chi^2_{1-\beta=0.025;n-1}}{n-1}} \text{ with } n = 5 \quad (7.12)$$

An S chart, or standard deviation chart, is a type of control chart used in statistical process control. It is designed to monitor the variability or dispersion of a process over time. The S chart displays the sample standard deviation of a process by plotting it against time or the sequence of samples. Similar to other control charts, it typically includes a central line representing the average standard deviation and upper and lower control limits. The S chart is useful for detecting shifts or trends in the variability of a process, allowing for timely adjustments or interventions if needed.

7.3 Control Charts for Attributes

7.3.1 NP Chart

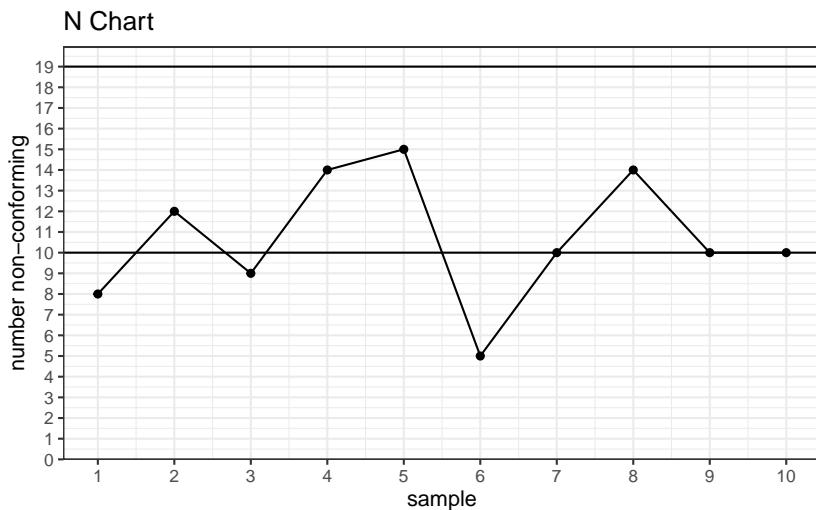


Figure 7.6: A N-Chart with control limits.

$$CL = n\bar{p} \pm 3\sqrt{n\bar{p}(1 - \bar{p})} \quad (7.13)$$

An NP chart, also known as a Number of Defects Per Unit chart, is a statistical tool used in quality control to monitor the number of defects or errors in a process over time. It is commonly employed in manufacturing and other industries to assess the stability and performance of a production process. The chart typically displays the number of defects observed in a sample of units or products, allowing for the identification of trends, patterns, or variations in the defect rates. This information aids in quality improvement efforts by enabling organizations to take corrective actions and maintain consistent product or service quality.

7.3.2 P Chart

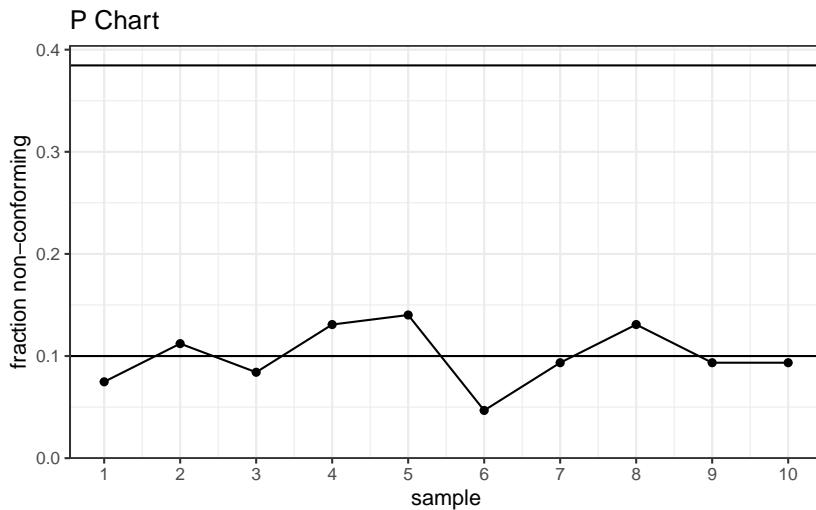


Figure 7.7: A P-Chart with control limits.

$$CL = \bar{p} \pm 3\sqrt{\frac{\bar{p}(1 - \bar{p})}{n}} \quad (7.14)$$

The P chart is designed to track the proportion of nonconforming items or defects within a sample or subgroup over consecutive periods. The chart typically consists of a horizontal axis representing time periods and a vertical axis representing the proportion of nonconforming items. It helps identify variations and trends in the process, allowing for timely corrective actions when necessary.

P charts are commonly used in industries where the output is binary, such as the presence or absence of a specific attribute, and provide a visual representation of the process's performance, aiding in quality improvement efforts.

7.4 Process Capability and Six Sigma

7.4.1 How good is good enough?

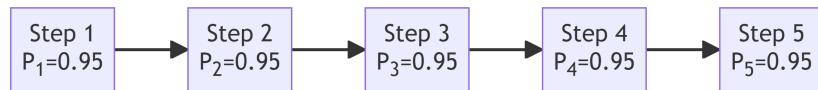


Figure 7.8: What are the joint probabilities?

A success rate of 95% per step (Figure 7.8) sounds at first glance like a successful process. After all, having a 95% chance of winning the lottery would be awesome. Yet, the question is: What are the joint probabilities when we connect five steps sequentially? From previous chapters we know that the joint probability can be calculated in (7.15).

$$P_{ges} = P_1 * P_2 * P_3 * P_4 * P_5 = 0.95^{(n=5)} = 0.774 \approx 77.4\% \quad (7.15)$$

The joint probability for n-steps in sequence can therefore be estimated using (7.15) and visually represented in Figure 7.9. On the x-axis the number of steps is depicted whereas on the y-axis the joint probability is shown for the respective step index. As also calculated in (7.15) after $n = 5$ steps the joint probability for a good part drops to around 77%, which is not acceptable. Figure 7.9 shows that not even 98% probability for a good part for a single step results in an acceptable joint probability ($P = 0.98^{n=5} = 0.904$). A staggering probability of 99.7% for a single step is necessary to still reach a probability for a good part of 98%, and this is only true for $n = 5$ steps. For an acceptable parts per million (ppm) rate the acceptable single step probability is 99.975% as shown in Figure 7.9.

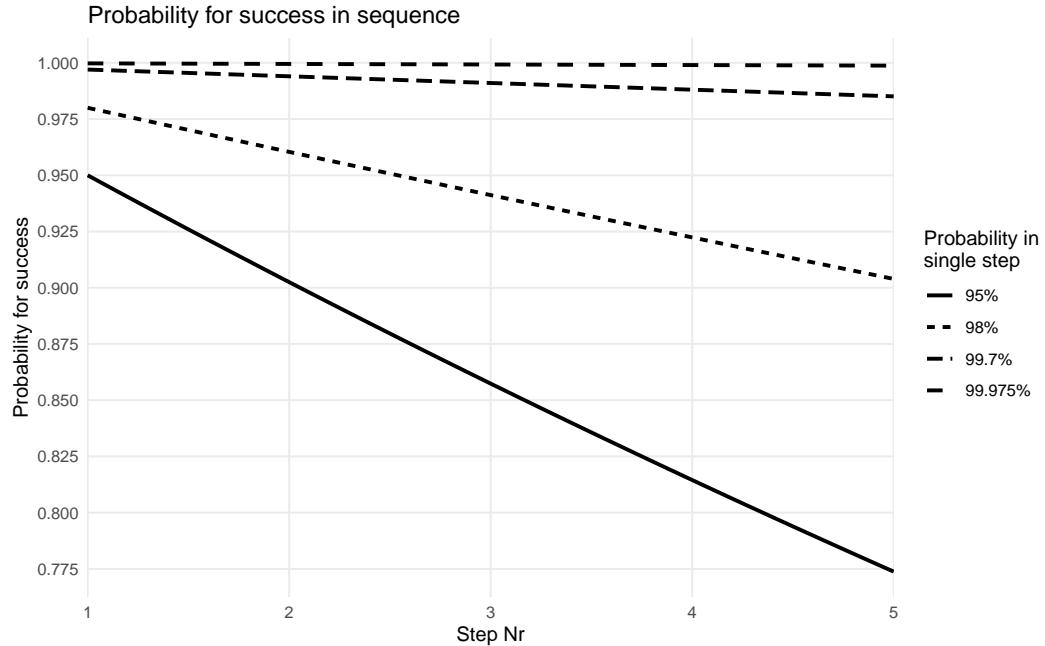


Figure 7.9: Probabilities for success in sequence.

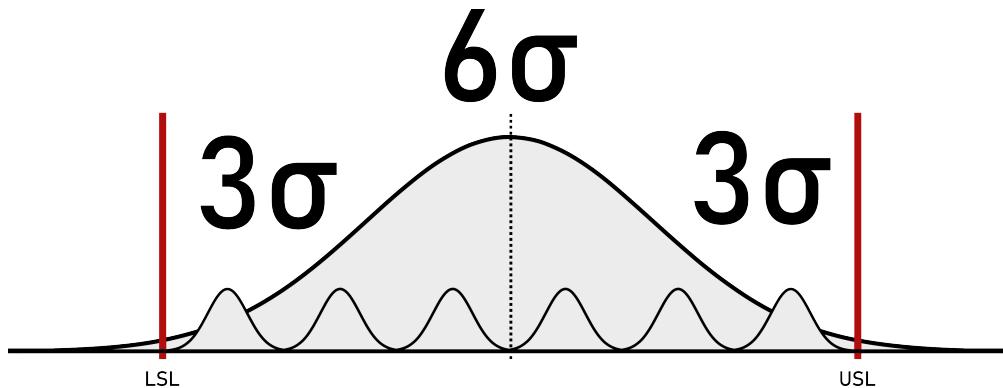


Figure 7.10: The origin of the term Six Sigma (6σ)

What that means in a tolerance-specification setting is shown in Figure 7.10. In order to ensure a 99.975% for a continuous variable, the process variation (here measured as process standard deviation) must fit **at least 6** times into the actual tolerance/specification window of the Critical to Quality (CTQ) measure. Additionally, this is only true if the process is *centered*. The term 6σ carries this inherent property for a 0ppm production, which is favoured by many, but achieved by few.

7.4.2 The Six Sigma Project Model (DMAIC)



D: project goals and objectives, project stakeholders, process map, customer requirements and critical-to-quality (CTQ) characteristics, establish the project scope, project charter

M: identify key process metrics, collect relevant data, analyze process capability, create detailed process maps, perform a baseline measurement, identify potential data sources

A: identify root causes of process variation: form hypotheses, verify and prioritize root causes based on impact and feasibility, validate findings with stakeholders

I: generate and evaluate potential solutions, implement process improvements, conduct pilot tests, optimize the process, implement control measures to sustain improvements

C: implement: process controls, process monitoring, standard operating procedures, mistake-proofing measures, define key performance indicators (KPIs), develop training programs

Figure 7.11: DMAIC Process

The Six Sigma Project model consists of five phases in total: (D)efine, (M)easure, (A)nalyse, (I)mprove, (C)ontrol. In essence these project phases are the application of the scientific method, but in a systematic and industry friendly way.

The *Define* Phase involves setting the project's goals and objectives, identifying key stakeholders, developing a high-level process map, and defining customer requirements and critical-to-quality (CTQ) characteristics. Additionally, the project scope is established, and a project charter is developed to guide the overall initiative.

In the *Measure* Phase, key process metrics are identified, and relevant data is collected to assess the current state of the process. This phase includes analyzing process capability, creating detailed process maps, performing baseline measurements, and identifying potential data sources to ensure comprehensive data collection.

During the *Analyze* Phase, potential root causes of process variation are identified through data analysis using statistical tools. Hypotheses for root causes are developed and verified through further data analysis. Root causes are then prioritized based on their impact and feasibility, and findings are validated with stakeholders to ensure accuracy and relevance.

The *Improve* Phase focuses on generating and evaluating potential solutions for process improvement. Implementing these improvements involves developing an implementation plan, conducting pilot tests if applicable, and optimizing the process based on feedback. Control measures are implemented to sustain the improvements achieved.

Finally, the *Control* Phase involves developing control plans to monitor process performance continuously. This includes establishing process controls and standard operating procedures, implementing mistake-proofing measures, and defining key performance indicators (KPIs). Additionally, training programs for process stakeholders are developed, and a system for ongoing monitoring and feedback is established to ensure the process remains effective over time.

7.4.3 Process Capability - idea

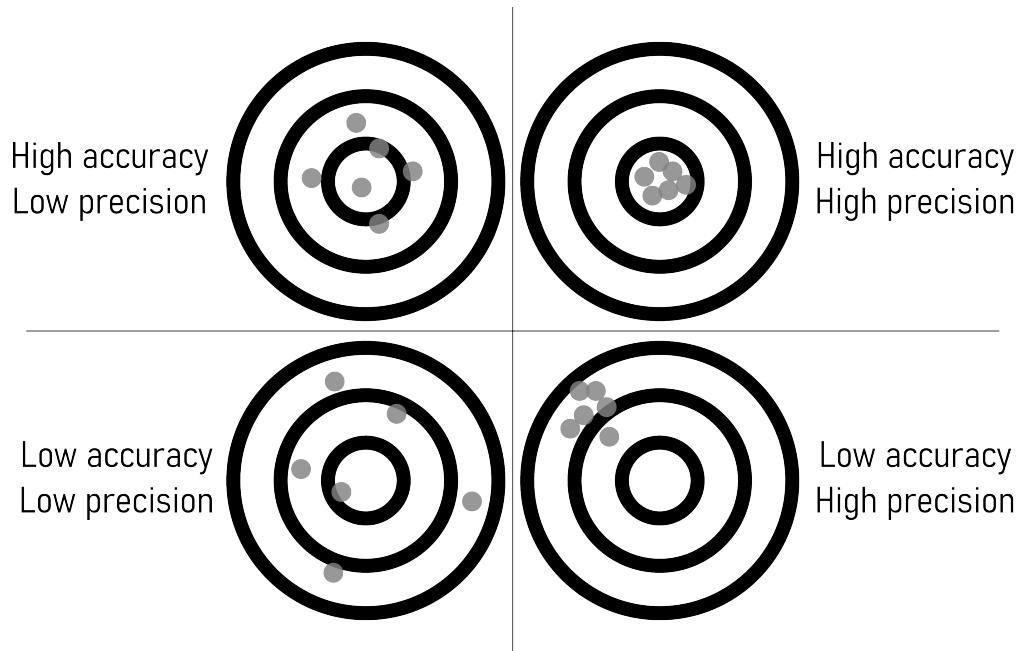


Figure 7.12: The idea of process capabilities

Process capability refers to the ability of a process to consistently produce outputs that meet predetermined specifications or requirements. It is a measure of how well a process performs relative to its specifications. The general idea behind process capability is to assess the inherent variability of a process and determine whether it is capable of producing products or services within the desired quality limits.

