

GLOBAL
EDITION



Business Statistics

A First Course

8E

David M. Levine
Kathryn A. Szabat
David F. Stephan



A ROADMAP FOR SELECTING A STATISTICAL METHOD

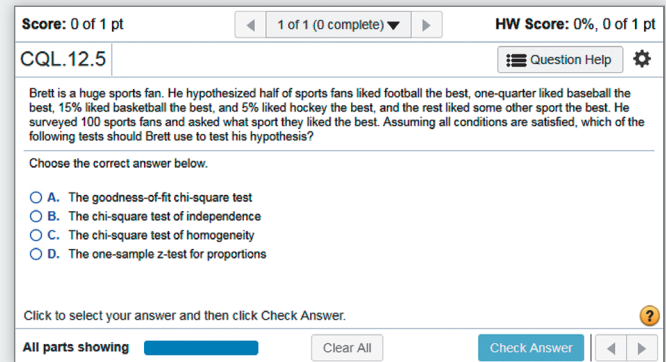
Data Analysis Task	For Numerical Variables	For Categorical Variables
Describing a group or several groups	<p>Ordered array, stem-and-leaf display, frequency distribution, relative frequency distribution, percentage distribution, cumulative percentage distribution, histogram, polygon, cumulative percentage polygon (Sections 2.2, 2.4)</p> <p>Mean, median, mode, geometric mean, quartiles, range, interquartile range, standard deviation, variance, coefficient of variation, skewness, kurtosis, boxplot, normal probability plot (Sections 3.1, 3.2, 3.3, 6.3)</p> <p>Dashboards (Section 14.2)</p>	<p>Summary table, bar chart, pie chart, doughnut chart, Pareto chart (Sections 2.1 and 2.3)</p>
Inference about one group	<p>Confidence interval estimate of the mean (Sections 8.1 and 8.2)</p> <p>t test for the mean (Section 9.2)</p>	<p>Confidence interval estimate of the proportion (Section 8.3)</p> <p>Z test for the proportion (Section 9.4)</p>
Comparing two groups	<p>Tests for the difference in the means of two independent populations (Section 10.1)</p> <p>Paired t test (Section 10.2)</p> <p>F test for the difference between two variances (Section 10.4)</p>	<p>Z test for the difference between two proportions (Section 10.3)</p> <p>Chi-square test for the difference between two proportions (Section 12.1)</p>
Comparing more than two groups	<p>One-way analysis of variance for comparing several means (Section 11.1)</p>	<p>Chi-square test for differences among more than two proportions (Section 12.2)</p>
Analyzing the relationship between two variables	<p>Scatter plot, time series plot (Section 2.5)</p> <p>Covariance, coefficient of correlation (Section 3.5)</p> <p>Simple linear regression (Chapter 13)</p> <p>t test of correlation (Section 13.7)</p> <p>Sparklines (Section 2.7)</p>	<p>Contingency table, side-by-side bar chart, PivotTables (Sections 2.1, 2.3, 2.6)</p> <p>Chi-square test of independence (Section 12.3)</p>
Analyzing the relationship between two or more variables	<p>Colored scatter plots, bubble chart, treemap (Section 2.7)</p> <p>Multiple regression (Chapters 14)</p> <p>Dynamic bubble charts (Section 14.2)</p> <p>Regression trees (Section 14.3)</p> <p>Cluster analysis (Section 14.5)</p> <p>Multidimensional scaling (Section 14.6)</p>	<p>Multidimensional contingency tables (Section 2.6)</p> <p>Drilldown and slicers (Section 2.7)</p> <p>Classification trees (Section 14.4)</p> <p>Multiple correspondence analysis (Section 14.6)</p>

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- Business Insight Videos show how managers at top companies use statistics in their everyday work.
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Score: 0 of 1 pt | 1 of 1 (0 complete) | HW Score: 0%, 0 of 1 pt

