

How to Easily Calculate Median Absolute Deviation (MAD) in Excel

Authored by
stats writer

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The calculation of the Median Absolute Deviation (MAD) in Microsoft Excel provides a robust alternative to standard deviation, offering a measure of statistical dispersion that is highly resistant to outliers. Unlike standard deviation, which uses the mean and squared differences, the MAD relies on the median, making it ideal for analyzing data sets that are non-normally distributed or prone to extreme values. This four-step methodology ensures that the resulting measure accurately reflects the true spread of the central portion of the data.

To successfully calculate the MAD, you must first determine the central tendency of your data set by finding the median. Following this, the deviation of every data point from this median must be calculated, and the absolute value of these differences must be taken. The final step involves calculating the median of this new series of absolute differences, yielding the definitive Median Absolute Deviation. This sequential procedure allows analysts to leverage Excel's built-in functions to perform complex statistical analysis with precision and efficiency.

Understanding the Median Absolute Deviation (MAD)

The median absolute deviation is specifically designed to quantify the spread of values in a dataset. Statistically, it serves as a measure of the variability around the median, much like standard deviation measures variability around the mean. Because the MAD utilizes the median--a statistic far less sensitive to extreme values than the mean--it is classified as a **robust statistic**. This inherent robustness is the primary reason why practitioners prefer MAD when analyzing data that might contain significant measurement errors or natural outliers that should not disproportionately affect the measure of dispersion.

The mathematical definition to calculate the median absolute deviation, conventionally abbreviated as MAD, is expressed through a straightforward formula. This formula encapsulates the three core steps necessary for its calculation, demanding precision at each stage. It requires finding the median of the absolute differences between each individual data point and the overall median of the data set itself.

The formula for calculating MAD is defined as follows:

$$\text{MAD} = \text{median}(|x_i - x_m|)$$

Where the specific components are detailed below, providing clarity on the role of each variable in the calculation:

x_i : This represents the i th value, or any individual observation, within the given dataset.

x_m : This denotes the median value of the entire dataset. It is the central observation that separates the higher half from the lower half of the data sample.

The Advantages of Using MAD in Data Analysis

While standard deviation remains the most common measure of data variability, its primary weakness lies in its sensitivity to extreme observations. Since the standard deviation involves squaring the differences from the mean, outliers exponentially inflate the final variability score, leading to a potentially distorted view of the data's true spread. This issue is mitigated entirely by using the Median Absolute Deviation, which anchors its calculation around the median instead of the mean.

The inherent strength of the MAD lies in its use of the median twice: first, to establish the central reference point (x_m), and second, to summarize the deviations. This dual application of the median ensures that the influence of any single anomalous data point is severely limited. For example, in financial time series analysis, where unexpected market shocks can occur, MAD provides a much more stable and reliable measure of volatility compared to standard deviation, which might momentarily spike due to a single unusual event.

Furthermore, the MAD is exceptionally well-suited for exploratory data analysis (EDA) before rigorous parametric tests are applied. If preliminary visualization suggests the data is highly skewed or contains heavy tails, calculating the MAD provides a robust starting point for characterizing the data's dispersion. This capability to handle non-Gaussian distributions without requiring data transformation solidifies the MAD's place as an invaluable tool for modern data scientists utilizing Excel for quick, yet powerful, statistical insights.

Step 1: Organizing and Entering the Data Set in Excel

The process of calculating the Median Absolute Deviation begins with meticulous organization of the raw input data. For efficient calculation within Excel, all observations must be placed into a single, contiguous column. This structure facilitates easy referencing by Excel's array functions and minimizes the potential for range selection errors in later steps.

For our working example, we will enter the values for a sample data set into cells A1 through A10. It is advisable to label the columns clearly to maintain high organizational standards, especially when the worksheet contains multiple concurrent analyses. Accuracy at this initial data entry stage is critical, as any mistake here will directly compromise the integrity of the final MAD result.

	A	B	C	D	E	F
1	Data					
2	6					
3	7					
4	7					
5	8					
6	12					
7	14					
8	15					
9	16					
10	16					
11	19					
12	22					
13	24					
14	26					
15	26					
16	29					
17	46					
18						
19						
20						
21						
22						

While the image shows the raw data entered, a professional workflow dictates that adjacent columns should be reserved for the calculation steps. For instance, column B will be used for the absolute differences, and a separate cell, perhaps in column C, will house the intermediate median calculation and the final MAD result. Organizing the sheet logically from the outset enhances auditability and reduces the likelihood of overwriting critical formula outputs.

Step 2: Calculating the Median of the Dataset (x_m)

The second vital step is determining the median (x_m) of the entire dataset. This value acts as the fixed central reference point for measuring deviations. Unlike the arithmetic mean, the median is the value separating the higher half from the lower half of a data sample, ensuring that its position is unaffected by the magnitude of extreme data points.

In Excel, the median is calculated using the robust **MEDIAN()** function. Assuming our data is in the range A1:A10, we can place the median calculation in an easily accessible cell, such as C1, using the function:

```
=MEDIAN(A1:A10)
```

This formula efficiently computes the 50th percentile of the observations. If the number of

observations is odd, the median is the middle number after sorting; if the number is even, the median is the average of the two middle numbers. The accuracy of this initial step directly influences the subsequent deviation calculations.