1. **Specification Limits:** These are the predetermined limits or requirements for a particular process output, defining the range within which the product or service should fall to meet customer expectations.
2. **Process Variation:** This refers to the natural variability inherent in the process. Sources of variation can include factors such as machine performance, material properties, human factors, and environmental conditions.
3. **Process Capability Indices:** These are statistical measures used to quantify the relationship between process variation and specification limits. Common indices include C_p , C_{pk} , P_p , and P_{pk} , which provide insights into whether a process is capable of meeting specifications and how well it is centered within the specification limits.
4. **Assessment and Improvement:** Once process capability is assessed, steps can be taken to improve it if necessary. This may involve reducing process variation,

7 Production Statistics

adjusting process parameters, implementing quality control measures, or redesigning the process altogether.

Overall, the goal of analyzing process capability is to ensure that processes are capable of consistently delivering products or services that meet customer requirements, minimize defects, and optimize quality and efficiency.

7.4.4 High Accuracy - Low Precision

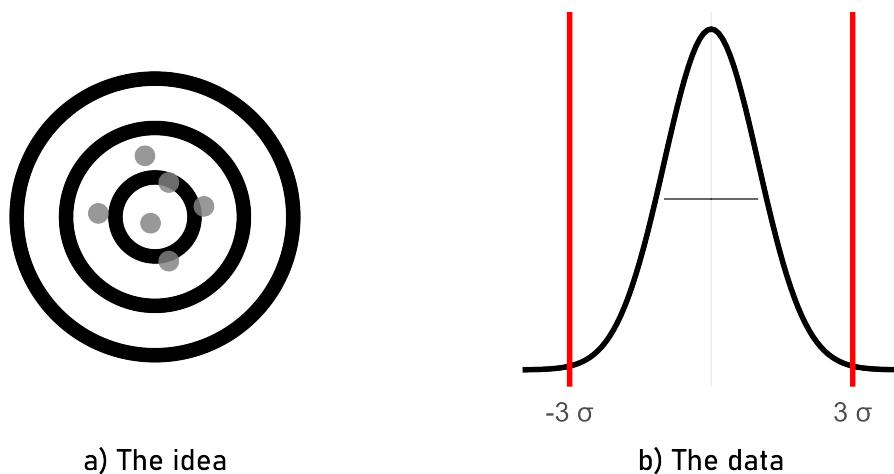


Figure 7.13: The spreaded - High Accuracy, Low Precision

In this scenario, the process consistently produces results that are very close to the target or desired value (high accuracy). However, the variation among individual measurements is large, meaning they are not tightly clustered around the target value (low precision). For example, if a machine consistently produces parts with dimensions close to the desired specifications but with significant variation in each part's dimensions, it exhibits high accuracy but low precision.

7.4.5 Low Accuracy - Low Precision

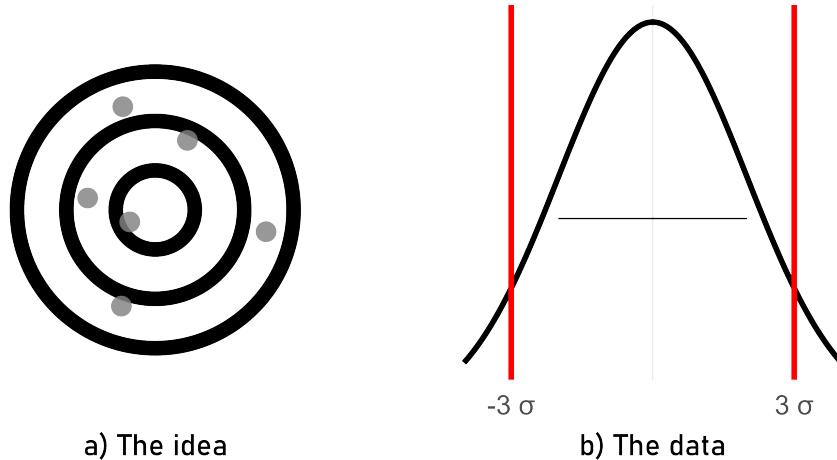


Figure 7.14: The worst - Low Accuracy, Low Precision

Here, the process consistently produces results that are far from the target or desired value (low accuracy). Additionally, the variation among individual measurements is large, indicating low precision. An example could be a manufacturing process that consistently produces parts with dimensions that are both far from the desired specifications and vary significantly from one part to another.

7.4.6 Low Accuracy - High Precision

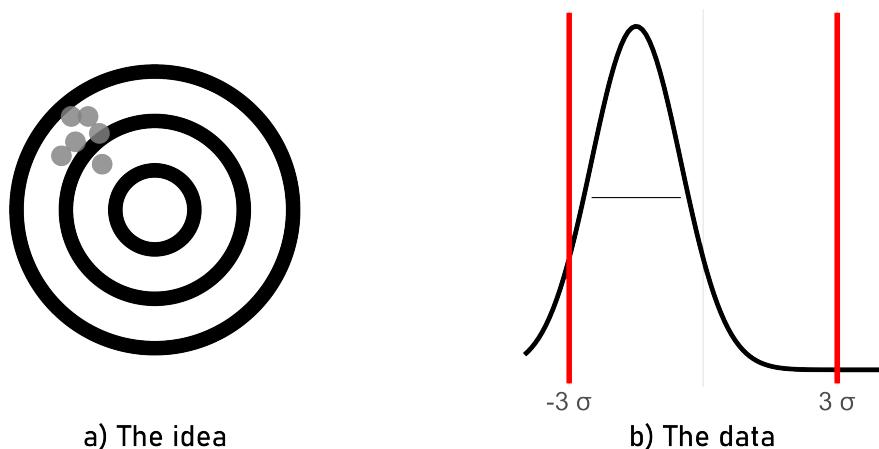


Figure 7.15: The missing the mark - Low Accuracy, High Precision

7 Production Statistics

This scenario involves a process that consistently produces results that are tightly clustered around a single point, but that point is far from the target or desired value (low accuracy). For instance, if a weighing scale consistently displays a weight that is slightly off from the true weight but shows very little variation between repeated measurements, it demonstrates low accuracy but high precision.

7.4.7 High Accuracy - High Precision

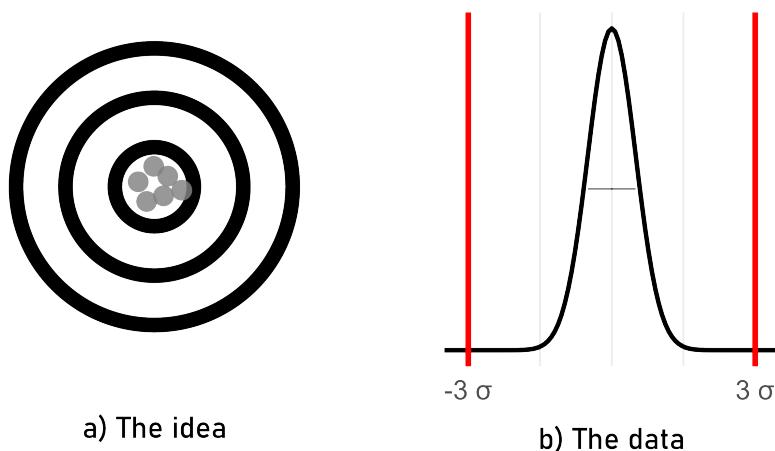
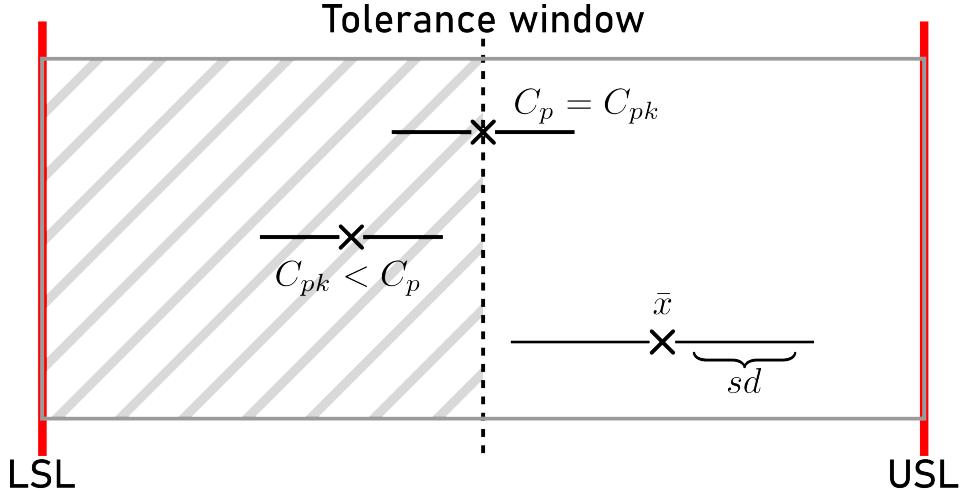


Figure 7.16: The desired - High Accuracy, High Precision

This is the ideal scenario where the process consistently produces results that are both very close to the target or desired value (high accuracy) and tightly clustered around that value (high precision). For example, a manufacturing process that consistently produces parts with dimensions very close to the desired specifications and with minimal variation between individual parts exhibits both high accuracy and high precision.

7.4.8 Computing Process Capabilities

Figure 7.17: The idea to calculate the C_{pk}

$$C_p = \frac{USL - LSL}{6 * sd} \quad (7.16)$$

$$C_{pk} = \frac{\min(USL - \bar{x}, \bar{x} - LSL)}{3 * sd} \quad (7.17)$$

C_p compares the spread of the process variation to the width of the specification limits (7.16). A C_p value greater than 1 indicates that the process spread fits within the specification limits, suggesting that the process has the *potential* to meet specifications. However, C_p does not take into account the process mean, so it does *not* provide information about process centering. For a more comprehensive assessment of process capability, both C_p and C_{pk} are often used together.

The C_{pk} value indicates the capability of the process relative to the specified limits (7.17). A C_{pk} value greater than 1 indicates that the process spread (6 standard deviations) fits within the specification limits. A value less than 1 indicates that the process spread exceeds the specification limits, indicating potential issues with meeting specifications. A higher C_{pk} value indicates better process capability.

7.4.9 Process Capabilities and ppm

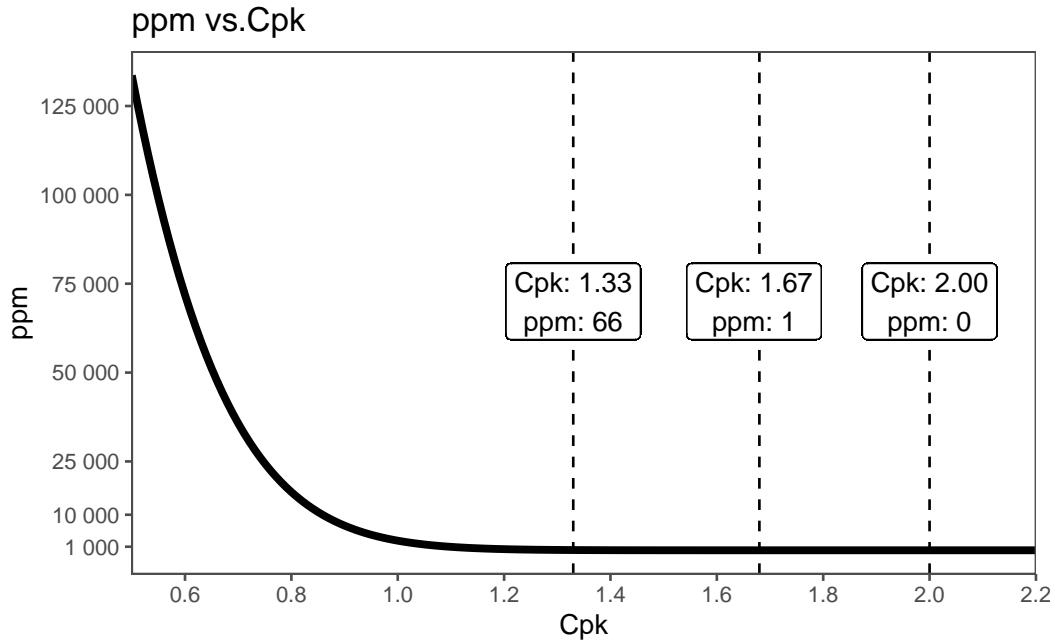


Figure 7.18: The failed parts per million vs. the C_{pk}

Process capability and parts per million (PPM) are closely related metrics used to assess the performance of manufacturing processes. They provide a statistical measure of how well a process can produce output within specified limits. PPM is a measure of the number of defective parts per million produced by the process. The connection between process capability indices and PPM can be understood through statistical distributions, primarily the normal distribution, and the concept of defects or non-conformance.

The connection between process capability indices and PPM can be established through the Z-score (Z-standardization), which translates process capability into the probability of defects.

