

# P-Value

- ① More than 30% of class of 2025<sup>at Bryant</sup> major in Finance.

$H_0: p \leq .3$  (less than or equal to 30%)

$H_1: p > .3$  (more than 30%)

- ② collect data: There are 2 ways to present the data

ID	Major in Finance
1	Yes
2	Yes
3	No
4	Yes
5	No
...	...
35	Yes

Number of students: 35

Finance majors: 8

②

- ③ p-value is the probability that the data exists if  $H_0$  is true

If p-value is 0

⇒ If  $H_0$  is true, the probability the data exists is 0.

or there is NO chance you see the data.

But The data DOES exist. You do see the data.

This means  $H_0$  is NOT True

→ The opposite of  $H_0$  is True.

⇒  $H_1$  is True

The argument: ①  $p\text{-value} = 0$ : If  $H_0$  is true, the impossible happens  
⇒  $H_0$  should not be True  
⇒  $H_1$  is True

②  $p\text{-value is extremely small}$  ( $p \leq .05$ )

If  $H_0$  is true, then almost certain that you will the  
differen data

⇒  $H_0$  should not be true

⇒  $H_1$  should be true if The data supports  $H_1$

③  $p\text{-value is not small}$  ( $p > .05$ )

If  $H_0$  is true, there is a good chance the data exists.

$H_0$  may be true or not.

$\Rightarrow H_1$  may be true or not.

$\Rightarrow$  we found no evidence to support  $H_1$  or  
the data does not support your hypothesis,  $H_1$

