

Topic 8. The Logic and Components of Hypothesis Testing

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1 Introduction

We have introduced how to confidence intervals to estimate the population means and proportion under various assumptions. We now introduce a new inference that justifies a statement about a population mean or proportion - **Testing Hypotheses**.

- In statistics, a hypothesis is a claim or statement about a property of a population. A hypothesis test is a process that uses sample statistics to test a claim about the value of a population parameter.
- The fundamental idea is to let data speak truthfully.
- **Rare Event Rule for Inferential Statistics**

Under a given assumption (e.g., the null hypothesis is correct), if the probability of an observed event is exceptionally small, we conclude that the assumption (the null hypothesis) is probably not correct.

Example 1. If some one claims that the average height of WCU student population is at least 80 inches. To justify the claim, we take a random sample 100 students (a set of representatives of the WCU student

population). Assume that the sample mean is 68 inches and standard deviation 15 inches.

2 Steps for Hypothesis Testing: Some Analogies

To better understand the logic and steps for conducting a statistical hypothesis and the types of inevitable errors in the decision process, we use the two analogies that are familiar to us.

Analogies of Statistical Hypothesis Testing		
Medical Diagnostics	Test of Statistical Significance	Court Trial
The patient experienced the symptoms of some disease and believe he is sick.	Someone claimed about the population parameter.	The prosecutor claimed the defendant committed a crime.
Every incoming patient is assumed to have a disease until proved disease-free	Null Hypothesis: claims the attainable values of the parameter.	Every defendant is assumed to be innocent until proved guilty
Order labs and gathering health info	data (information) collection	Investigation and evidence gathering
summarize clinical evidence	Information Aggregation: test Statistics	Summary of evidence exhibitions
Clinical standards	Statistical Decision Rules	Jury's instruction: cross-examination
Diagnostic decision	Statistical Decision on the null hypothesis	Verdict
Claim a diseased patient to be disease-free	Type I Error	Convict an innocent defendant
Claim a disease-free patient to be diseased	Type II Error	Acquit a criminal

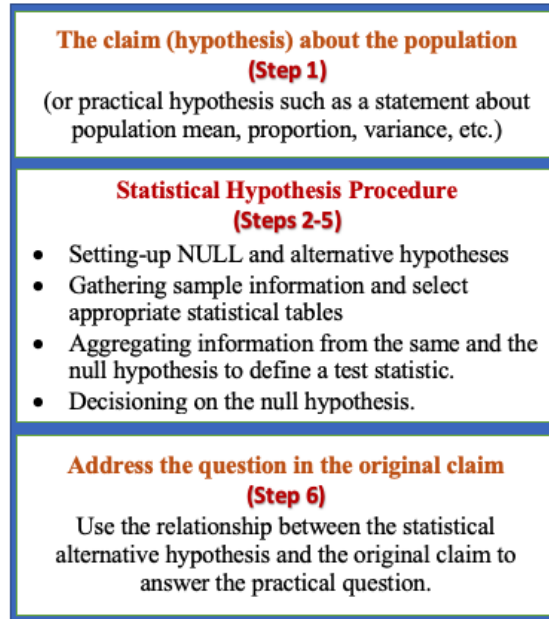
No matter what decision will be made, there are two possible errors:

1. **Type I Error:** the patient has a disease, but the doctor claims NO disease.
2. **Type II Error:** the patient has NO disease, but the doctor claims a disease.

3 Components of Testing Hypthesis

The approach to formulating the process of hypothesis testing in this course is divided into three block: practical claim (also called practical hypothesis), steps for statistical hypothesis testing, and conclusion addressing the claim.

The following chart depicts the process for testing a hypothesis.



Next, we introduce the components of a hypothesis testing based on the above chart.

3.1 The claim (or practical hypothesis)

A claim (or a practical hypothesis) is a statement about the population parameter of interest such as population mean (μ) and proportion (p). It has six possible distinct forms. Using population mean (μ) as an example, we have the following six possible claims.

$$\mu \begin{matrix} > \\ \geq \\ \neq \\ \leq \\ < \\ \leq \end{matrix} \mu_0$$

where μ_0 is the claimed value. Three of them involve an equal sign ($=, \geq, \leq$) and other three do not have an equal sign ($\neq, >, <$). For a given problem, we need to identify the claim and write it explicitly.