1. Using C_p : Assuming the process is centered and follows a normal distribution: $Z = 3C_p$. The corresponding PPM can be found from standard normal distribution tables. For example, if $C_p = 1$, then $Z = 3$, and the area under the normal curve beyond 3 standard deviations on either side is approximately 0.0027, or 2700 PPM.
2. Using C_{pk} : C_{pk} directly relates to the Z-score: $Z = 3C_{pk}$. The PPM can be calculated using the cumulative distribution function for the normal distribution. For example, if $C_{pk} = 1.33$, then $Z = 3 \times 1.33 = 3.99$. Using standard normal distribution tables, the area beyond $Z = 3.99$ is approximately 0.000066, or 66 ppm.

7.5 The role of measurement accuracy in production

7.5.1 Measurement Errors

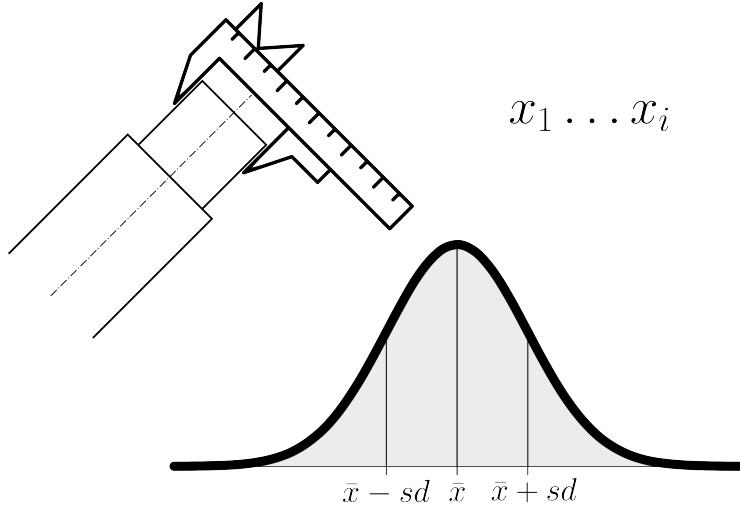


Figure 7.19: Measurement Errors arise during every measurement.

In scientific experiments and real-world measurements, there are often inherent sources of random error (Nuzzo 2014). These errors can introduce variability into measurements, and the accumulation of these errors often conforms to a normal distribution. For instance, when measuring the diameter of an object with a caliper, small measurement errors can cause the observed values to follow a normal distribution. Even during such a simple measurement some random errors may include:

1. Parallax Error: Parallax can introduce random errors if the observer's eye is not consistently aligned with the scale or graduations during measurements.
2. Dirt or Debris: Foreign particles or debris on the measuring surfaces can lead to random measurement errors by causing slight variations in the contact points between the caliper and the object.
3. Jaw Alignment: Small variations in the alignment of the caliper jaws from one measurement to another can introduce random errors in measurements.
4. Material Deformation: When measuring soft or deformable materials, random errors can occur due to variations in the material's response to pressure during different measurements.
5. Human Error: Random errors can arise from misreading the scale or not positioning the caliper precisely on the object, especially if different operators are involved.

7 Production Statistics

6. Slop or Play in the Jaws: Variability in the amount of play or slop in the caliper's jaws from one measurement to another can lead to random errors in measurements.

7.5.2 Significant Digits in Production

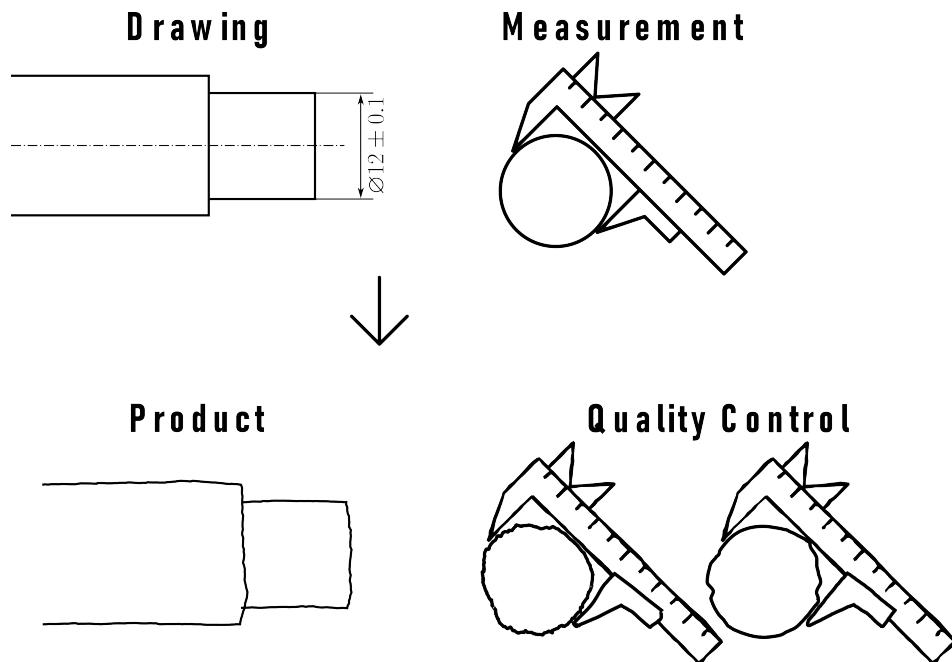


Figure 7.20: Drawings and specifications are just an approximation of reality.

Significant digits, or significant figures, are vital for precision and quality in production. They ensure precision, quality, and consistency in production, leading to better efficiency and customer satisfaction. Significant digits indicate the precision of measurements, ensuring products meet quality standards and specifications.

Applications:

1. Quality Control: Accurate measurements ensure consistent product quality.
2. Tolerances: Precise tolerances (e.g., $\pm 0.05mm$) must be adhered to.
3. Fit and Interchangeability: Parts must fit together correctly, requiring precise measurements.
4. Calibration: Instruments must match the required significant digits for accuracy.
5. Documentation: Accurate recording of measurements is essential for quality reports and compliance.
6. Training: Employees must understand and apply significant digits to maintain standards.

Best Practices:

7.5 The role of measurement accuracy in production

- Reduce Human Error: Training and audits are essential.
- Use Proper Instruments: Ensure tools can measure accurately.
- Control Environment: Manage factors like temperature and humidity.
- Follow Rounding Rules: Apply proper rounding to maintain precision.

7.5.2.1 General Rule of Thumb

To maintain accuracy and avoid overestimating the precision of results, it's advisable not to report more significant digits than justified by the precision of the input measurements.

7.5.2.2 Rule of Ten

In practical terms, for a number to be considered significant, it should be at least ten times greater than the smallest unit of measure (i.e., the least significant digit). This helps in avoiding overestimating the precision and ensures that the reported figures are meaningful.

7.5.2.3 Addition and Subtraction

When performing addition or subtraction, the result should be reported with the same number of decimal places as the measurement with the fewest decimal places. For instance, if you add 12.11 (two decimal places) to 0.4 (one decimal place), the result should be reported with one decimal place, as 12.5.

7.5.2.4 Multiplication and Division

When performing multiplication or division, the result should be reported with the same number of significant digits as the measurement with the fewest significant digits. For example, if you multiply 2.34 (three significant digits) by \$0.0\$5 (one significant digit), the result should be reported with one significant digit, as 0.1.

7.5.2.5 edge cases

Significant digits can help with edge cases that naturally occur during measurement processes. As depicted in Figure 7.21, the first two measurements are well within specification. The third measurement can actually not be interpreted, as the measurement instrument seems not to be fit for purpose. The fourth measurement shows, that the product is within the specification, it always holds the number with the smallest number of digits. The measurement of the fifth product is just within specification, the gage that showed the last reading is not accurate enough.

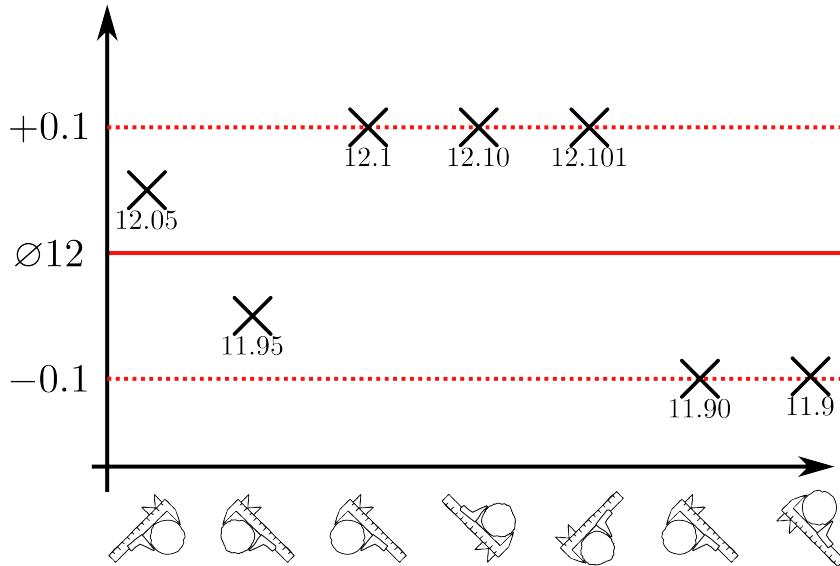


Figure 7.21: Edge cases during measuring a simple part.

There are many rules involved in these kind of edge cases including the rounding of number. It is referred to (Standards, (U.S.), and SEMATECH. 2002) or the national standards for more elaborate discussions about this manner.

7.5.3 Measurement System Analysis Type I

In conducting a Measurement System Analysis Type I (MSA1), the initial step involves focusing on gage as the sole source of variation. To achieve this, 50 measurements are performed, each repeated on a reference part. This process allows for the isolation and assessment of the gage's impact on the overall measurement system, ensuring that any observed variability is attributed solely to the gage. The process of doing a MSA1 is fairly standardized.

7.5.3.1 Potential Capability index C_g

From a MSA1 the potential Measurement System Capability Index C_g can be computed via (7.18).

$$C_g = \frac{K/100 * Tol}{L * \sigma} \quad (7.18)$$

Tol Tolerance

Table 7.1: The summary of the raw data for the MSA1.

Characteristic	N = 50¹
measured_data	20.303 (0.005)
¹ Mean (SD)	

C_g Capability Gage

K percentage of the tolerance (20%)

σ standard deviations of the tolerance

L number of standard deviations that represent the process (6×)

7.5.3.1.1 Capability index with systematic error C_{gk}

Very similar to the process capability, a C_g gives only the *potential* capability as it does not include if the measures are centered around a mean. This is overcome by computing the Measurement Capability Index with systematic error C_{gk} , which incorporates the mean via (7.19).

$$C_{gk} = \frac{(0.5 * K/100) * Tol - |\bar{x} - x_{true}|}{3 * \sigma} \quad (7.19)$$

Tol Tolerance

\bar{x} mean of the measurements

K percentage of the tolerance (20%)

x_{true} the “true” value of the reference (calibration)

σ standard deviation of the measurements

7.5.3.2 MSA1 example

In Table 7.1 the raw data that was collected during the experiments is depicted, whereas in Figure 7.22 the same data is shown in graphical format.

On the **x-axis** the measurement index is shown, the **y-axis** shows the measurement value. One of the main advantages of a MSA1 is, that a reference value is known, because

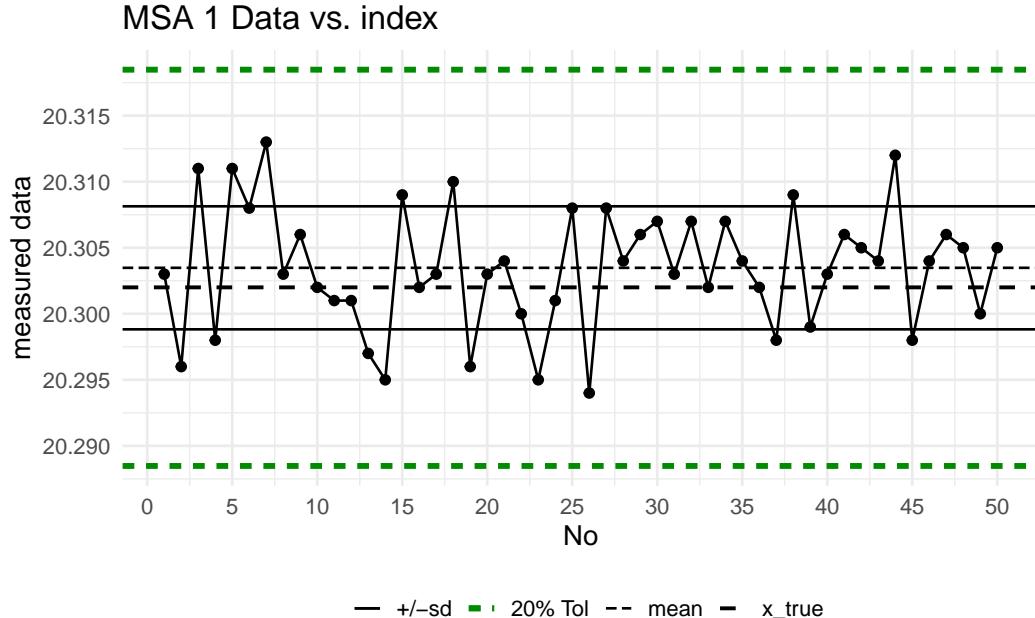


Figure 7.22: The data as measured during the MSA1 with all measures included.

the values are taken agains a standard reference normal. This true value (x_{true} in Figure 7.22, dashed black line) allows the estimation of a systematic error. The 20% tolerance (7.19) is shown as dashed green line. This is the reduced tolerance in which the gage shall be capable to produce good measurement values.