CQL.12.5 | Question Help

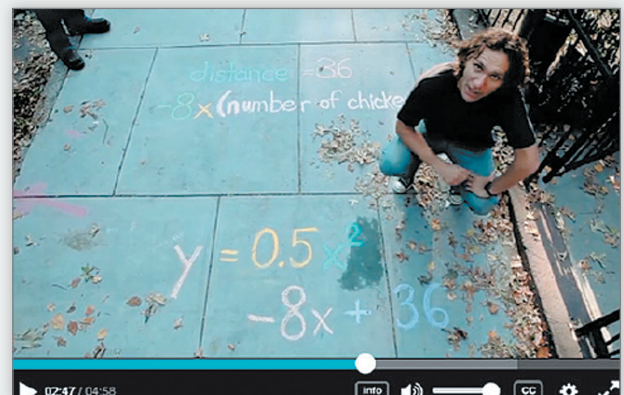
Brett is a huge sports fan. He hypothesized half of sports fans liked football the best, one-quarter liked baseball the best, 15% liked basketball the best, and 5% liked hockey the best, and the rest liked some other sport the best. He surveyed 100 sports fans and asked what sport they liked the best. Assuming all conditions are satisfied, which of the following tests should Brett use to test his hypothesis?

Choose the correct answer below.

- A. The goodness-of-fit chi-square test
- B. The chi-square test of independence
- C. The chi-square test of homogeneity
- D. The one-sample z-test for proportions

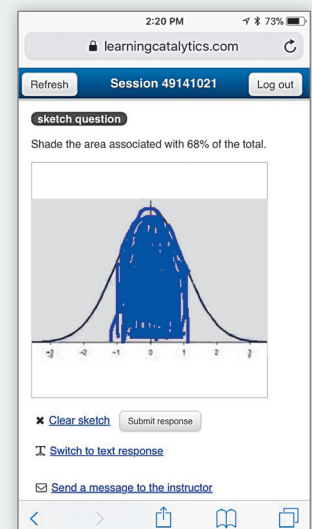
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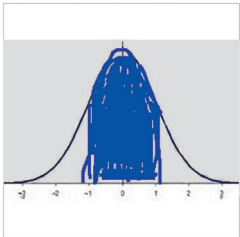


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Business Statistics

A First Course

EIGHTH EDITION
GLOBAL EDITION

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Authorized adaptation from the United States edition, entitled *Business Statistics A First Course*, 8th Edition, ISBN 978-0-13-517778-5 by David M. Levine, Kathryn A. Szabat, and David F. Stephan, published by Pearson Education © 2020.

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ISBN 10: 1-292-32036-2

ISBN 13: 978-1-292-32036-6

eBook ISBN 13: 978-1-292-32048-9

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

1 20

Typeset in Times NR MT Pro by SPi Global
eBook formatted by SPi Global

*To our spouses and children,
Marilyn, Mary, Sharyn, and Mark*

*and to our parents, in loving memory,
Lee, Reuben, Mary, William, Ruth and Francis J.*

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About the Authors



Kathryn Szabat, David Levine, and David Stephan

David M. Levine, Kathryn A. Szabat, and David F. Stephan are all experienced business school educators committed to innovation and improving instruction in business statistics and related subjects.

David Levine, Professor Emeritus of Statistics and CIS at Baruch College, CUNY, is a nationally recognized innovator in statistics education for more than three decades. Levine has coauthored 14 books, including several business statistics textbooks; textbooks and professional titles that explain and explore quality management and the Six Sigma approach; and, with David Stephan, a trade paperback that explains statistical concepts to a general audience. Levine has presented or chaired numerous sessions about business education at leading conferences conducted by the Decision Sciences Institute (DSI) and the American Statistical Association, and he

and his coauthors have been active participants in the annual DSI Data, Analytics, and Statistics Instruction (DASI) mini-conference. During his many years teaching at Baruch College, Levine was recognized for his contributions to teaching and curriculum development with the College's highest distinguished teaching honor. He earned B.B.A. and M.B.A. degrees from CCNY, and a Ph.D. in industrial engineering and operations research from New York University.