Some of the key words are helpful in identifying the claim:

at most implies \geq ;

at least implies \leq ;

differs implies \neq ;

majority implies that proportion is greater than 0.5, i.e., $p > 0.5$.

Example 1. A water faucet manufacturer announces that the mean flow rate of a certain type of faucet is at most 2.5 gallons per minute.

What is the claim about the population mean flow rate of the type of faucet?

Solution: we see key word **at most** in the claim. Therefore, the claim is: $\mu \leq 2.5$.

Example 2. A cereal company advertises that the mean weight of the contents of its 20-ounce size cereal boxes is more than 20 ounces.

What is the claim about the population mean?

Solution: We see the statement has key word **more than**, the claim is $\mu > 20$.

Example 3. A university publicizes that the proportion of its students who graduate in 4 years is 82%.

What is the claim about the population proportion?

Solution: Key word **is** implies that the claim is: $p = 0.82$. Caution: The proportion MUST be written as a decision in all formulas.

A Cautionary Note: If the claim is vague, we have to choose an explicit claim in order to set up the null and alternative hypotheses.

Example 4. A bakery machine fills boxes with crackers, averaging 454 grams (roughly one pound) of crackers per box. The quality control manager want to know whether the production process still maintains the quality standard. What is the claim about the mean weight of crackers per box?

Solution: The **claim** is vague. The manager only wants to know whether the production line still maintains the same quality over the time. Therefore, the claim could be either $\mu = 454$ or $\mu \neq 454$. No matter which claim is used, we eventually draw a conclusion to justify it.

3.2 Null and Alternative Hypotheses

Definition 1: *Null Hypothesis* - The null hypothesis (H_0) is a statement about a single value of a population parameter (such as the mean). It MUST take one of the following form:

$$H_0 : \mu = \mu_0, \quad H_0 : \mu \geq \mu_0, \quad H_0 : \mu \leq \mu_0$$

where μ_0 is the value in the claim to be justified.

Important Observation: “=” must be included in H_0 .

Definition 2: *Alternative Hypothesis:* The alternative hypothesis (H_a or H_1) is the statement that must be true if the null hypothesis is false. That is, the corresponding alternative hypothesis of each of the above three null hypotheses must be:

$$H_a : \mu \neq \mu_0, \quad H_a : \mu < \mu_0, \quad H_a : \mu > \mu_0$$

Important Observation: H_a must NOT have “=”!

Relationship between H_0 and H_a

The null and alternative hypotheses are mutually complementary. This means that one only one of the hypotheses is correct. For example, if we reject H_0 , then we must accept H_a , and vice versa.

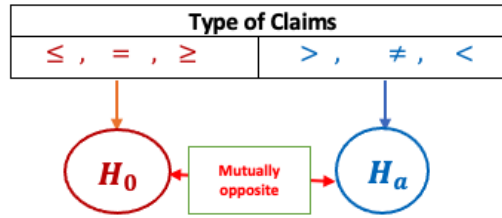
Because of the relationship between H_0 and H_a , there ONLY three possible pairs of NULL and alternative hypotheses. Next we use population mean as example to explicitly write these three possible pairs of H_0 and H_a .

$$\begin{aligned} H_0 : \mu = \mu_0 \quad v.s. \quad H_a : \mu \neq \mu_0 , \\ H_0 : \mu \geq \mu_0 \quad v.s. \quad H_a : \mu < \mu_0 , \end{aligned}$$

and

$$H_0 : \mu \leq \mu_0 \quad v.s. \quad H_a : \mu > \mu_0 .$$

The above relationship is depicted in the following.



Relationship between the claim and H_a .

The following table illustrate the relation .