7.5.3.2.1 Data Distribution

Measurement errors are often assumed to be normally distributed due to the CLT and the nature of random processes involved. The CLT states that the sum of many independent, random variables tends to follow a normal distribution, even if the original variables are not normally distributed. Measurement errors typically result from the combination of numerous small, independent errors, such as instrument precision, environmental factors, and human mistakes. This aggregation leads to a normal distribution of the overall errors.

Additionally, many error sources are random and independent, further supporting the normal distribution assumption. The normal distribution is mathematically convenient, being fully described by its mean and variance, which simplifies statistical analysis and hypothesis testing. Empirical evidence across various fields also shows that measurement errors often approximate a normal distribution.

While the normal distribution is a useful assumption, it may not always be valid. In cases with asymmetric errors, heavy tails, or significant outliers, other distributions may

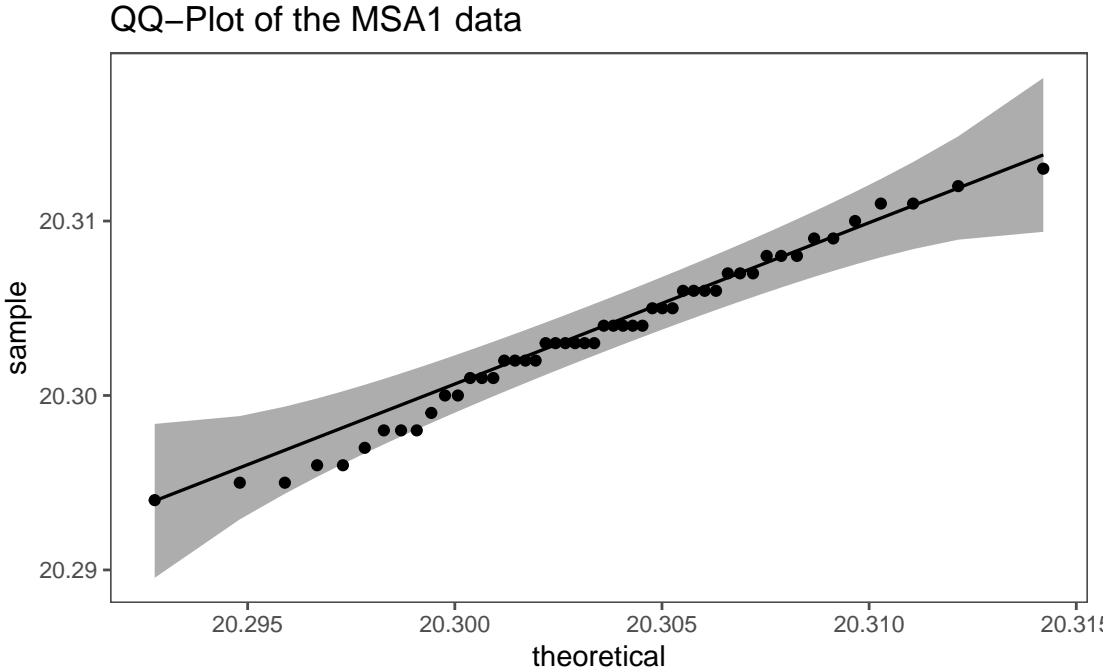


Figure 7.23: By definition, measurement errors should be normally distributed.

Table 7.2: C_g, C_{gk} for the measured values

C_g	C_{gk}
2.13	2.02

be more appropriate. Nonetheless, for many practical purposes, assuming a normal distribution for measurement errors is reasonable and effective.

7.5.3.2.2 computed values

In Table 7.2 the numeric values for C_g and C_{gk} are shown. Both values are well above 1.33 which indicates that the gage is fit for the measurement purpose at hand (defined by the tolerance). The *potential* gage capability (C_g) is greater than the *actual* gage capability C_{gk} which implies a systematic error, but the numeric values being > 2 there seems not to be any reason to take serious action. If the systematic error is significant could be tested using the *t-test for one variable*.

7.5.4 Measurement System Analysis Type II (Gage R&R)

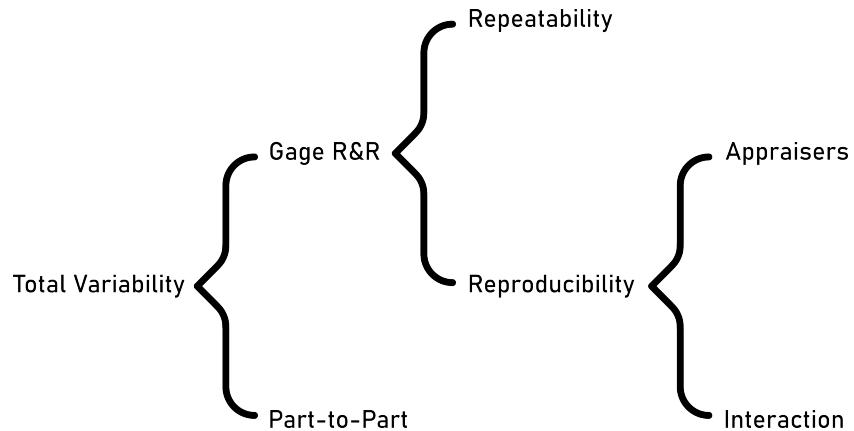


Figure 7.24: The general principle of a gage R & R

A Gage R&R study assesses the variation in measurements from a specific process by measuring the same parts multiple times with the same instrument by different operators. It helps determine the reliability of the measurement system and identifies areas for improvement.

7.5.4.1 Definitions

Accuracy The closeness of agreement between a test result and the accepted reference value(Cano, Moguerza, and Redchuk 2012).

Trueness The closeness of agreement between the average value obtained from a large series of test results and an accepted reference value(Cano, Moguerza, and Redchuk 2012).

Precision The closeness of agreement between independent test results obtained under stipulated conditions(Cano, Moguerza, and Redchuk 2012).

Repeatability Precision under repeatability conditions (where independent test results are obtained using the same method on identical test items in the same laboratory

7.5 The role of measurement accuracy in production

by the same operator using the same equipment within short intervals of time)(Cano, Moguerza, and Redchuk 2012).

Reproducibility Precision under reproducibility conditions (where test results are obtained using the same method on identical test items in different laboratories with different operators using different equipment)(Cano, Moguerza, and Redchuk 2012).

7.5.4.2 Introductory example

- A battery manufacturer makes several types of batteries for domestic use.
- Voltage is Critical To Quality (CTQ)
- the parts are the batteries $a = 3$
- the appraisers are the voltmeters $b = 2$
- measurement is taken three times $n = 3$
- $a \times b \times n = 3 \times 2 \times 3 = 18$ measurements

7.5.4.3 The data

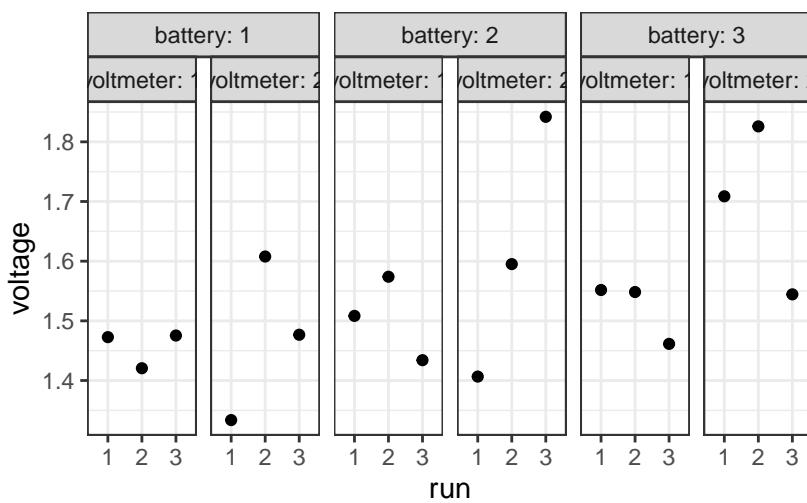


Figure 7.25: The data from the 18 experiments for the GageR&R

7 Production Statistics

7.5.4.4 The analysis

```
anova(lm(voltage ~ battery + voltmeter + battery * voltmeter,  
         data = ss.data.batteries))
```

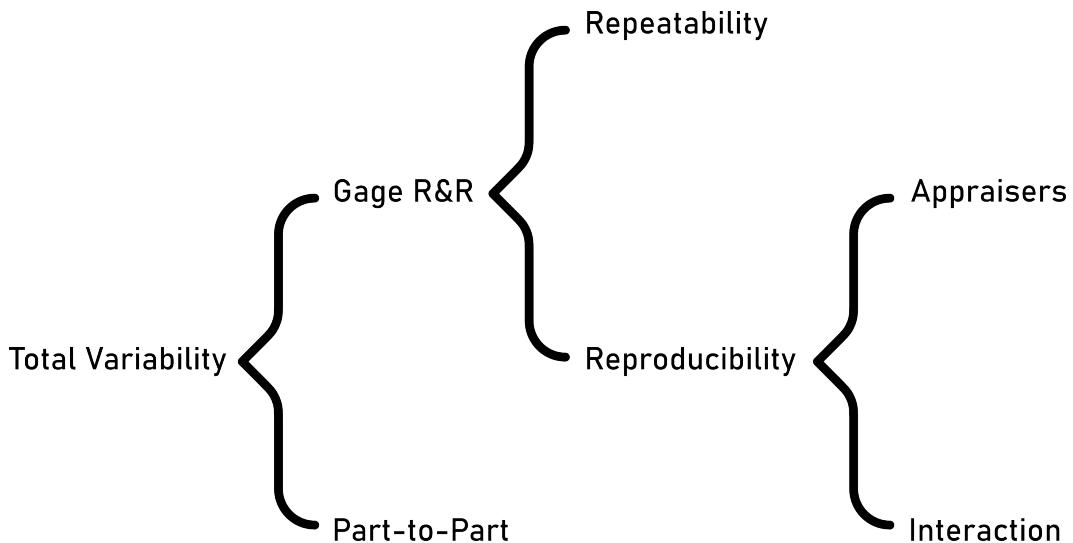
Analysis of Variance Table

Response: voltage

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
battery	2	0.063082	0.031541	1.9939	0.1788
voltmeter	1	0.044442	0.044442	2.8095	0.1195
battery:voltmeter	2	0.018472	0.009236	0.5839	0.5728
Residuals	12	0.189821	0.015818		

WOW!

7.5.4.5 Variance decomposition - the theory



7.5.4.5.1 Repeatability

$$\sigma_{\text{Repeatability}}^2 = MSE \quad (7.20)$$

7.5 The role of measurement accuracy in production

- directly obtainable in ANOVA table

7.5.4.5.2 Reproducibility

$$\sigma_{Reproduciblty}^2 = \sigma_{Appraiser}^2 + \sigma_{Interaction}^2 \quad (7.21)$$

$$\sigma_{Appraiser}^2 = \frac{MSB - MSAB}{a \times n} \quad (7.22)$$

$\sigma_{Appraiser}^2$ Variance introduced by appraisers

MSB Mean of squares - B

$MSAB$ Mean squares of interaction - AB

a number of levels for factor - number of batteries: 3

n number of replicated measures: 3

$$\sigma_{Interaction}^2 = \frac{MSBA - MSE}{n} \quad (7.23)$$

$\sigma_{Interaction}^2$ Variance introduced by interaction

$MSAB$ Mean squares of interaction - AB

MSE Mean squares of error

n number of replicated measures: 3

7.5.4.5.3 Gage R&R

$$\sigma_{Gage R\&R}^2 = \sigma_{Repeatability}^2 + \sigma_{Reproducibility}^2 \quad (7.24)$$

All variance is calculated that comes from the Gage!

Are we finished?

We measure *something*, so what about the part?

7.5.4.5.4 Part to Part

$$\sigma_{Part to Part}^2 = \frac{MSA - MSAB}{b \times n} \quad (7.25)$$

$\sigma_{Part to Part}^2$ Variance introduced by the parts

MSA Mean of squares - A

$MSAB$ Mean squares of interaction - AB

b number of appraisers - number of voltmeters: 2

n number of replicated measures: 3

7.5.4.5.5 Total Variability

a: number of parts
 b: number of appraisers
 n: number of replications

$$\begin{aligned} \text{Total Variability } \sigma_{Total}^2 &= \left(\sigma_{Gage R\&R}^2 + \sigma_{Repeatability}^2 + \sigma_{Reproducibility}^2 \right) + \left(\sigma_{Appraisers}^2 + \sigma_{Interaction}^2 \right) \\ &\quad + \sigma_{Part to Part}^2 \\ \sigma_{Part to Part}^2 &= \frac{MSA - MSAB}{b \times n} \\ \sigma_{Repeatability}^2 &= MSE \\ \sigma_{Appraisers}^2 &= \frac{MSB - MSAB}{a \times n} \\ \sigma_{Interaction}^2 &= \frac{MSBA - MSE}{n} \end{aligned}$$

7.5 The role of measurement accuracy in production

7.5.4.6 Variance decomposition - the values

$$\begin{aligned}
 \sigma_{\text{Repeatability}}^2 &= 0.0158 \\
 \sigma_{\text{Appraiser}}^2 &= 0.0039 \\
 \sigma_{\text{Interaction}}^2 &= 0 < 0 \rightarrow 0 \\
 \sigma_{\text{Reproducibility}}^2 &= 0.0039 \\
 \sigma_{\text{Gage R\&R}}^2 &= 0.0197 \\
 \sigma_{\text{Part to Part}}^2 &= 0.0037 \\
 \sigma_{\text{Total}}^2 &= 0.0234
 \end{aligned}$$

7.5.4.7 Gage R&R “standardized output”

7.5.4.7.1 AVNOVA table

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
battery	2	0.06308	0.03154	3.415	0.227
voltmeter	1	0.04444	0.04444	4.812	0.160
battery:voltmeter	2	0.01847	0.00924	0.584	0.573
Repeatability	12	0.18982	0.01582		
Total	17	0.31582			