As Associate Professor of Business Systems and Analytics at La Salle University, **Kathryn Szabat** has transformed several business school majors into one interdisciplinary major that better supports careers in new and emerging disciplines of data analysis including analytics. Szabat strives to inspire, stimulate, challenge, and motivate students through innovation and curricular enhancements, and shares her coauthors' commitment to teaching excellence and the continual improvement of statistics presentations. Beyond the classroom she has provided statistical advice to numerous business, nonbusiness, and academic communities, with particular interest in the areas of education, medicine, and nonprofit capacity building. Her research activities have led to journal publications, chapters in scholarly books, and conference presentations. Szabat is a member of the American Statistical Association (ASA), DSI, Institute for Operation Research and Management Sciences (INFORMS), and DSI DASI. She received a B.S. from SUNY-Albany, an M.S. in statistics from the Wharton School of the University of Pennsylvania, and a Ph.D. degree in statistics, with a cognate in operations research, from the Wharton School of the University of Pennsylvania.

Advances in computing have always shaped **David Stephan's** professional life. As an undergraduate, he helped professors use statistics software that was considered advanced even though it could compute *only* several things discussed in Chapter 3, thereby gaining an early appreciation for the benefits of using software to solve problems (and perhaps positively influencing his grades). An early advocate of using computers to support instruction, he developed a prototype of a mainframe-based system that anticipated features found today in Pearson's MathXL and served as special assistant for computing to the Dean and Provost at Baruch College. In his many years teaching at Baruch, Stephan implemented the first computer-based *classroom*, helped redevelop the CIS curriculum, and, as part of a FIPSE project team, designed and implemented a multimedia learning environment. He was also nominated for teaching honors. Stephan has presented at SEDSI and DSI DASI (formerly MSMESB) mini-conferences, sometimes with his coauthors. Stephan earned a B.A. from Franklin & Marshall College and an M.S. from Baruch College, CUNY, and completed the instructional technology graduate program at Teachers College, Columbia University.

For all three coauthors, continuous improvement is a natural outcome of their curiosity about the world. Their varied backgrounds and many years of teaching experience have come together to shape this book in ways discussed in the Preface.

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Preface

As business statistics evolves and becomes an increasingly important part of one's business education, how business statistics gets taught and what gets taught becomes all the more important.

We, the authors, think about these issues as we seek ways to continuously improve the teaching of business statistics. We actively participate in Decision Sciences Institute (DSI), American Statistical Association (ASA), and Data, Analytics, and Statistics Instruction and Business (DASI) conferences. We use the ASA's Guidelines for Assessment and Instruction (GAISE) reports and combine them with our experiences teaching business statistics to a diverse student body at several universities.

When writing for introductory business statistics students, five principles guide us.

Help students see the relevance of statistics to their own careers by using examples from the functional areas that may become their areas of specialization. Students need to learn statistics in the context of the functional areas of business. We present each statistics topic in the context of areas such as accounting, finance, management, and marketing and explain the application of specific methods to business activities.

Emphasize interpretation and analysis of statistical results over calculation. We emphasize the interpretation of results, the evaluation of the assumptions, and the discussion of what should be done if the assumptions are violated. We believe that these activities are more important to students' futures and will serve them better than focusing on tedious manual calculations.

Give students ample practice in understanding how to apply statistics to business. We believe that both classroom examples and homework exercises should involve actual or realistic data, using small and large sets of data, to the extent possible.

Familiarize students with the use of data analysis software. We integrate using Microsoft Excel, JMP, and Minitab into all statistics topics to illustrate how software can assist the business decision making process. In this edition, we also integrate using Tableau into selected topics, where such integration makes best sense. (Using software in this way also supports our second point about emphasizing interpretation over calculation).

Provide clear instructions to students that facilitate their use of data analysis software. We believe that providing such instructions assists learning and minimizes the chance that the software will distract from the learning of statistical concepts.

What's New in This Edition?

This eighth edition of *Business Statistics: A First Course* features many passages rewritten in a more concise style that emphasize definitions as the foundation for understanding statistical concepts. In addition to changes that readers of past editions have come to expect, such as new examples and Using Statistics case scenarios and an extensive number of new end-of-section or end-of-chapter problems, the edition debuts:

- **A First Things First Chapter** that builds on the previous edition's novel Important Things to Learn First Chapter by using real-world examples to illustrate how developments such as the increasing use of business analytics and "big data" have made knowing

and understanding statistics that much more critical. This chapter is available as complimentary online download, allowing students to get a head start on learning.

