

- Part I Fundamentals
- 1 Statistical Inference I: Descriptive Statistics p. 3
- 1.1 Measures of Relative Standing p. 3
- 1.2 Measures of Central Tendency p. 4
- 1.3 Measures of Variability p. 5
- 1.4 Skewness and Kurtosis p. 8
- 1.5 Measures of Association p. 11
- 1.6 Properties of Estimators p. 14
- 1.6.1 Unbiasedness p. 14
- 1.6.2 Efficiency p. 15
- 1.6.3 Consistency p. 16
- 1.6.4 Sufficiency p. 17
- 1.7 Methods of Displaying Data p. 17
- 1.7.1 Histograms p. 17
- 1.7.2 Ogives p. 17
- 1.7.3 Box Plots p. 18
- 1.7.4 Scatter Diagrams p. 19
- 1.7.5 Bar and Line Charts p. 19
- 2 Statistical Inference II: Interval Estimation, Hypothesis Testing, and Population Comparisons p. 23
- 2.1 Confidence Intervals p. 23
- 2.1.1 Confidence Interval for  $\mu$  with Known  $\sigma^2$  p. 24
- 2.1.2 Confidence Interval for the Mean with Unknown Variance p. 26
- 2.1.3 Confidence Interval for a Population Proportion p. 27
- 2.1.4 Confidence Interval for the Population Variance p. 27
- 2.2 Hypothesis Testing p. 28
- 2.2.1 Mechanics of Hypothesis Testing p. 30
- 2.2.2 Formulating One- and Two-Tailed Hypothesis Tests p. 32
- 2.2.3 The p-Value of a Hypothesis Test p. 34
- 2.3 Inferences Regarding a Single Population p. 35
- 2.3.1 Testing the Population Mean with Unknown Variance p. 35
- 2.3.2 Testing the Population Variance p. 36
- 2.3.3 Testing for a Population Proportion p. 37
- 2.4 Comparing Two Populations p. 38
- 2.4.1 Testing Differences between Two Means: Independent Samples p. 38
- 2.4.2 Testing Differences between Two Means: Paired Observations p. 41
- 2.4.3 Testing Differences between Two Population Proportions p. 42
- 2.4.4 Testing the Equality of Two Population Variances p. 43
- 2.5 Nonparametric Methods p. 45
- 2.5.1 The Sign Test p. 46
- 2.5.2 The Median Test p. 50
- 2.5.3 The Mann-Whitney U Test p. 51
- 2.5.4 The Wilcoxon Signed-Rank Test for Matched Pairs p. 54
- 2.5.5 The Kruskal-Wallis Test p. 55
- 2.5.6 The Chi-Square Goodness-of-Fit Test p. 56
- Part II Continuous Dependent Variable Models

- 3 Linear Regression p. 63
- 3.1 Assumptions of the Linear Regression Model p. 63
- 3.1.1 Continuous Dependent Variable Y p. 64
- 3.1.2 Linear-in-Parameters Relationship between Y and X p. 64
- 3.1.3 Observations Independently and Randomly Sampled p. 65
- 3.1.4 Uncertain Relationship between Variables p. 65
- 3.1.5 Disturbance Term Independent of X and Expected Value Zero p. 65
- 3.1.6 Disturbance Terms Not Autocorrelated p. 66
- 3.1.7 Regressors and Disturbances Uncorrelated p. 66
- 3.1.8 Disturbances Approximately Normally Distributed p. 66
- 3.1.9 Summary p. 67
- 3.2 Regression Fundamentals p. 67
- 3.2.1 Least Squares Estimation p. 68
- 3.2.2 Maximum Likelihood Estimation p. 73
- 3.2.3 Properties of OLS and MLE Estimators p. 74
- 3.2.4 Inference in Regression Analysis p. 75
- 3.3 Manipulating Variables in Regression p. 79
- 3.3.1 Standardized Regression Models p. 79
- 3.3.2 Transformations p. 80
- 3.3.3 Indicator Variables p. 82
- 3.3.3.1 Estimate a Single Beta Parameter p. 83
- 3.3.3.2 Estimate Beta Parameter for Ranges of the Variable p. 83
- 3.3.3.3 Estimate a Single Beta Parameter for  $m - 1$  of the  $m$  Levels of the Variable p. 84
- 3.3.4 Interactions in Regression Models p. 84
- 3.4 Checking Regression Assumptions p. 87
- 3.4.1 Linearity p. 88
- 3.4.2 Homoscedastic Disturbances p. 91
- 3.4.3 Uncorrelated Disturbances p. 93
- 3.4.4 Exogenous Independent Variables p. 93
- 3.4.5 Normally Distributed Disturbances p. 96
- 3.5 Regression Outliers p. 99
- 3.5.1 The Hat Matrix for Identifying Outlying Observations p. 99
- 3.5.2 Standard Measures for Quantifying Outlier Influence p. 101
- 3.5.3 Removing Influential Data Points from the Regression p. 102
- 3.6 Regression Model Goodness-of-Fit Measures p. 106
- 3.7 Multicollinearity in the Regression p. 110
- 3.8 Regression Model-Building Strategies p. 112
- 3.8.1 Stepwise Regression p. 113
- 3.8.2 Best Subsets Regression p. 113
- 3.8.3 Iteratively Specified Tree-Based Regression p. 113
- 3.9 Logistic Regression p. 114
- 3.10 Lags and Lag Structure p. 115
- 3.11 Investigating Causality in the Regression p. 117
- 3.12 Limited Dependent Variable Models p. 118
- 3.13 Box-Cox Regression p. 119
- 3.14 Estimating Elasticities p. 120