7.5.4.7.2 ANOVA reduced model

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
battery	2	0.06308	0.03154	2.120	0.157
voltmeter	1	0.04444	0.04444	2.987	0.106
Repeatability	14	0.20829	0.01488		
Total	17	0.31582			

7.5.4.7.3 Variance decomposition

	VarComp	%Contrib
Total Gage R&R	0.018162959	86.74
Repeatability	0.014878111	71.05
Reproducibility	0.003284848	15.69
voltmeter	0.003284848	15.69
Part-To-Part	0.002777127	13.26
Total Variation	0.020940086	100.00

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7.5.4.7.4 Study Variance

	StdDev	StudyVar	%StudyVar	%Tolerance
Total Gage R&R	0.13477002	0.8086201	93.13	80.86
Repeatability	0.12197586	0.7318552	84.29	73.19
Reproducibility	0.05731359	0.3438816	39.61	34.39
voltmeter	0.05731359	0.3438816	39.61	34.39
Part-To-Part	0.05269846	0.3161907	36.42	31.62
Total Variation	0.14470690	0.8682414	100.00	86.82

7.5.4.7.5 ndc - number of distinct categories

[1] 1

7.5.4.7.6 standardized graphical output

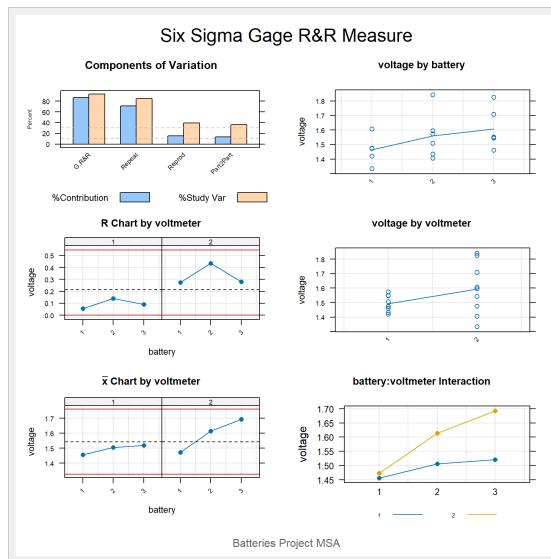


Figure 7.26: A standardized graphical output after a complete GageR&R

7.5.4.8 Gage R&R in the classroom

- 3 parts
- 3 volunteers
- 1 recorder

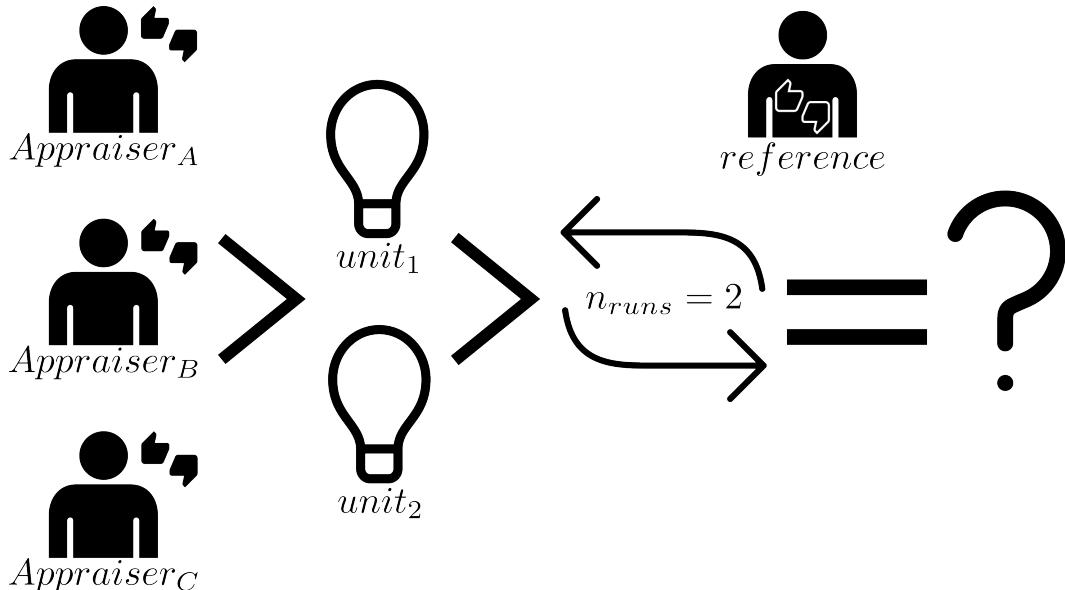
7.5 The role of measurement accuracy in production

- 1 gage
- 10 experiments
- 3 repetitions
- randomize the trials
- now do it

7.5.4.9 Attribute Agreement Analysis

Attribute Agreement Analysis (AAA) is a statistical method used to evaluate the agreement among multiple observers when assigning categorical ratings to items. It involves defining attributes, selecting observers, collecting ratings, and analyzing the data to determine the level of agreement. This helps ensure the reliability of assessments and informs decision-making processes.

7.5.4.9.1 Setup



7.5.4.9.2 Results

Table 7.3

appraiser	runs	units	reference	results
1	1	3	bad	bad
1	1	1	good	good
1	1	2	bad	good
2	1	3	bad	good
2	1	1	good	good
2	1	2	bad	good
1	2	3	good	good
1	2	1	bad	bad
1	2	2	bad	bad
2	2	3	good	bad
2	2	1	bad	bad
2	2	2	bad	good

7.5.4.9.3 Overall agreement

$$Agreement_{overall} = 100 \times \frac{X}{N} \quad (7.26)$$

X number of times appraisers agree with reference

N number of rows with valid data

$$Agreement_{overall} = 58.3\%$$

7.5.4.9.4 Appraiser Agreement

$$Agreement_{appraiser} = 100 \times \frac{X}{N} \quad (7.27)$$

X number of times the single appraisers agrees with reference

N_i number of runs for the i -th appraiser

$$\begin{aligned}Appraiser_1 &= 83.3\% \\Appraiser_2 &= 33.3\%\end{aligned}$$

7.5.4.9.5 Reference Agreement

$$Agreement_{reference} = 100 \times \frac{X}{N} \quad (7.28)$$

X number of times result agrees with the reference

N_i number of runs for the i -th result

$$\begin{aligned}Reference_{bad} &= 50\% \\Reference_{good} &= 75\%\end{aligned}$$

7.5.4.9.6 Run agreement

$$Agreement_{run} = 100 \times \frac{X}{N} \quad (7.29)$$

X number of reference agreement in runs

N_i number of runs for the i -th run

$$\begin{aligned}Reference_1 &= 50\% \\Reference_2 &= 66.7\%\end{aligned}$$

7.5.4.9.7 Appraiser and reference agreement

$$Agreement_{appraiser ref} = 100 \times \frac{X}{N} \quad (7.30)$$

X number of reference agreement in for appraisers in reference class

N_i number of agreements for the i -th appraiser and the i -th standard

Table 7.4

appraiser	reference	overall_agreement
1	bad	75.00%
1	good	100.00%
2	bad	25.00%
2	good	50.00%

7.5.4.9.8 graphical representation

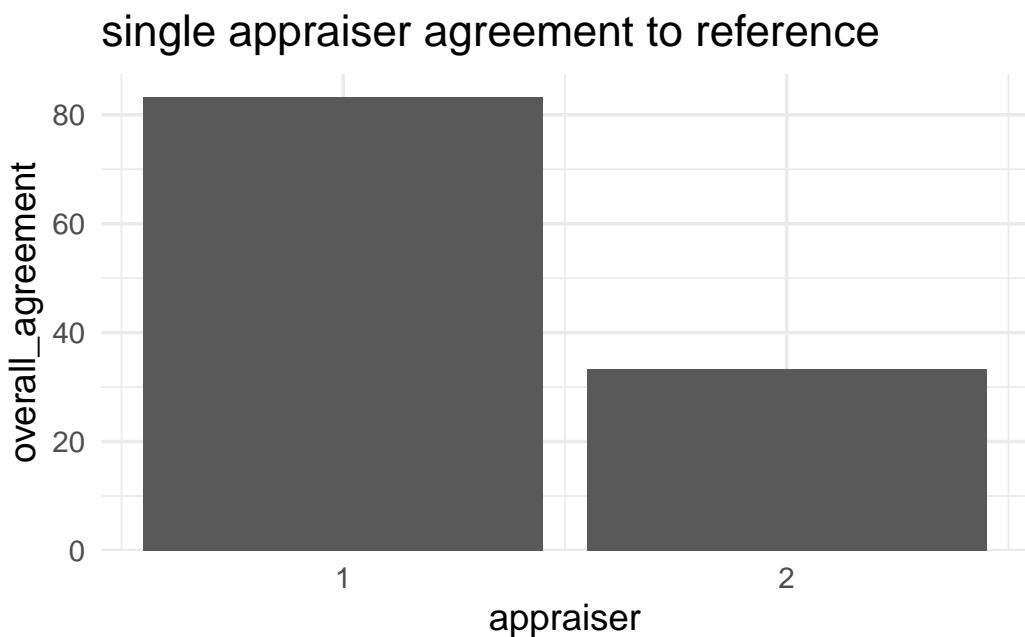


Figure 7.27: Single appraiser agreement to reference.

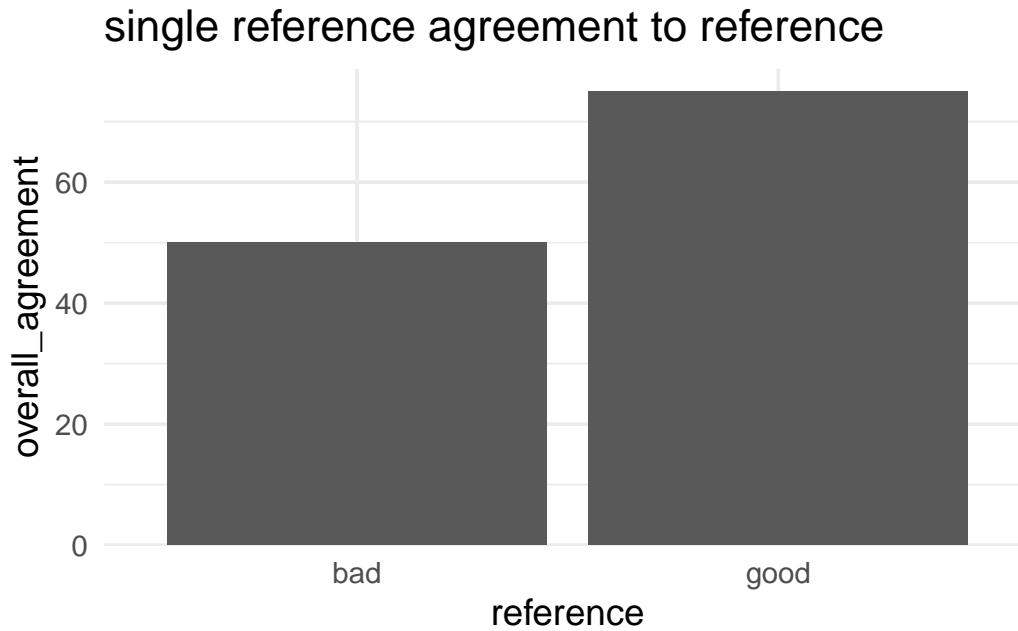


Figure 7.28: How good is the agreement in the reference?

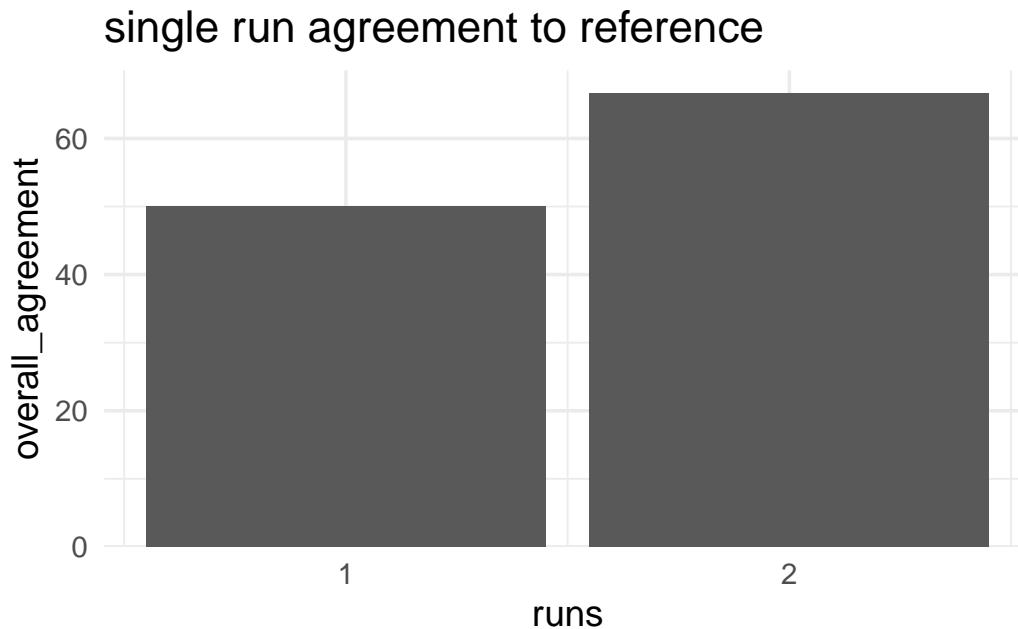


Figure 7.29: Single run agreement to reference.