- **Tabular Summaries** that state hypothesis test and regression example results along with the conclusions that those results support now appear in Chapters 10 through 13.
- Updated Excel and Minitab Guides that reflect the most recent editions of these programs.
- **New JMP Guides** that provide detailed, hands-on instructions for using JMP to illustrate the concepts that this book teaches. JMP provides a starting point for continuing studies in business statistics and business analytics and features visualizations that are easy to construct and that summarize data in innovative ways.
- For selected chapters, **Tableau Guides** that make best use of this software for basic and advanced visualizations and regression analysis.
- **An All-New Business Analytics Chapter (Chapter 14)** that makes extensive use of JMP, Minitab, and Tableau to illustrate predictive analytics for prediction, classification, clustering, and association as well as explaining what text analytics does and how descriptive and prescriptive analytics relate to predictive analytics. This chapter benefits from the insights the coauthors have gained from teaching and lecturing on business analytics as well as research the coauthors have done for a forthcoming companion title on business analytics.

Continuing Features that Readers Have Come to Expect

This edition of *Business Statistics: A First Course* continues to incorporate a number of distinctive features that has led to its wide adoption over the previous editions. Table 1 summarizes these carry-over features:

TABLE 1

Distinctive Features Continued in the Eighth Edition

Feature	Details
Using Statistics Business Scenarios	A Using Statistics scenario that highlights how statistics is used in a business functional area begins each chapter. Each scenario provides an applied context for learning in its chapter. End-of-chapter “Revisited” sections reinforces the statistical methods that a chapter discusses and apply those methods to the questions raised in the scenario. <i>In this edition, four chapters have new or revised Using Statistics scenarios.</i>
Emphasis on Data Analysis and Interpretation of Results	<i>Basic Business Statistics</i> was among the first business statistics textbooks to focus on interpretation of the results of a statistical method and not on the mathematics of a method. This tradition continues, now supplemented by JMP results complimenting the Excel and Minitab results of recent prior editions.
Software Integration	Software instructions in this book feature chapter examples and were personally written by the authors, who collectively have over one hundred years experience teaching the application of software to business. Software usage also features templates and applications developed by the authors that minimize the frustration of using software while maximizing statistical learning
Opportunities for Additional Learning	Student Tips, LearnMore bubbles, and Consider This features extend student-paced learning by reinforcing important points or examining side issues or answering questions that arise while studying business statistics such as “What is so ‘normal’ about the normal distribution?”
Highly Tailorable Context	With an extensive library of separate online topics, sections, and even two full chapters, instructors can combine these materials and the opportunities for additional learning to meet their curricular needs.
Software Flexibility	With modularized software instructions, instructors and students can switch among Excel, Excel with PHStat, JMP, Minitab, and Tableau as they use this book, taking advantage of the strengths of each program to enhance learning.

TABLE 1 Distinctive Features Continued in the Eighth Edition (*continued*)

Feature	Details
End-of-Section and End-of-Chapter Reinforcements	<p>“Exhibits” summarize key processes throughout the book. “Key Terms” provides an index to the definitions of the important vocabulary of a chapter. “Learning the Basics” questions test the basic concepts of a chapter. “Applying the Concepts” problems test the learner’s ability to apply those problems to business problems.</p> <p>For the more quantitatively-minded, “Key Equations” list the boxed number equations that appear in a chapter.</p>
Innovative Cases	<p>End-of-chapter cases include a case that continues through many chapters as well as “Digital Cases” that require students to examine business documents and other information sources to sift through various claims and discover the data most relevant to a business case problem as well as common misuses of statistical information. (Instructional tips for these cases and solutions to the Digital Cases are included in the Instructor’s Solutions Manual.)</p>
Answers to Even-Numbered Problems	<p>An appendix provides additional self-study opportunities by provides answers to the “Self-Test” problems and most of the even-numbered problems in this book.</p>
Unique Excel Integration	<p>Many textbooks feature Microsoft Excel, but <i>Business Statistics: A First Course</i> comes from the authors who originated both the Excel Guide workbooks that illustrate model solutions, developed Visual Explorations that demonstrate selected basic concepts, and designed and implemented PHStat, the Pearson statistical add-in for Excel that places the focus on statistical learning. (See Appendix H for a complete summary of PHStat.)</p>

Chapter-by-Chapter Changes Made for This Edition

Because the authors believe in continuous quality improvement, *every* chapter of *Business Statistics: A First Course* contains changes to enhance, update, or just freshen this book. Table 2 provides a chapter-by-chapter summary of these changes.