<p>The guideline for setting up H_a is given below:</p> <p>a). If the original claim contains an "=" (i.e., $\leq, =, \geq$), we choose the opposite of the original claim (i.e., $>, \neq, <$) as the alternative hypothesis H_a.</p> <p>b). If the original claim doesn't contain an "=" (i.e., $>, \neq, <$), we simply choose the original claim (i.e., $>, \neq, <$) as the alternative hypothesis H_a.</p>

Example 5. A bakery machine fills boxes with crackers, averaging 454 grams (roughly one pound) of crackers per box

(a). If the management of the bakery is concerned about the possibility that the actual average is different from 454 grams, what null hypothesis and what alternative hypothesis should it use to put this to test?

(b). If the management of the bakery is concerned about the possibility that the actual average is at most 454 grams, what null hypothesis and what alternative hypothesis should it use to put this to test?

Solution: We use the relationship between claim, null and alternative hypotheses.

(a). The original claim: "the actual average is different from 454 grams", i.e., $\mu \neq 454$. Since claim $\mu \neq 454$ doesn't have an "=" sign, it is used as H_a . Therefore, the null and alternative hypotheses are specified in the following.

$$H_0 : \mu = 454 \quad v.s. \quad H_a : \mu \neq 454 .$$

(b). The original claim: " the actual average is at most 454 grams", i.e., $\mu \leq 454$. Since the "=" sign is contained in the claim, the claim $\mu \leq 454$ is used as H_0 . Therefore, the null and alsternative hypotheses are specified in the following.

$$H_0 : \mu \leq 454 \text{ v.s. } H_a : \mu > 454$$

Exercises Read the examples 1 - 4 and set up the null and alternative hypotheses for these examples.

3.3 Test Statistic

Some characteristics of about test statistics.

- The **test statistic** is a value computed from the sample data that is used to decide whether **null hypothesis** is rejected.
- The **test statistic** converts the sample statistic (such as sample mean) to a score (such as z-score, t-score, etc) with the assumption that the null hypothesis is true.
- When we test the claims about a population mean (μ) in a large sample case, we can use the central limit theorem (CLT) to derive the distribution of the **test statistic**.

In other words, a test statistic is an **information aggregator** that consolidates information from multiple sources. For example, the following **test statistic** is used to test a population mean μ .

$$TS = \frac{\bar{x} - \mu_0}{s/\sqrt{n}}.$$

The above **test statistic** contains information from the sample (\bar{x} , s , and sample size n) and the hypotheses (the claimed population mean μ_0).

Recall that the above **test statistic** is an approximate standard normal distribution if the sample size is large ($n > 30$ in our course).

An Intuitive Interpretation of TS: TS is a standardized “distance” that measures the discrepancy between the observed value (\bar{x}) and the claimed value (μ_0).

For example, if the above test statistic is used to test

$$H_0 : \mu = \mu_0 \text{ v.s. } H_a : \mu \neq \mu_0.$$

If TS is close to 0, the observed value and the claimed value are close to each other implying that the sample evidence supports the null hypothesis (H_0) and rejects the alternative hypothesis (H_a). Otherwise, if TS is NOT close to 0, there is a difference between the observed value the claimed value implying that the sample evidence **does not** support the null hypothesis (H_0) but supports the alternative hypothesis (H_a).

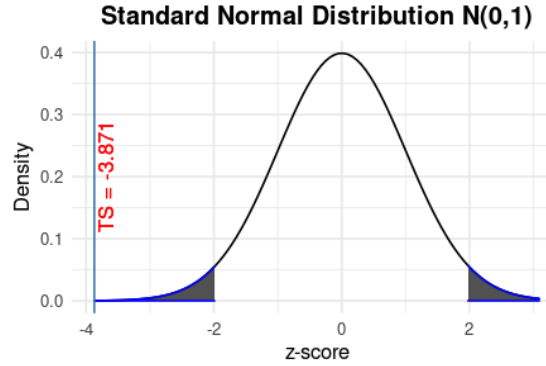
A natural question: *how close* is called close?

Example 6. We use the body temperature data collected by the researchers at the University of Maryland with characteristics: $n = 36$, $\bar{x} = 98.20^\circ F$, $s = 0.62^\circ F$. Find the value of test statistic for the claim that the population mean is $\mu = 98.6^\circ F$.