7 Production Statistics

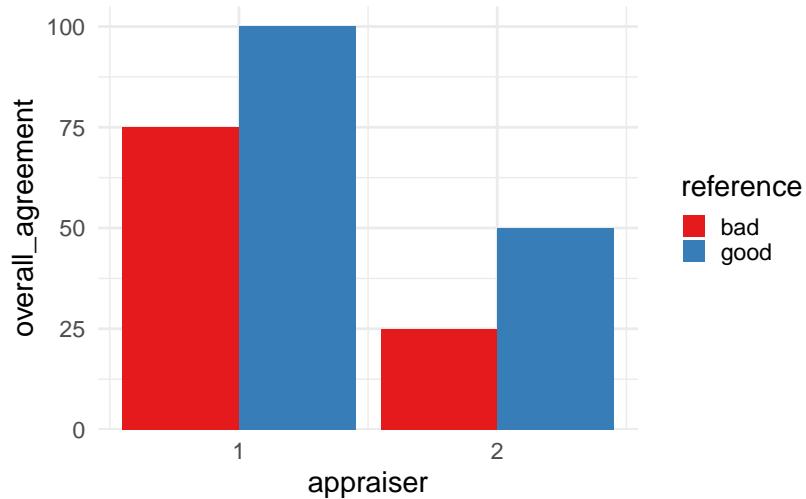
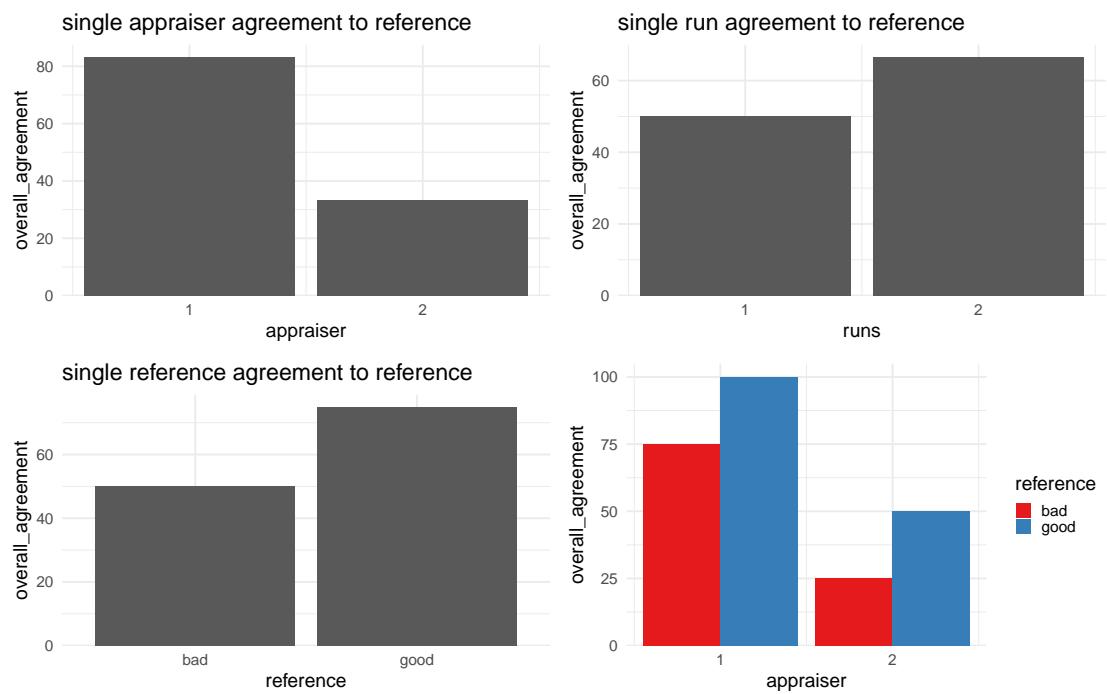


Figure 7.30: Appraiser ref agreement



8 Introduction to Design of Experiments (DoE)

8.1 (O)ne (F)actor (A)t a (T)ime

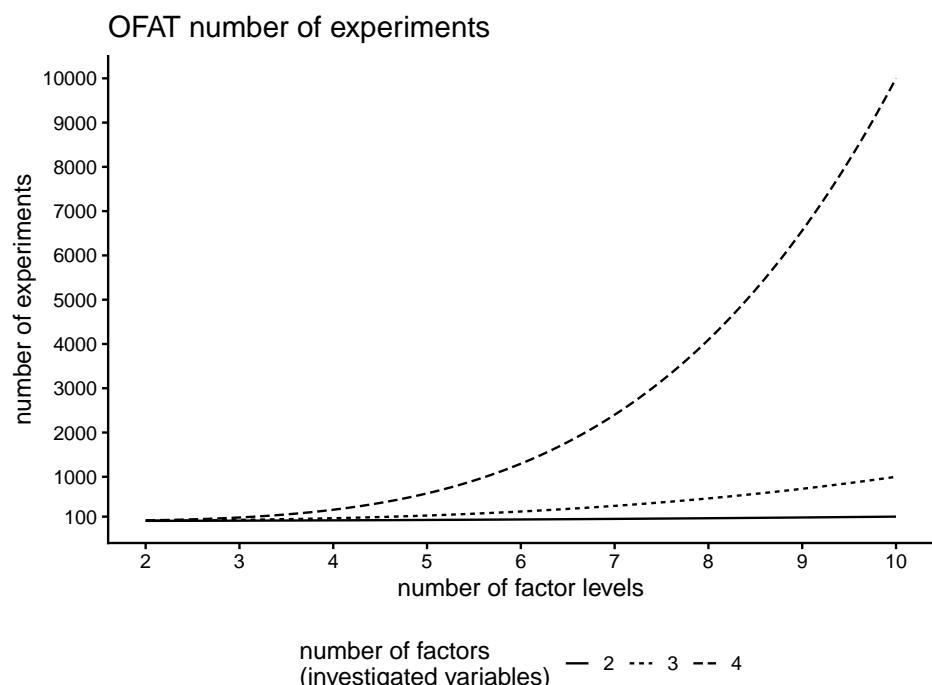


Figure 8.1: OFAT quickly becomes cumbersome

8.2 curse of dimensionality

$$n_{\text{experiments}} = n_{\text{levels}}^{n_{\text{factors}}} \quad (8.1)$$

8.3 Concept of ANOVA

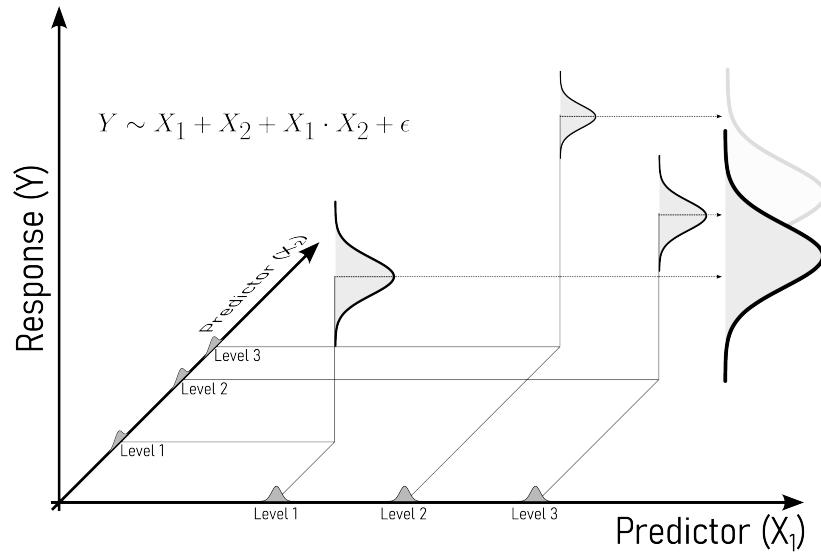


Figure 8.2: classical ANOVA concept

8.4 Basics of Experimental Design

Design of Experiments

8.5 Experimental planning strategies

1. No planning

- bad way of conducting an experiment
- happens often enough (trial-and-error approach)

2. Plan everything at the beginning

- after definition the entire budget is allocated to perform all possible experiments
- does not take into account intermediate results
- spend money on experiments that contributed nothing to our knowledge of the process

3. Sequential planning

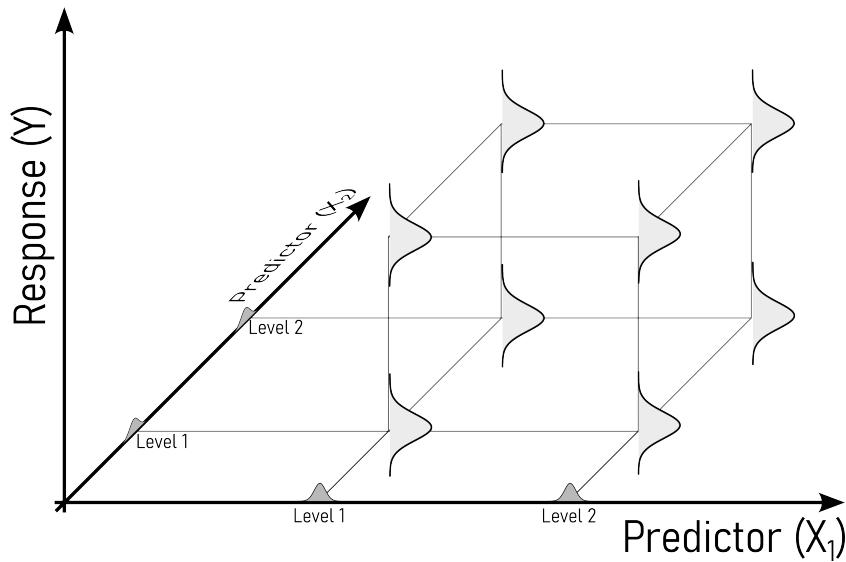


Figure 8.3: The connection between ANOVA and DoE.

- first stage, a reduced number of trials will be conducted to make decisions about the next stage
- first stage should consume between 25% and 40% of the budget
- most of the budget should be spent in subsequent stages, taking into account previous results.

8.6 pizza dough example

- representation of factors and levels for a designed experiment
- example: pizza dough
 - food manufacturer is looking for the best recipe for its main product: pizza dough sold in retailers
 - three factors shall be determined: `flour`, `salt`, baking powder: `bakPow`
 - response will be determined by experts as `score`
 - factors are to be set `low` (–) and `high` (+)

8.7 design matrix

Be bold, but not stupid!

Table 8.1: The design matrix for the pizza dough experimentation

flour	salt	bakPow	score
-	-	-	NA
+	-	-	NA
-	+	-	NA
+	+	-	NA
-	-	+	NA
+	-	+	NA
-	+	+	NA
+	+	+	NA

Table 8.2: The randomized design matrix for experimental runs

flour	salt	bakPow	score	ord
+	-	-	NA	1
-	+	-	NA	2
+	+	+	NA	3
-	+	+	NA	4
+	+	-	NA	5
-	-	-	NA	6
+	-	+	NA	7
-	-	+	NA	8

8.7.1 progressive experimentation

- OFAT
 - will leave out **interactions** of variables
 - 2^k : two-level factor experimentation
 - including replications
1. *Screening* experiments: to select the most important factors
 2. *Characterizing* experiments: to study the model (residuals) of $Y = f(X)$
 3. *Optimization* experiments: operational minimum value for the process

8.8 Model assumptions

- randomization!

8.9 experimental model

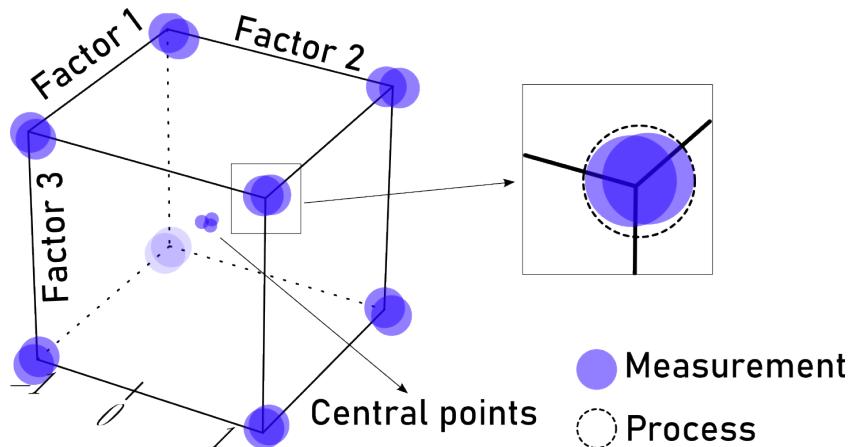


Figure 8.4: The experimental model for a DoE

8.10 analytical model

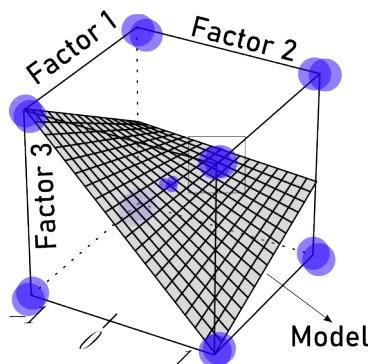


Figure 8.5: The experimental model with the fitted linear model.

