

BUSINESS

WELCOME



Proportions and Variances of Test

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Introduction to Statistical Testing

- What is statistical testing?
- Why are proportions and variances important in testing?
- Key concepts:
 - Proportion: Part of a whole
 - Variance: Measure of spread or variability in data

What are Proportions?

Definition: Ratio of part to whole

Example:

If 60 out of 100 students passed a test, the proportion = $60/100 = 0.60$

Uses in Tests:

Proportion tests (one-sample, two-sample z-tests)

Confidence intervals for proportions



What is Variance?

- **Definition:** The average of the squared differences from the mean

- **Formula:**

- $\sigma^2 = \frac{\sum (x_i - \mu)^2}{N}$
 $\sigma^2 = N \sum (x_i - \mu)^2$

- **Importance:**

- Tells us how spread out the data is
- Affects test results and reliability

Tests for Proportions

Types of Tests:

One-sample proportion test (compare to a known value)

Two-sample proportion test (compare two groups)

Example:

Is the proportion of defective products from two factories different?

Test Statistic:

z-test for proportions





Tests for Variances

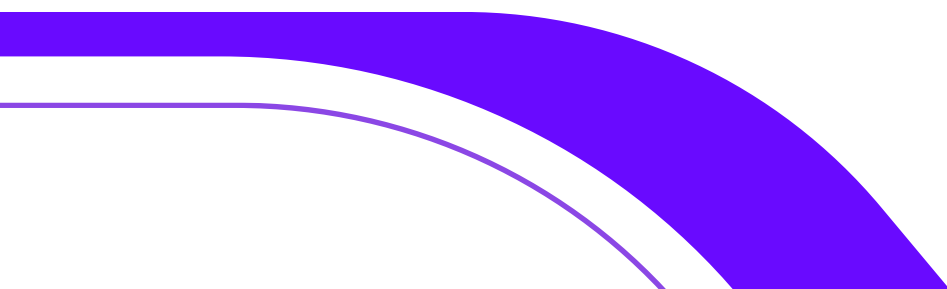
•Types of Tests:

- **Chi-square test** (for one population variance)
- **F-test** (comparing two variances)

•Example:

- Do two machines produce parts with the same consistency?

•Key Assumptions:

- Normal distribution
 - Independent samples
- 



Relationship & Importance

- Proportions and variances influence test outcomes
- Large variance → less reliable proportion estimates
- Small variance → more precise estimates
- Both are crucial for designing fair, reliable tests in business, healthcare, education, etc.



Conclusion

- Summary of key points
- Importance of choosing the right test
- Proportions help describe data
- Variance tells us how much the data varies



Thanks