Solution: Based on the given information and the formula, we calculate the test statistic in the following

$$\frac{\bar{x} - \mu_0}{s/\sqrt{n}} = \frac{98.2 - 98.6}{0.62/\sqrt{36}} = -3.87.$$

The “closeness” question: Is $TS = -3.87$ close to 0?



We can see from the above figure that TS is not close to 0 since it is located far away from the center. The next question is how to find a threshold that can tell **closeness**. The threshold is called **critical value**.

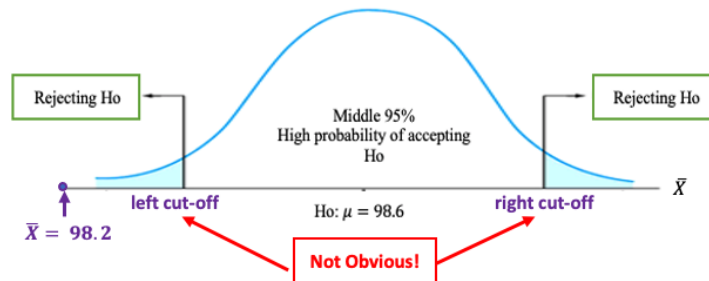
3.4 Significance Level and Critical Value(s)

- The **Rejection Region (RR)** is the set of all values of the score converted from the statistic that causes us to reject the **null hypothesis**. The cut-off value(s) is(are) called Critical Value(s).
- The **significance level** (denoted by α) is the probability that the test statistic will fall into the critical region while the null hypothesis is true. This α is the same α in confidence level $1 - \alpha$ used in constructing confidence intervals.

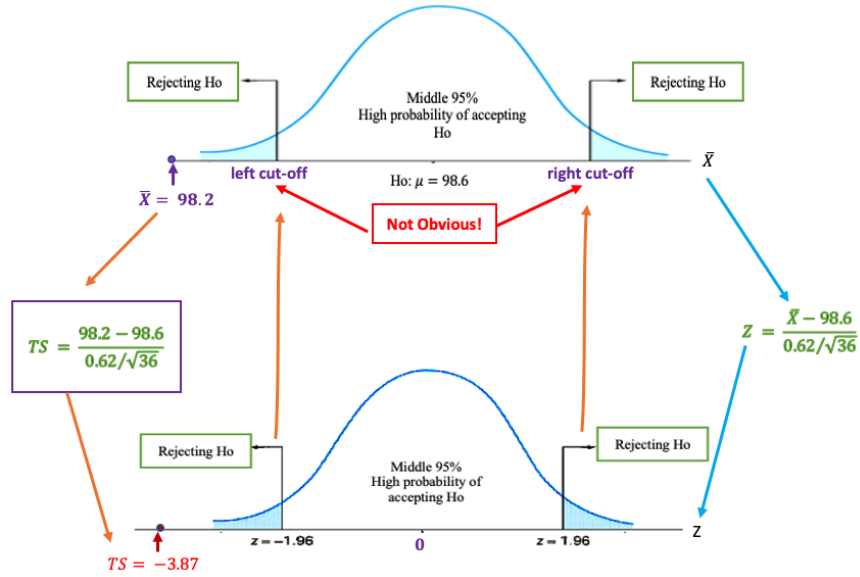
Example 7. (continuation of Example 6) Assume we null and alternative hypotheses are

$$H_0 : \mu = 98.6 \text{ v.s. } H_a : \mu \neq 98.6.$$

we have found that $TS = -3.87$. Under H_0 , we have the following density curve



Since left and right cut-offs are unknown, we still cannot tell whether $\bar{X} = 98.2^0 F$ is close to $H_0 : \mu_0 = 98.6^0 F$. However, we can easily see the standardized test statistic in the on the density of standard normal curve is NOT close to 0 (see the following figure).