8.11 2^k factorial Designs

k number of factors to be studied, all with 2 levels

n number of replications \rightarrow total number of experiments = $n \times 2^k$

A, B, \dots factors (uppercase latin letters)

α, β, \dots main effects

8.12 complete analytical model

- three factors, n replications

$$y_{ijkl} = \mu + \alpha_i + \beta_j + \gamma_k + (\alpha\beta)_{ij} + (\alpha\gamma)_{ik} + (\beta\gamma)_{kl} \quad (8.2)$$

$$\begin{aligned} &+ (\alpha\beta\gamma)_{ijk} + \epsilon_{ijkl} \\ &i = 1, 2 \quad j = 1, 2 \quad k = 1, 2 \quad l = 1 \dots n \\ &\epsilon_{ijkl} \sim N(0, \sigma) \end{aligned} \quad (8.3)$$

μ global mean of the response

α_i effect of factor A at level i

β_j effect of factor B at level j

γ_k effect of factor C at level k

$(\alpha\beta)_{ij}$ effect of the interaction of factors A and B at levels i and j

$(\alpha\gamma)_{ik}$ effect of the interaction of factors A and C at levels i and k

$(\beta\gamma)_{jk}$ effect of the interaction of factors B and C at levels j and k

$(\alpha\beta\gamma)_{ijk}$ effect of the interaction of factors A, B and C at levels i, j and k

ϵ_{ijkl} random error component of the model

8.12 complete analytical model

repl	flour	salt	bakPow	score	ord
1	-	-	-	5.33	2
1	+	-	-	6.99	4
1	-	+	-	4.23	8
1	+	+	-	6.61	5
1	-	-	+	2.26	1
1	+	-	+	5.75	6
1	-	+	+	3.26	3
1	+	+	+	6.24	7
2	-	-	-	5.70	2
2	+	-	-	7.71	4
2	-	+	-	5.13	8
2	+	+	-	6.76	5
2	-	-	+	2.79	1
2	+	-	+	4.57	6
2	-	+	+	2.48	3
2	+	+	+	6.18	7

flour	salt	bakPow	mean_score
-	-	-	5.515
-	-	+	2.525
-	+	-	4.680
-	+	+	2.870
+	-	-	7.350
+	-	+	5.160
+	+	-	6.685
+	+	+	6.210

8.12.1 pizza dough example raw data

“... bake the pizza for 9min at 180°C ...”

(Cano, Moguerza, and Redchuk 2012)

8.12.2 pizza dough example summarised data

8.12.3 pizza dough recipe full model

8 Introduction to Design of Experiments (DoE)

```
doe.model1 <- lm(score ~ flour + salt + bakPow +
flour * salt + flour * bakPow +
salt * bakPow + flour * salt * bakPow,
data = ss.data.doe1)

summary(doe.model1)
```

Call:

```
lm(formula = score ~ flour + salt + bakPow + flour * salt + flour *
bakPow + salt * bakPow + flour * salt * bakPow, data = ss.data.doe1)
```

Residuals:

Min	1Q	Median	3Q	Max
-0.5900	-0.2888	0.0000	0.2888	0.5900

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	5.5150	0.3434	16.061	2.27e-07 ***
flour+	1.8350	0.4856	3.779	0.005398 **
salt+	-0.8350	0.4856	-1.719	0.123843
bakPow+	-2.9900	0.4856	-6.157	0.000272 ***
flour+:salt+	0.1700	0.6868	0.248	0.810725
flour+:bakPow+	0.8000	0.6868	1.165	0.277620
salt+:bakPow+	1.1800	0.6868	1.718	0.124081
flour+:salt+:bakPow+	0.5350	0.9712	0.551	0.596779

Signif. codes:	0 '***'	0.001 '**'	0.01 '*'	0.05 '.'
	0.1	' '	1	

Residual standard error: 0.4856 on 8 degrees of freedom
Multiple R-squared: 0.9565, Adjusted R-squared: 0.9185
F-statistic: 25.15 on 7 and 8 DF, p-value: 7.666e-05

8.12.4 pizza dough recipe elimination model

```
doe.model2 <- lm(score ~ flour + bakPow,data = ss.data.doe1)

summary(doe.model2)
```

```

Call:
lm(formula = score ~ flour + bakPow, data = ss.data.doe1)

Residuals:
    Min      1Q  Median      3Q     Max 
-0.84812 -0.54344  0.06063  0.44406  0.86938 

Coefficients:
            Estimate Std. Error t value Pr(>|t|)    
(Intercept)  4.8306    0.2787 17.330 2.30e-10 ***
flour+       2.4538    0.3219  7.624 3.78e-06 ***
bakPow+     -1.8662    0.3219 -5.798 6.19e-05 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.6437 on 13 degrees of freedom
Multiple R-squared:  0.8759,   Adjusted R-squared:  0.8568 
F-statistic: 45.87 on 2 and 13 DF,  p-value: 1.288e-06

```

8.12.5 pizza dough statistical model

$$\widehat{score} = 4.83 + 2.45 \times flour - 1.87 \times bakPow \quad (8.4)$$

$$\widehat{score} = 5.12 + 1.23 \times flour - 0.93 \times bakPow \quad (8.5)$$

8.12.6 main effect plot

8.12.7 interaction plot

8.12.8 model validity

8.12.8.1 residual patterns

8.12.8.2 residual distribution

```
shapiro.test(doe.model2_aug$resid)
```

Shapiro-Wilk normality test

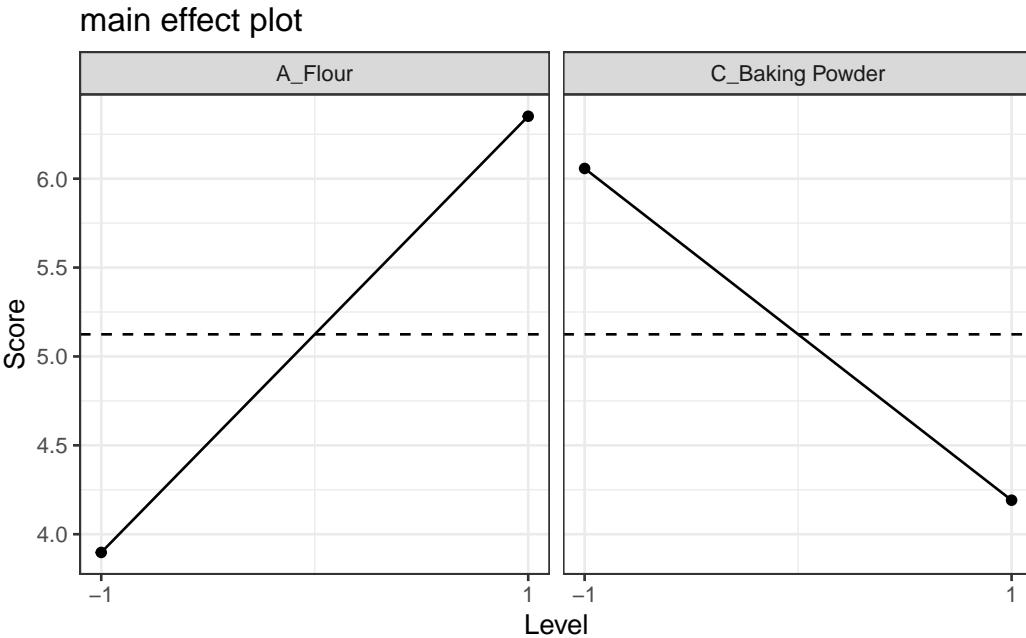


Figure 8.6: The main effect plot for the pizza dough model

```
data: doe.model2_aug$resid
W = 0.90652, p-value = 0.1023
```

8.13 Design of Experiments for process improvement

What if ...

... not all influencing factors (X) on the process have been identified?

... some X depend on external conditions and are not under control?

robust design

... means also including *noise* factors that are not under our control.

8.13.1 pizza dough example

- pizzas came out pretty bad as reported by the customers
- pizza quality heavily relies on baking conditions! ($T = 180^{\circ}\text{C}, t = 9\text{min}$)
- almost **nobody** followed the recipe

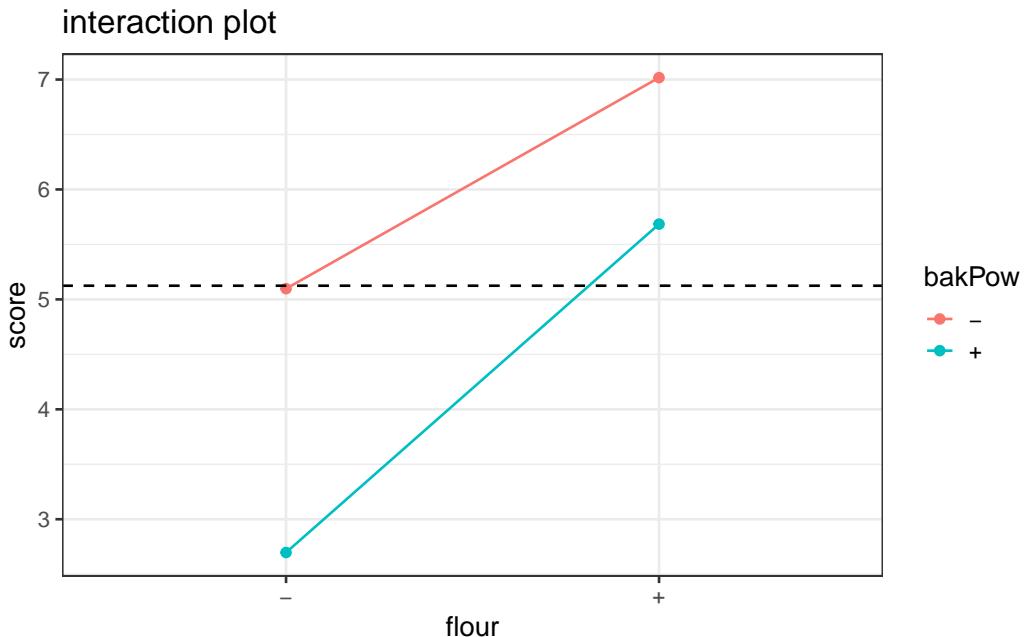


Figure 8.7: The interaction plot for the pizza dough model

- noise factors are included with two levels
 - 7min and 11min as $t+$ and $t-$
 - 160°C and 200°C as $T+$ and $T-$
- 2^5 factorial design with 2 replications = 64 experimental runs

8.14 linear model - first run

Call:

```
lm(formula = score ~ (. - repl)^3, data = ss.data.doe2)
```

Residuals:

Min	1Q	Median	3Q	Max
-1.20094	-0.32937	0.02625	0.35656	1.07187

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	3.16906	0.42203	7.509	5.09e-09 ***
flour+	0.07406	0.54902	0.135	0.89340

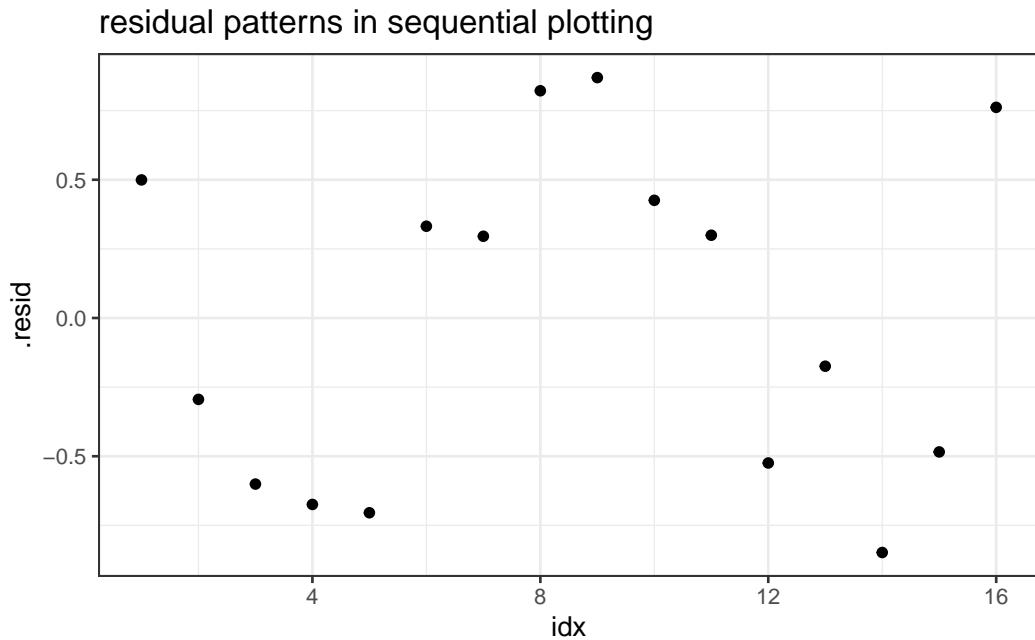


Figure 8.8: Check for any pattern in the model residuals

salt+	-1.47219	0.54902	-2.681	0.01078	*
bakPow+	-1.43219	0.54902	-2.609	0.01293	*
temp+	2.56156	0.54902	4.666	3.75e-05	***
time+	1.49594	0.54902	2.725	0.00967	**
flour+:salt+	1.71000	0.66214	2.583	0.01378	*
flour+:bakPow+	2.14000	0.66214	3.232	0.00254	**
flour+:temp+	-1.26250	0.66214	-1.907	0.06414	.
flour+:time+	0.46375	0.66214	0.700	0.48796	
salt+:bakPow+	0.89250	0.66214	1.348	0.18567	
salt+:temp+	-0.19500	0.66214	-0.294	0.76998	
salt+:time+	1.38625	0.66214	2.094	0.04302	*
bakPow+:temp+	-1.17000	0.66214	-1.767	0.08526	.
bakPow+:time+	-1.30375	0.66214	-1.969	0.05628	.
temp+:time+	-3.91125	0.66214	-5.907	7.64e-07	***
flour+:salt+:bakPow+	0.14875	0.66214	0.225	0.82346	
flour+:salt+:temp+	1.52375	0.66214	2.301	0.02696	*
flour+:salt+:time+	-1.11875	0.66214	-1.690	0.09930	.
flour+:bakPow+:temp+	0.22375	0.66214	0.338	0.73728	
flour+:bakPow+:time+	0.09125	0.66214	0.138	0.89112	
flour+:temp+:time+	0.30125	0.66214	0.455	0.65172	
salt+:bakPow+:temp+	-0.33125	0.66214	-0.500	0.61977	
salt+:bakPow+:time+	0.33625	0.66214	0.508	0.61451	

