

Lecture 4: Contingency Table

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4.1 Contingency Table

Contingency table is a power tool in data analysis for comparing two categorical variables. Although it is designed for analyzing categorical variables, this approach can also be applied to other discrete variables and even continuous variables. We start with a simple example.

Example 1.¹ Suppose we have two categorical variables: gender (male or female) and handedness (right or left handed). Assume that we conduct a simple random sampling and obtain a size 100 data. We can then summarize our data using the following 2×2 table:

	Right-handed	Left-handed
Male	43	9
Female	44	4

Such table is called a 2×2 contingency table.

Sometimes you may see people augmented the table with the total sums:

	Right-handed	Left-handed	Total
Male	43	9	52
Female	44	4	48
Total	87	13	100

The contingency table elegantly summarizes the information about our data and may be one of the most common data analysis tools.

A general 2×2 contingency table will be like the follows:

	$Y = y_1$	$Y = y_2$
$X = x_1$	a	b
$X = x_2$	c	d

Here the two variables are X and Y and each of them have two possible categories.

When the two variables have more than two categories, they can still be presented in a contingency table but the table will be larger. For instance, if X has n distinct categories and Y has m categories, the contingency table will be a $n \times m$ table as follows:

The quantity T_{ij} is the number of observations with $X = x_i$ and $Y = y_j$ and $R_i = \sum_{j=1}^m T_{ij}$ is the sum of the i -th row and $C_j = \sum_{i=1}^n T_{ij}$ is the sum of the j -th column and $N = \sum_{i,j} T_{ij}$ is the sample size.

¹This example is from wikipedia: https://en.wikipedia.org/wiki/Contingency_table.

	$Y = y_1$	$Y = y_2$	\dots	$Y = y_m$	Total
$X = x_1$	T_{11}	T_{12}	\dots	T_{1m}	R_1
$X = x_2$	T_{21}	T_{22}	\dots	T_{2m}	R_2
\dots	\dots	\dots	\dots	\dots	\dots
$X = x_n$	T_{n1}	T_{n2}	\dots	T_{nm}	R_n
Total	C_1	C_2	\dots	C_m	N

Example 2. Here is an example of a 2×4 contingency table²:

Diet	Outcome				Total
	Cancers	Fatal Heart Disease	Non-Fatal Heart Disease	Healthy	
AHA	15	24	25	239	303
Mediterranean	7	14	8	273	302
Total	22	38	33	512	605

As we have mentioned, the contingency table is a tool for analyzing two variables. Given two variables, a common question we often ask is: are these two variables dependent? The contingency table provides us a simple way to test such a hypothesis. Here is a key insight. If the null hypothesis is correct, the two variables will be independent. Thus, the ratio $\frac{T_{ij}}{N}$ should be close to $\frac{R_i}{N} \times \frac{C_j}{N}$ which implies T_{ij} should be comparable to $\frac{R_i C_j}{N}$. We will call T_{ij} the observed frequencies and $\frac{R_i C_j}{N} = E_{ij}$ the expected (theoretical) frequencies.

The *Pearson's* χ^2 test utilizes this fact and uses the test statistic

$$\chi^2 = \sum_{i,j} \frac{(T_{ij} - E_{ij})^2}{E_{ij}}.$$

And it can be shown that this test statistic has an asymptotic distribution of a χ^2 distribution with degree of freedom $(n - 1)(m - 1)$. Thus, the p-value is

$$\text{pvalue} = \Phi_{\chi^2_{(n-1)(m-1)}}^{-1}(\chi^2),$$

where $\Phi_{\chi^2_\nu}(x)$ is the CDF of a χ^2 distribution with ν degree of freedom.

Example 2 (revisited). Now we test if the diet and the outcome are independent in the data of Example 2. By calculating the expected frequencies, we obtain a new table where the number in the parentheses denotes the expected frequencies:

Diet	Outcome				Total
	Cancers	Fatal Heart Disease	Non-Fatal Heart Disease	Healthy	
AHA	15 (11.02)	24 (19.03)	25 (16.53)	239 (256.42)	303
Mediterranean	7 (10.98)	14 (18.97)	8 (16.47)	273 (255.58)	302
Total	22	38	33	512	605

This leads to the Pearson's χ^2 test statistic $\chi^2 = 16.55$ and comparing this to a chi-square distribution with $(2 - 1)(4 - 1) = 3$ degree of freedom, we obtain a p-value 0.0009.