TABLE 2
Chapter-by-Chapter
Change Matrix

Chapter	Using Statistics Changed	JMP/ Tableau Guide	Problems Changed	Selected Chapter Changes
FTF	•	J, T	n.a.	Think Differently About Statistics Starting Point for Learning Statistics
1	•	J, T	40%	Data Cleaning Other Data Preprocessing Tasks
2		J, T	60%	Organizing a Mix of Variables Visualizing A Mix of Variables Filtering and Querying Data Reorganized categorical variables discussion. Expanded data visualization discussion. New samples of 379 retirement funds and 100 restaurant meal costs for examples.
3		J, T	50%	New samples of 379 retirement funds and 100 restaurant meal costs for examples. Updated NBA team values data set.

TABLE 2Chapter-by-Chapter
Change Matrix (*continued*)

Chapter	Using Statistics Changed	JMP/ Tableau Guide	Problems Changed	Selected Chapter Changes
4		J	43%	Basic Probability Concepts rewritten. Bayes' theorem example moved online.
5		J	60%	Section 5.1 and Binomial Distribution revised.
6	•	J	33%	Normal Distribution rewritten.
7		J	47%	Sampling Distribution of the Proportion rewritten.
8		J	40%	Confidence Interval Estimate for the Mean revised. Revised "Managing Ashland Multi-Comm Services" continuing case.
9		J	20%	Chapter introduction revised. Section 9.1 rewritten. New Section 9.4 example.
10	•	J	43%	New paired t test and the difference between two proportions examples.
11		J	43%	Extensive use of new tabular summaries. Revised "Managing Ashland Multi-Comm Services" continuing case.
12		J, T	46%	Chapter introduction revised. Section 12.2 revised.
13		J	30%	Section 13.1 revised. Section 13.3 reorganized and revised. New dummy variable example.
14	n.a.	J, T	n.a.	All-new chapter that introduces business analytics. Software Guide explains using Excel with Power BI Desktop, JMP, Minitab, and Tableau, for various descriptive and predictive analytics methods.

Serious About Writing Improvements

Ever review a textbook that reads the same as an edition from years ago? Or read a preface that claims writing improvements but offers no evidence? Among the writing improvements in this edition of *Business Statistics: A First Course*, the authors have turned to tabular summaries to guide readers to reaching conclusions and making decisions based on statistical information. The authors believe that this writing improvement, which appears in Chapters 9 through 13, not only adds clarity to the purpose of the statistical method being discussed but better illustrates the role of statistics in business decision-making processes. Judge for yourself using the sample from Chapter 10 Example 10.1.

Previously, part of the solution to Example 10.1 was presented as:

You do not reject the null hypothesis because $t_{STAT} = -1.6341 > -1.7341$. The p -value (as computed in Figure 10.5) is 0.0598. This p -value indicates that the probability that $t_{STAT} < -1.6341$ is equal to 0.0598. In other words, if the population means are equal, the probability that the sample mean delivery time for the local pizza restaurant is at least

2.18 minutes faster than the national chain is 0.0598. Because the p -value is greater than $\alpha = 0.05$, there is insufficient evidence to reject the null hypothesis. Based on these results, there is insufficient evidence for the local pizza restaurant to make the advertising claim that it has a faster delivery time.

In this edition, we present the equivalent solution (on page 390):

Table 10.4 summarizes the results of the pooled-variance t test for the pizza delivery data using the calculation above (*not shown in this sample*) and Figure 10.5 results. Based on the conclusions, local branch of the national chain and a local pizza restaurant have similar delivery times. Therefore, as part of the last step of the DCOVA framework, you and your friends exclude delivery time as a decision criteria when choosing from which store to order pizza.

TABLE 10.4

Pooled-variance t test summary for the delivery times for the two pizza restaurants

Result	Conclusions
The $t_{STAT} = -1.6341$ is greater than -1.7341 . The t test p -value = 0.0598 is greater than the level of significance, $\alpha = 0.05$.	<ol style="list-style-type: none"> 1. Do not reject the null hypothesis H_0. 2. Conclude that insufficient evidence exists that the mean delivery time is lower for the local restaurant than for the branch of the national chain. 3. There is a probability of 0.0598 that $t_{STAT} < -1.6341$.