As we have discussed in confidence interval, all numbers in interval $(-1.96, 1.96)$ are considered to be close to 0. Therefore, $TS = -3.87$ is NOT close to 0. This implies that $\bar{x} = 98.2^{\circ}F$ is NOT close to $H_0 : \mu_0 = 98.6^{\circ}F$. Since the bottom panel of the above figure is independent of the specific normal distribution, we use the distribution of TS to define rejection region(s) and critical value(s) for a given significance level. In other words, for testing

$$H_0 : \mu = 98.6 \text{ v.s. } H_a : \mu \neq 98.6.$$

at **significance level** $\alpha = 0.05$,

Rejection Region (RR): consists of two tail regions.

Critical Values (CV): are the values that are defined in such a way the both tail areas are equal to $\alpha/2 = 0.05/2 = 0.025$. That is, critical values for this testing hypothesis is $CV = \pm 1.96$ which can be found from the normal table.

3.5 Statistical Decision on H_0

Once we found the critical value and the value of the test statistic, we can make a statistical decision using the following rule:

- If TS falls into the rejection region (RR), we **reject** null hypothesis **H_0** ;
- If TS does NOT fall into the rejection region (RR), we **fail to reject** null hypothesis **H_0** .

3.6 Conclusion about the Claim

We use the relationship between **the claim**, **null hypothesis**, and **alternative hypothesis** to conclude the claim (supporting or rejecting the claim.)

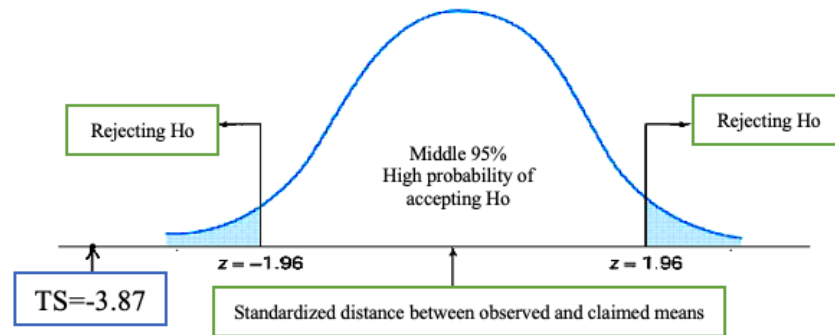
Example 8. (continuation of Example 6) The claim is *the population mean is $\mu = 98.6^{\circ}F$* . Recall that null and alternative hypotheses are

$$H_0 : \mu = 98.6 \text{ v.s. } H_a : \mu \neq 98.6.$$

and

$$TS = -3.87.$$

For this specific hypothesis test. The rejection region (RR) has two parts located on each tail (see the figure below).



Apparently, the test statistic $TS = -3.87$ falls into the rejection. Therefore, we reject the null hypothesis $H_0 : \mu = 98.6$. Since the null hypothesis and the claim are identical, the sample does not have an evidence to support the claim.

4 Formal Steps for Hypothesis Testing

Based on the components discussed in the previous section, we formulate the following **six-step procedure** for testing the hypothesis about population mean and proportion.

Step 1: Identify the claim about a population parameter such as population mean or proportion.

Step 2: Set up null and alternative hypotheses.

Step 3: Evaluate the test statistic.

Step 4: Find the critical value(s) based on the given significance level (α) and specify the rejection region (RR).

Step 5: Make a statistical decision: reject or fail to reject H_0 .

Step 6: Draw a conclusion about the population parameter in the claim.

These steps will be used in all examples of hypothesis testing problems throughout the course.

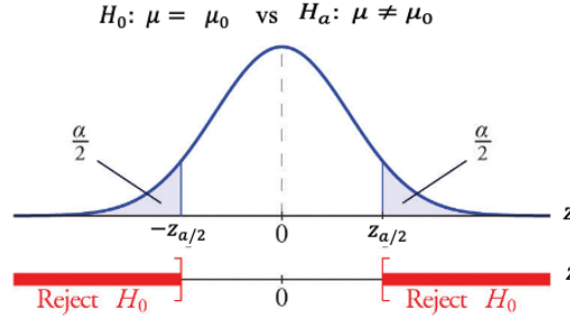
5 Types of Hypothesis Tests

In examples 6 - 8, we test the null hypothesis $H_0 : \mu_0 = 98.6$. This means that the null hypothesis should be rejected if the test statistic TS is far from zero (in either positive or negative direction), the rejection region has two parts: one on the left-tail and one on the right tail. This type of test is called **two-tailed test**.