Example 1 (revisited). We check the gender and handedness in example 1 are independent or not. Here is the table with expected frequencies:

This yields a test statistic $\chi^2 = 1.78$ and by comparing to a χ^2 distribution with degree of freedom 1, we obtain a p-value 0.8179.

²This data is from the Mediterranean Diet and Health case study http://onlinestatbook.com/2/chi_square/contingency.html.

	Right-handed	Left-handed	Total
Male	43(45.24)	9(6.76)	52
Female	44(41.76)	4(6.24)	48
Total	87	13	100

Remark. (On degree of freedom) Why in testing the independence of an $n \times m$ contingency table the degree of freedom of the χ^2 distribution is $(n - 1)(m - 1)$? Why does it called degree of freedom? Here is a simple explanation. At first, the contingency table has totally nm variables. All these variables can change freely without any restriction so the initial degree of freedom is nm . When we test the independence, this hypothesis imposes some restriction on the variables so not all variables can change freely if the null hypothesis H_0 is correct. In the model of the null hypothesis, the nm variables (cells in the table) can be expressed by the products of R_i and C_j for $i = 1, \dots, n$ and $j = 1, \dots, m$. Thus, this model (the model under H_0) has $n + m$ variables. However, not all these $n + m$ variables are free – the sum of R_i 's and the sum of C_j 's will be the same. So these $n + m$ variables only contain $n + m - 1$ free variables. Namely, the degree of freedom of $R_1, \dots, R_n, C_1, \dots, C_m$ is $n + m - 1$. Because the model under H_0 has a degree of freedom $n + m - 1$ and the model without any restriction has as degree of freedom nm , the remaining degree of freedom is $nm - (n + m - 1) = nm - n - m + 1 = (n - 1)(m - 1)$.

Remark. In addition to the Pearson's χ^2 test, there is another approach called Fisher's exact test. We do not have time to cover it here but I would highly recommend to read the following article on wikipedia: https://en.wikipedia.org/wiki/Fisher%27s_exact_test.

4.2 Log-linear Model

A common parametric model for modeling the contingency table is the log-linear model. Because in the contingency table, each cell T_{ij} is a nonnegative integer. Thus, a natural model for T_{ij} is a Poisson distribution. Namely, we assume that $T_{ij} \sim \text{Poisson}(\lambda_{ij})$ for some rate parameter λ_{ij} for $i = 1, \dots, n$ and $j = 1, \dots, m$.

The log-linear model uses a better parametrization of λ_{ij} by rewriting it as

$$\log(\lambda_{ij}) = \mu + \alpha_i + \beta_j + \gamma_{ij} \quad (4.1)$$

with the following constraints:

$$0 = \sum_{i=1}^n \alpha_i = \sum_{j=1}^m \beta_j = \sum_{i=1}^n \gamma_{ij} = \sum_{j=1}^m \gamma_{ij}.$$

These constraints are applied to ensure there is no overparametrization (more variables than we need).

What is the benefits of using the parametrization in equation (4.1)? The parameters in equation (4.1) has simple interpretations: μ stands for the *overall effect*, α_i is the effect from variable X being in the i -th category, β_j is the effect from variable Y being in the j -th category, and γ_{ij} is the remaining individual effect.

The log-linear model also has a good way of expressing independence. The two variables are independent if

$$\gamma_{ij} = 0 \quad \forall i = 1, \dots, n, j = 1, \dots, m.$$

Namely, we can rewrite the independence as setting certain parameters being 0. The estimation of these parameters is often done using a maximum likelihood procedure³, which is beyond the scope of this course.

³https://en.wikipedia.org/wiki/Maximum_likelihood_estimation

The log-linear model can be easily extended to three variables or even more variables. When we are comparing more than two variables, contingency table may not be easily displayed. However, the log-linear model still has an elegant form. In the case of three variables, we have a table T_{ijk} where $i = 1, \dots, n$, $j = 1, \dots, m$, and $k = 1, \dots, p$ (first variable has n categories; second variable has m categories; third variable has p categories). The log-linear model will be

$$T_{ijk} \sim \text{Poisson}(\lambda_{ijk})$$

$$\log(\lambda_{ijk}) = \mu + \alpha_i + \beta_j + \gamma_k + \delta_{ij} + \rho_{ik} + \kappa_{jk} + \xi_{ijk}$$

with constraints to avoid overparametrization.