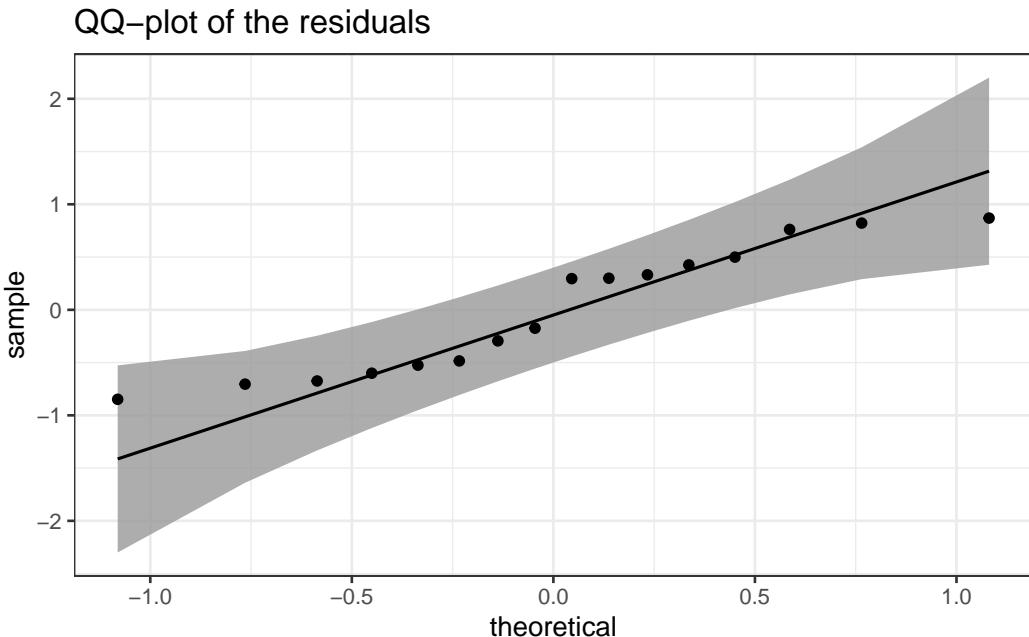


Figure 8.9: Check for the residuals normality (QQ plot)

```

salt+temp+time+   -1.04375    0.66214  -1.576  0.12324
bakPow+temp+time+  2.19125    0.66214   3.309  0.00205 **

---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.6621 on 38 degrees of freedom
Multiple R-squared:  0.9037,   Adjusted R-squared:  0.8404
F-statistic: 14.27 on 25 and 38 DF,  p-value: 1.428e-12

```

8.15 linear model - stepwise elimination

8.15.1 get rid of non-significant

```
selectionvar <- step(model.probl, method="backwards")
```

```

Start:  AIC=-34.13
score ~ ((repl + flour + salt + bakPow + temp + time) - repl)^3

Df Sum of Sq      RSS      AIC

```

8 Introduction to Design of Experiments (DoE)

```

- flour:bakPow:time  1    0.0083 16.669 -36.102
- flour:salt:bakPow  1    0.0221 16.683 -36.049
- flour:bakPow:temp  1    0.0501 16.710 -35.942
- flour:temp:time   1    0.0908 16.751 -35.787
- salt:bakPow:temp  1    0.1097 16.770 -35.714
- salt:bakPow:time  1    0.1131 16.773 -35.701
<none>                  16.660 -34.134
- salt:temp:time   1    1.0894 17.750 -32.080
- flour:salt:time  1    1.2516 17.912 -31.498
- flour:salt:temp  1    2.3218 18.982 -27.784
- bakPow:temp:time 1    4.8016 21.462 -19.926

```

Step: AIC=-36.1

```

score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +
      flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
      bakPow:temp + bakPow:time + temp:time + flour:salt:bakPow +
      flour:salt:temp + flour:salt:time + flour:bakPow:temp + flour:temp:time +
      salt:bakPow:temp + salt:bakPow:time + salt:temp:time + bakPow:temp:time

```

	Df	Sum of Sq	RSS	AIC
- flour:salt:bakPow	1	0.0221	16.691	-38.017
- flour:bakPow:temp	1	0.0501	16.719	-37.910
- flour:temp:time	1	0.0908	16.759	-37.755
- salt:bakPow:temp	1	0.1097	16.779	-37.682
- salt:bakPow:time	1	0.1131	16.782	-37.670
<none>			16.669	-36.102
- salt:temp:time	1	1.0894	17.758	-34.050
- flour:salt:time	1	1.2516	17.920	-33.469
- flour:salt:temp	1	2.3218	18.991	-29.756
- bakPow:temp:time	1	4.8016	21.470	-21.902

Step: AIC=-38.02

```

score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +
      flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
      bakPow:temp + bakPow:time + temp:time + flour:salt:temp +
      flour:salt:time + flour:bakPow:temp + flour:temp:time + salt:bakPow:temp +
      salt:bakPow:time + salt:temp:time + bakPow:temp:time

```

	Df	Sum of Sq	RSS	AIC
- flour:bakPow:temp	1	0.0501	16.741	-39.826
- flour:temp:time	1	0.0908	16.782	-39.670
- salt:bakPow:temp	1	0.1097	16.801	-39.598
- salt:bakPow:time	1	0.1131	16.804	-39.585

8.15 linear model - stepwise elimination

```

<none>                               16.691 -38.017
- salt:temp:time      1    1.0894 17.780 -35.971
- flour:salt:time    1    1.2516 17.942 -35.390
- flour:salt:temp    1    2.3218 19.013 -31.682
- bakPow:temp:time   1    4.8016 21.492 -23.836

Step: AIC=-39.83
score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +
       flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
       bakPow:temp + bakPow:time + temp:time + flour:salt:temp +
       flour:salt:time + flour:temp:time + salt:bakPow:temp + salt:bakPow:time +
       salt:temp:time + bakPow:temp:time

          Df Sum of Sq     RSS     AIC
- flour:temp:time   1    0.0908 16.832 -41.480
- salt:bakPow:temp  1    0.1097 16.851 -41.408
- salt:bakPow:time  1    0.1131 16.854 -41.395
<none>                           16.741 -39.826
- salt:temp:time    1    1.0894 17.830 -37.791
- flour:salt:time   1    1.2516 17.993 -37.211
- flour:salt:temp   1    2.3218 19.063 -33.513
- bakPow:temp:time  1    4.8016 21.543 -25.687
- flour:bakPow      1    22.5032 39.244  12.699

Step: AIC=-41.48
score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +
       flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
       bakPow:temp + bakPow:time + temp:time + flour:salt:temp +
       flour:salt:time + salt:bakPow:temp + salt:bakPow:time + salt:temp:time +
       bakPow:temp:time

          Df Sum of Sq     RSS     AIC
- salt:bakPow:temp  1    0.1097 16.941 -43.064
- salt:bakPow:time  1    0.1131 16.945 -43.051
<none>                           16.832 -41.480
- salt:temp:time    1    1.0894 17.921 -39.466
- flour:salt:time   1    1.2516 18.083 -38.889
- flour:salt:temp   1    2.3218 19.154 -35.209
- bakPow:temp:time  1    4.8016 21.633 -27.418
- flour:bakPow      1    22.5032 39.335  10.847

Step: AIC=-43.06
score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +

```

8 Introduction to Design of Experiments (DoE)

```

flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
bakPow:temp + bakPow:time + temp:time + flour:salt:temp +
flour:salt:time + salt:bakPow:time + salt:temp:time + bakPow:temp:time

```

	Df	Sum of Sq	RSS	AIC
- salt:bakPow:time	1	0.1131	17.054	-44.638
<none>			16.941	-43.064
- salt:temp:time	1	1.0894	18.031	-41.075
- flour:salt:time	1	1.2516	18.193	-40.502
- flour:salt:temp	1	2.3218	19.263	-36.844
- bakPow:temp:time	1	4.8016	21.743	-29.094
- flour:bakPow	1	22.5032	39.445	9.025

Step: AIC=-44.64

```

score ~ flour + salt + bakPow + temp + time + flour:salt + flour:bakPow +
flour:temp + flour:time + salt:bakPow + salt:temp + salt:time +
bakPow:temp + bakPow:time + temp:time + flour:salt:temp +
flour:salt:time + salt:temp:time + bakPow:temp:time

```

	Df	Sum of Sq	RSS	AIC
<none>			17.054	-44.638
- salt:temp:time	1	1.0894	18.144	-42.675
- flour:salt:time	1	1.2516	18.306	-42.106
- flour:salt:temp	1	2.3218	19.376	-38.469
- salt:bakPow	1	3.7588	20.813	-33.891
- bakPow:temp:time	1	4.8016	21.856	-30.762
- flour:bakPow	1	22.5032	39.558	7.208

8.15.2 main effect and interaction

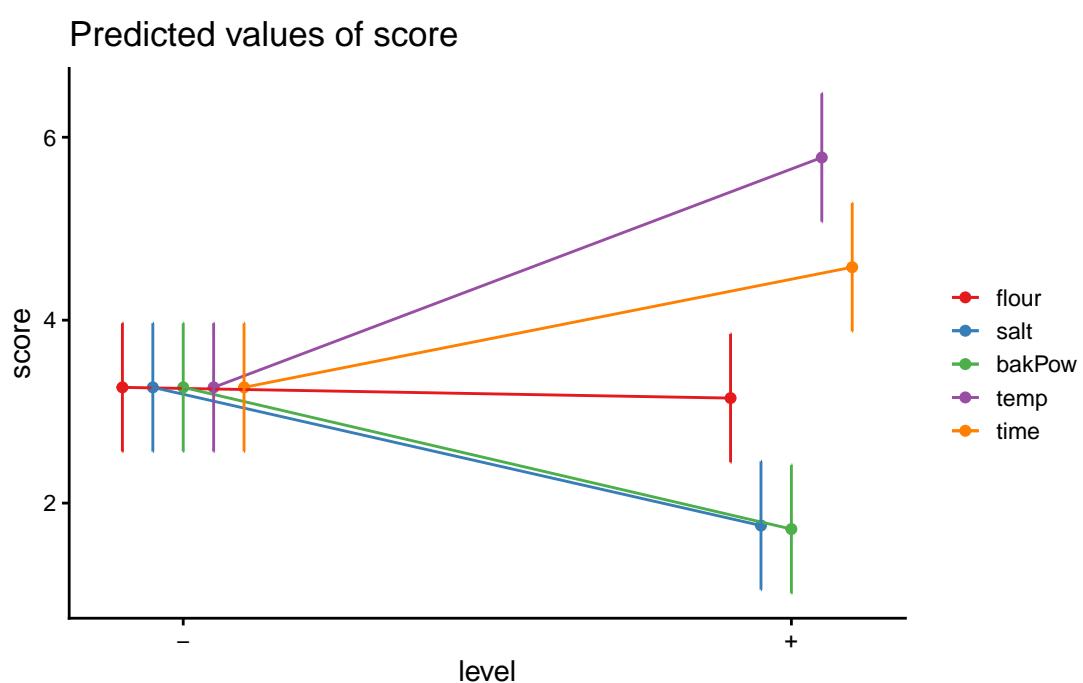
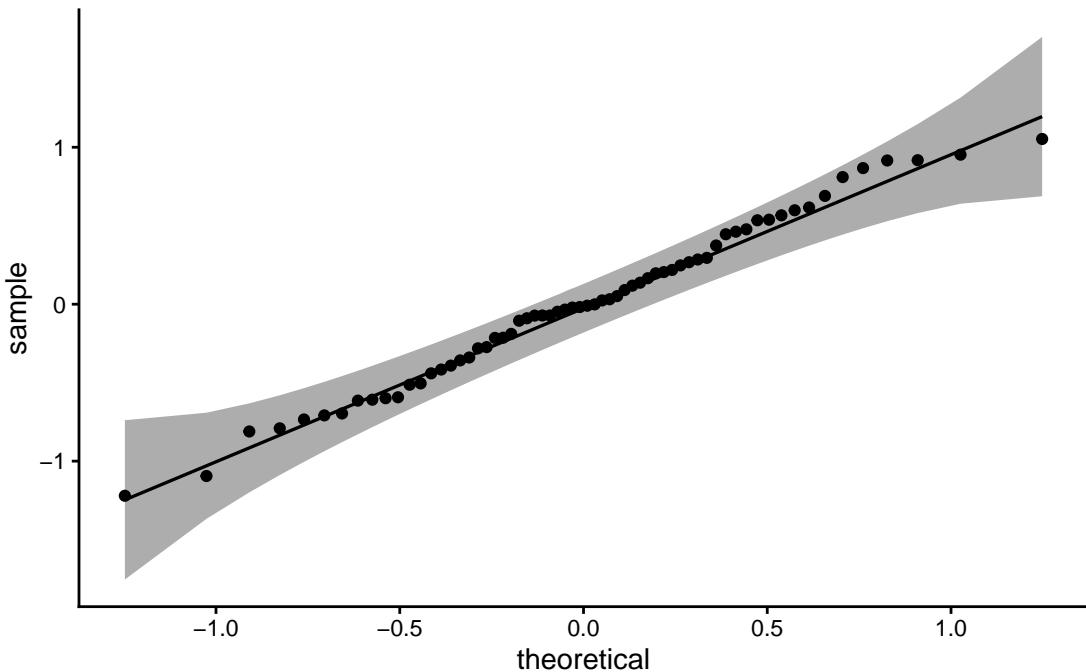


Table 8.3: The pragmatic results for the DoE

flour	salt	bakPow	score	T1t1	T2t1	T1t2	T2t2	Mean	SD
-	-	-	5.515	3.675	5.120	4.185	3.900	4.479	0.6352559
+	-	-	7.350	3.370	4.520	5.050	2.940	4.646	0.9814615
-	+	-	4.680	0.955	4.910	5.295	1.170	3.402	2.3394319
+	+	-	6.685	3.590	5.895	5.625	3.870	5.133	1.1827299
-	-	+	2.525	1.915	3.055	1.725	1.700	2.184	0.6446882
+	-	+	5.160	3.140	5.010	5.535	2.900	4.349	1.3216617
-	+	+	2.870	1.215	1.860	3.040	1.310	2.059	0.8388223
+	+	+	6.210	5.805	6.110	5.980	5.965	6.014	0.1249667

8.15.3 check residuals



8.15.4 pragmatic result

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