As depicted in the accompanying screenshot, applying the MEDIAN function to our example dataset yields a clear result:

	A	B	C	D	E	F	G	H
1	Data				Median	16	=MEDIAN(A2:A17)	
2	6							
3	7							
4	7							
5	8							
6	12							
7	14							
8	15							
9	16							
10	16							
11	19							
12	22							
13	24							
14	26							
15	26							
16	29							
17	46							
18								
19								
20								
21								
22								
23								
24								

For this data, the calculated median turns out to be precisely **16**. This median value (16) must be treated as a fixed constant for the next step, necessitating the use of absolute cell referencing when incorporated into the subsequent deviation formula.

Step 3: Calculating the Absolute Difference Between Each Value & the Median

The core of the Median Absolute Deviation calculation requires finding the magnitude of the difference between every individual data point (x_i) and the fixed median (x_m). This translates to calculating the expression $|x_i - x_m|$. To ensure that distance is measured without regard to direction (positive or negative deviation), the absolute value function is mandatory.

In Excel, we initiate this process in a new column (e.g., Column B). For the first data point in cell

A1, and assuming the median is fixed in cell C1, the formula entered into B1 must utilize the **ABS()** function combined with **absolute cell referencing** for the median. The necessary formula is:

`=ABS(A1-C1)`

The dollar signs (\$) lock the reference to cell C1, ensuring that when the formula is copied down, every data point in Column A is subtracted only by the constant median value of 16. This step generates a new series of non-negative values that represent the distance of each original observation from the center of the data set.

	A	B	C	D	E	F	G
1	Data	Abs Diff			Median	16	
2	6	10	<code>=ABS(A2-\$F\$1)</code>				
3	7						
4	7						
5	8						
6	12						
7	14						
8	15						
9	16						
10	16						
11	19						
12	22						
13	24						
14	26						
15	26						
16	29						
17	46						
18							
19							
20							
21							
22							
23							

To efficiently populate the remainder of Column B, utilize the autofill feature. Click on cell B2 (or B1, depending on where the initial formula was placed). Then, hover over the bottom right corner of the cell until a small, dark cross (+) known as the fill handle appears. Double-clicking this handle, or dragging it down to the last row corresponding to the original data, will execute the formula across all data points, completing the series of absolute differences.

	A	B	C	D	E	F	G
1	Data	Abs Diff			Median	16	
2	6	10					
3	7	9					
4	7	9					
5	8	8					
6	12	4					
7	14	2					
8	15	1					
9	16	0					
10	16	0					
11	19	3					
12	22	6					
13	24	8					
14	26	10					
15	26	10					
16	29	13					
17	46	30					
18							
19							
20							
21							
22							

Step 4: Final Calculation of the Median Absolute Deviation (MAD)

The final stage involves calculating the median of the absolute differences generated in Step 3. This last median calculation fulfills the **MAD = median(|xi - xm|)** formula and provides the definitive measure of the typical deviation, thus completing the robust measure of spread.

To calculate the final MAD, we again employ the **MEDIAN()** function in Excel, but this time applied to the entire range of absolute differences (Column B). If we choose cell C2 to house the final result, the formula will reference the range B1:B10:

=MEDIAN(B1:B10)

This result defines the Median Absolute Deviation. It signifies the point below which 50% of the absolute differences from the central tendency fall. This final value is inherently less susceptible to the distorting effects of outliers than a standard deviation because both the measure of center and the measure of spread are based on medians.

	A	B	C	D	E	F	G	H
1	Data	Abs Diff			Median	16		
2	6	10			MAD	8	=MEDIAN(B2:B17)	
3	7	9						
4	7	9						
5	8	8						
6	12	4						
7	14	2						
8	15	1						
9	16	0						
10	16	0						
11	19	3						
12	22	6						
13	24	8						
14	26	10						
15	26	10						
16	29	13						
17	46	30						
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24								
25								
26								

After running the calculation against the absolute differences in Column B, the median absolute deviation for the dataset turns out to be exactly **8**. This robust figure quantifies the typical distance of observations from the dataset's median, offering essential insight into the data's variability.

Interpreting the Calculated MAD Result

The interpretation of the Median Absolute Deviation is crucial for drawing actionable conclusions from the analysis. A small MAD value suggests that the data points are tightly concentrated around the median, indicating a dataset with low variability and high internal consistency. Conversely, a large MAD suggests that the data points are broadly dispersed, reflecting high variability or volatility.

Crucially, the MAD is expressed in the same units as the original measurements, which enhances its practical interpretability. If the MAD is 8, as in our example, it means that the typical deviation of a data point from the median is 8 units. This is often used alongside the median to describe the distribution's center and spread concisely, often presented in reports as Median \pm MAD.

While the MAD itself is a powerful descriptive statistic, it is often necessary in certain statistical modeling contexts to convert the MAD into an estimate of the standard deviation (σ), particularly

when assuming an underlying normal distribution. For normally distributed data, the standard deviation is approximately 1.4826 times the MAD. However, if the data is confirmed to be non-normal--the very reason MAD was chosen--the raw MAD value is the preferred and most accurate measure of dispersion.

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