A Note of Thanks

Creating a new edition of a textbook is a team effort, and we thank our Pearson Education editorial, marketing, and production teammates: Suzanna Bainbridge, Kathy Manley, Kaylee Carlson, Thomas Hayward, Deirdre Lynch, Aimee Thorne, and Morgan Danna. And we would be remiss not to note the continuing work of Joe Vetere to prepare our screen shot illustrations.

We also thank Gail Illich of McLennan Community College for preparing instructor resources for this edition and thank the following people whose comments helped us improve this edition: Mohammad Ahmadi, University of Tennessee-Chattanooga; Sung Ahn, Washington State University; Kelly Alvey, Old Dominion University; Al Batten, University of Colorado-Colorado Springs; Alan Chesen, Wright State University; Gail Hafer, St. Louis Community College-Meramec; Chun Jin, Central Connecticut State University; Benjamin Lev, Drexel University; Lilian Prince, Kent State University; Bharatendra Rai, University of Massachusetts Dartmouth; Ahmad Vakil, St. John’s University (NYC); and Shiro Withanachchi, Queens College (CUNY).

We thank the RAND Corporation and the American Society for Testing and Materials for their kind permission to publish various tables in Appendix E, and to the American Statistical Association for its permission to publish diagrams from the *American Statistician*. Finally, we would like to thank our families for their patience, understanding, love, and assistance in making this book a reality.

Global Edition Acknowledgments

Pearson would like to thank Dániel Kehl, University of Pecs; Alicia Tan Yiing Fei, Taylor's University Malaysia, and Albert Lee Kai Chung, Nanyang Technological University for their contribution to the Global Edition.

Contact Us!

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*David M. Levine
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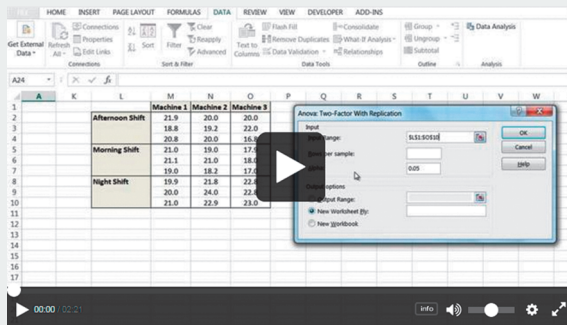
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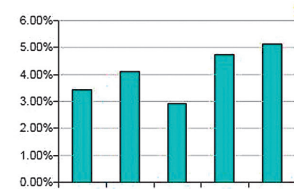
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Question Help
⚙

Suppose you have the bar graph to the right showing foreclosure rates for a few select states. If you want to exaggerate the differences in the states' foreclosure rates, how would you change the graph?



State	Foreclosure Rate (%)
State 1	3.5
State 2	4.0
State 3	2.8
State 4	4.8
State 5	5.2

- A. To exaggerate the differences in foreclosure rates, change the scale on the y-axis to cover a smaller range, 2-6 percent, for example.
- B. To exaggerate the differences in foreclosure rates, draw the bar graph horizontally.
- C. To exaggerate the differences in foreclosure rates, graph the percents as decimals.
- D. To exaggerate the differences in foreclosure rates, change the scale on the y-axis to cover a larger range, 0-20 percent, for example.

Question is complete. Tap on the red indicators to see incorrect answers.

Resources for Success

Instructor Resources

Instructor's Solutions Manual, presents solutions for end-of-section and end-of-chapter problems and answers to case questions, and provides teaching tips for each chapter. The Instructor's Solutions Manual is available for download at www.pearsonglobaleditions.com or in MyLab Statistics.

Lecture PowerPoint Presentations, by Patrick Schur, Miami University (Ohio), are available for each chapter. These presentations provide instructors with individual lecture notes to accompany the text. The slides include many of the figures and tables from the textbook. Instructors can use these lecture notes as is or customize them in Microsoft PowerPoint. The PowerPoint presentations are available for download at www.pearsonglobaleditions.com or in MyLab Statistics.

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Student Resources

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