Day 8

Outline

1. A History Lesson
2. Neyman-Pearson Hypothesis Testing

History Lesson

Major Players

- Karl Pearson
- Egon Pearson
- Jerzy Neyman
- Ronald Fisher

Neyman-Pearson Hypothesis Testing

TL;DR version

1. Define a boundary used to inform a decision
2. Obtain data and see which side of the boundary it falls on
3. Make decision

Example

We have a coin and it is weighted but we don't know if it's weighted to be 60% heads or 60% tails.

Define a parameter to describe the situation

Let `P` represent probability of getting heads ("population proportion of heads")

Define two competing "hypothesis" involving the parameter.

(heads)

- H_0 : `P = 0.6` [null hypothesis: "nothing unexpected"]
- H_1 : `P = 0.4` [alternative hypothesis: "something is happening, we should change our minds"]

Define a "critical region" based on our sample data

1. Define a test statistic `T` whose value can be computed from the sample data
2. Define the sampling distribution of `T` under H_0 and H_1
3. Based on the sampling distribution under H_0, define:
    - $\alpha = P(we\, claim\, H_1\, is\, true | H_0\, is\, true)$ and find the region in the sampling distribution under H_0 corresponding to that α value.
4. If the observed value of `T` is in that region, conclude H_1 is true. Otherwise, conclude H_0 is true

Example

Our decision rule:

- If we get 4 or fewer heads in 10 flips: conclude H_1 is true.
- If more than 4 heads in 10 flips: conclude H_0 is true.

"Critical region": Let $X = number\, of\, heads\, in\, 10\, flips$

- $X \leq 4$

Recall:

Gender compared to handedness

	Handed		
	Left	Right	
Female	7	46	53
Male	5	63	68
	12	109	121

Now apply this to Neyman-Pearson rules:

	Do not reject H_0	Reject H_0
H_0 is true	Correct Decision	Incorrect Decision: Type I error α
H_0 is false	Incorrect Decision: Type II error β	Correct Decision

Under N-P Rules

Type 1 Error is "worse" than Type 2 Error. However, if P(Type 1 Error) is too low, P(Type 2 Error) balloons.

$\alpha = P(1)$ - P(Concluded H_1 | H_0 is true)

$\beta = P(2)$ - P(Concluded H_0 | H_1 is true)

Power of test $= 1 - \beta$

- = P(concluded H_1 | H_1 is true)

Example

Let $X = number\, of\, heads\, in\, 10\, flips$

- Under H_0: $X \sim B(10, 0.6)$
- Under H_1: $X \sim B(10, 0.4)$

For critical region X $\leq$ 4:

- $\alpha = P(X \leq 4 \,|\, p = 0.6) = 0.166$
- $\beta = P(X > \,|\, p = 0.4) = 0.367$

Power = $P(X \leq 4 \,|\, p = 0.4) = 0.633$

Traditionally, set $\alpha = 0.05$ or $\alpha = 0.01$

Find the critical region giving a Type 1 Error rate of at most α

(Find x such that P(X $\leq$ x | H_0 is true) $\leq \alpha$)

P(x $\leq$ 2 | H_0 is true) = 0.0123

P(X $\leq$ 3 | H_0 is true) = 0.0548

Critical region corresponding to $\alpha = 0.05$: $x \leq 2$

What is β for this critical region?

$\beta = P(x > 2|p = 0.4) = 0.833$

In most fields, we use power instead

Power = $P(X \leq 2|p = 0.4) = 0.167$

Rules of thumb

1. $\alpha < \beta$. If $\alpha \leq \beta$, either decrease α or switch H_0 or H_1
2. At your “given” α value, $\beta \leq 2$ or equivalently, power ≥ 0.8 (80% power). If power < 0.8, plan to collect more data!