- 4 Violations of Regression Assumptions p. 121
- 4.1 Zero Mean of the Disturbances Assumption p. 121
- 4.2 Normality of the Disturbances Assumption p. 122
- 4.3 Uncorrelatedness of Regressors and Disturbances Assumption p. 123
- 4.4 Homoscedasticity of the Disturbances Assumption p. 125
- 4.4.1 Detecting Heteroscedasticity p. 127
- 4.4.2 Correcting for Heteroscedasticity p. 128
- 4.5 No Serial Correlation in the Disturbances Assumption p. 132
- 4.5.1 Detecting Serial Correlation p. 135
- 4.5.2 Correcting for Serial Correlation p. 136
- 4.6 Model Specification Errors p. 139
- 5 Simultaneous Equation Models p. 143
- 5.1 Overview of the Simultaneous Equations Problem p. 143
- 5.2 Reduced Form and the Identification Problem p. 144
- 5.3 Simultaneous Equation Estimation p. 146
- 5.3.1 Single-Equation Methods p. 146
- 5.3.2 System Equation Methods p. 147
- 5.4 Seemingly Unrelated Equations p. 150
- 5.5 Applications of Simultaneous Equations to Transportation Data p. 152
- Appendix 5A A Note on Generalized Least Squares Estimation p. 152
- 6 Panel Data Analysis p. 155
- 6.1 Issues in Panel Data Analysis p. 155
- 6.2 One-Way Error Component Models p. 157
- 6.2.1 Heteroscedasticity and Serial Correlation p. 160
- 6.3 Two-Way Error Component Models p. 161
- 6.4 Variable Coefficient Models p. 166
- 6.5 Additional Topics and Extensions p. 168
- 7 Time-Series Analysis p. 169
- 7.1 Characteristics of Time Series p. 169
- 7.1.1 Long-Term Movements p. 170
- 7.1.2 Seasonal Movements p. 170
- 7.1.3 Cyclic Movements p. 171
- 7.1.4 Irregular or Random Movements p. 171
- 7.2 Smoothing Methodologies p. 171
- 7.2.1 Simple Moving Averages p. 172
- 7.2.2 Exponential Smoothing p. 173
- 7.3 The ARIMA Family of Models p. 177
- 7.3.1 The ARIMA Models p. 180
- 7.3.2 Estimating ARIMA Models p. 182
- 7.4 Nonlinear Time-Series Models p. 184
- 7.4.1 Conditional Mean Models p. 184
- 7.4.2 Conditional Variance Models p. 185
- 7.4.3 Mixed Models p. 187
- 7.4.4 Regime Models p. 187
- 7.5 Multivariate Time-Series Models p. 188
- 7.6 Measures of Forecasting Accuracy p. 189

- 8 Latent Variable Models p. 193
- 8.1 Principal Components Analysis p. 194
- 8.2 Factor Analysis p. 199
- 8.3 Structural Equation Modeling p. 204
- 8.3.1 Basic Concepts in Structural Equation Modeling p. 204
- 8.3.2 The Structural Equation Model p. 208
- 8.3.3 Non-Ideal Conditions in the Structural Equation Model p. 210
- 8.3.4 Model Goodness-of-Fit Measures p. 211
- 8.3.5 Guidelines for Structural Equation Modeling p. 213
- 9 Duration Models p. 217
- 9.1 Hazard-Based Duration Models p. 217
- 9.2 Characteristics of Duration Data p. 221
- 9.3 Nonparametric Models p. 222
- 9.4 Semiparametric Models p. 223
- 9.5 Fully Parametric Models p. 226
- 9.6 Comparisons of Nonparametric, Semiparametric, and Fully Parametric Models p. 229
- 9.7 Heterogeneity p. 231
- 9.8 State Dependence p. 233
- 9.9 Time-Varying Covariates p. 234
- 9.10 Discrete-Time Hazard Models p. 235
- 9.11 Competing Risk Models p. 236
- Part III Count and Discrete Dependent Variable Models
- 10 Count Data Models p. 241
- 10.1 Poisson Regression Model p. 241
- 10.2 Poisson Regression Model Goodness-of-Fit Measures p. 243
- 10.3 Truncated Poisson Regression Model p. 247
- 10.4 Negative Binomial Regression Model p. 248
- 10.5 Zero-Inflated Poisson and Negative Binomial Regression Models p. 250
- 10.6 Panel Data and Count Models p. 254
- 11 Discrete Outcome Models p. 257
- 11.1 Models of Discrete Data p. 257
- 11.2 Binary and Multinomial Probit Models p. 258
- 11.3 Multinomial Logit Model p. 260
- 11.4 Discrete Data and Utility Theory p. 264
- 11.5 Properties and Estimation of Multinomial Logit Models p. 266
- 11.5.1 Statistical Evaluation p. 269
- 11.5.2 Interpretation of Findings p. 271
- 11.5.3 Specification Errors p. 273
- 11.5.4 Data Sampling p. 278
- 11.5.5 Forecasting and Aggregation Bias p. 280
- 11.5.6 Transferability p. 282
- 11.6 Nested Logit Model (Generalized Extreme Value Model) p. 283
- 11.7 Special Properties of Logit Models p. 286
- 11.8 Mixed MNL Models p. 287
- 11.9 Models of Ordered Discrete Data p. 288

- 12 Discrete/Continuous Models p. 297
- 12.1 Overview of the Discrete/Continuous Modeling Problem p. 297
- 12.2 Econometric Corrections: Instrumental Variables and Expected Value Method p. 299
- 12.3 Econometric Corrections: Selectivity-Bias Correction Term p. 302
- 12.4 Discrete/Continuous Model Structures p. 305
- Appendix A Statistical Fundamentals p. 309
- Appendix B Glossary of Terms p. 327
- Appendix C Statistical Tables p. 367
- Appendix D Variable Transformations p. 389
- References p. 395
- Index p. 413