If you are interested in learning more about log-linear model and contingency table, I would recommend the following online source: <https://onlinecourses.science.psu.edu/stat504/node/117>.

4.3 Simpson's Paradox

The Simpson's paradox is perhaps one of the most famous paradox in Statistics. Here is a simple example illustrating it. Consider the following 2×2 contingency table:

	Treatment A	Treatment B
Small stones	<i>Group 1</i> 93% (81/87)	<i>Group 2</i> 87% (234/270)
Large stones	<i>Group 3</i> 73% (192/263)	<i>Group 4</i> 69% (55/80)
Both	78% (273/350)	83% (289/350)

This is a famous data about kidney stone treatment from wikipedia⁴ This table is not the conventional contingency table we are seeing. It is a table describing the success rate of each case and the number in the parenthesis shows the number of observation in that scenario. For instance, Group 1 is the case where the individuals have small stones in their kidney and they received treatment A and there are 87 individuals in this scenario and the treatment works in 81 out of 87 individuals. The entire dataset consists of two treatments (A or B) and two types of kidney stones (small and large) and 700 individuals.

Now, if we ignore the types of stones and just compare the success rate of the two treatment (comparing the bottom row), treatment B has a higher success rate. However, if we take the type of stones into account, then *regardless of the type of stones, treatment A is always better than treatment B!* This paradoxical phenomenon is called the Simpson's paradox.

Why this happens? The main reason is that the two variables being considered here, the treatment and the type of stones, are highly dependent. As you can see, treatment A is often applied to large stones individuals whereas treatment B is often used to treat small stones patients. Such a dependence may cause the Simpson's paradox. Thus, when designing an experiment, we often need to check if the dependence inside our variables. This is why the methods we just learned in analyzing a contingency table is very useful.

⁴https://en.wikipedia.org/wiki/Simpson%27s_paradox

4.4 Pearson's χ^2 Test for the Goodness-of-fit Test

In addition to the test of independence in a contingency table, the Pearson's χ^2 test can be applied to the goodness-of-fit test as well⁵. It is a common approach for testing the distribution of a discrete random variable or a categorical random variable. We start with a simple example.

Example 3. A normal die (6-sided) is thrown 60 times and we record the number of each time. Here is the outcome of the 60 tosses: Is this die a fair die (i.e., all faces have equal probability facing up)?

Number face up:	1	2	3	4	5	6
Counts:	5	8	9	8	10	20

To test such a hypothesis, again we use the Pearson's χ^2 statistic. Here the expected frequency is 10 for every case. We modify the previous table by adding the expected frequencies in parentheses:

Number face up:	1	2	3	4	5	6
Counts:	5 (10)	8 (10)	9 (10)	8 (10)	10 (10)	20 (10)

The Pearson's χ^2 statistic is

$$\chi^2 = \sum_i \frac{(O_i - E_i)^2}{E_i} = \frac{(5 - 10)^2}{10} + \frac{(8 - 10)^2}{10} + \frac{(9 - 10)^2}{10} + \frac{(8 - 10)^2}{10} + \frac{(10 - 10)^2}{10} + \frac{(20 - 10)^2}{10} = 13.4,$$

where O_i is the observed outcomes whereas E_i is the expected outcomes.

As for the reference distribution, it will follow a χ^2 distribution with a degree of freedom 5. The degree of freedom $5 = 6 - 1$, where 6 is the total number of free variables (the frequencies of each number being face up) and the minus 1 is from the degree of freedom in H_0 : there is only one frequency in H_0 (the average frequency). Thus, the p-value in this case is about 0.02.

Essentially, the Pearson's χ^2 test for the goodness-of-fit test uses the same test statistic as for the independence test. The challenging part is to determine the number of degree of freedom of the reference χ^2 distribution. Here is a simple rule for calculating the degree of freedom: it is the number of total free parameters minus the number of free parameter in H_0 .

⁵https://en.wikipedia.org/wiki/Pearson%27s_chi-squared_test