In fact, the form of the alternative hypothesis tells the the type of a test. For example, for a two-tailed test, the alternative hypothesis test takes form $H_0 : \mu \neq \mu_0$. Note that \neq means either $>$ or $<$. That is, **the direction of the inequality sign points to the location of the rejection region (RR)**.

5.1 Two-tailed Test

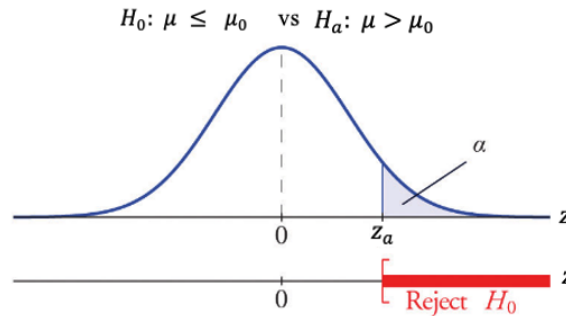
The following figure shows the locations of the rejection regions of a two-tailed test. The form of the alternative hypothesis $H_a : \mu \neq \mu_0$ implies that TS is not close to 0. Therefore, the rejection region of H_0 is **evenly** split into right and left sub-rejection-regions.



The both tail areas of the density density curve are equal to half of the significance level.

5.2 Right-tailed Test

When the alternative hypothesis takes form $H_a : \mu > \mu_0$, the corresponding test is called a **right-tailed test** with the inequality sign in H_a pointing to the right. Consequently, there is only **one** critical value on the right tail of the density curve.

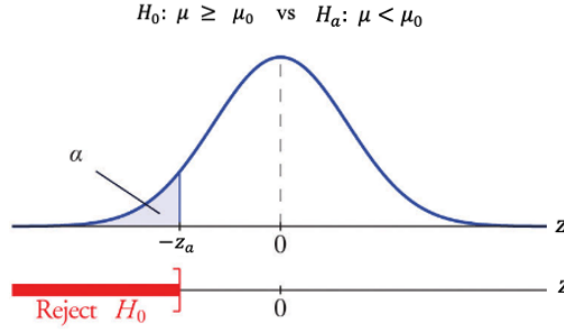


This is intuitive since the null hypothesis of a right-tailed test takes form $H_0 : \mu \leq \mu_0$. This implies that H_0 is supported if the observed **test statistic** is far left. Otherwise, we reject the null hypothesis H_0 . Consequently, there are **two** critical values: one on the right-tail and on the left tail of the density curve.

The right tail areas of the density density curve is equal to the significance level.

5.3 Left-tailed Test

When the alternative hypothesis takes form $H_a : \mu < \mu_0$, the corresponding test is called a **left-tailed test** with the inequality sign in H_a pointing to the left. Consequently, there is only **one** critical value on the left tail of the density curve.



Similarly, null hypothesis of a right-tailed test takes form $H_0: \mu \leq \mu_0$. This implies that H_0 is supported if the observed **test statistic** is far right. Otherwise, we reject the null hypothesis H_0 .

The left tail areas of the density curve is equal to the significance level.

Example 9. A professor wants to investigate the effectiveness of a new pedagogical method. Assume the average score for the mean population is 80 before the experiment. With a new training method, the professor believes that the score might change. Professor tested randomly 36 students' scores. The average score of the sample is 88 and the standard deviation is 10. With a 5% significance level, is there enough evidence to suggest the average score changed?

Solution: We follow the 6-step procedure to perform the hypothesis to answer the above question.

Step 1: Since the statement '**professor believes the mean score *might change***' does not specifically mention the direction of the change, we can take either one of the two forms: $\mu = 80$ or $\mu \neq 80$.

In this solution, we take the form: $\mu \neq 80$.

Step 2: Since the claim $\mu \neq 80$ has no '=' in it, it will be the alternative hypothesis and the opposite of it will be the null hypothesis. More specifically,

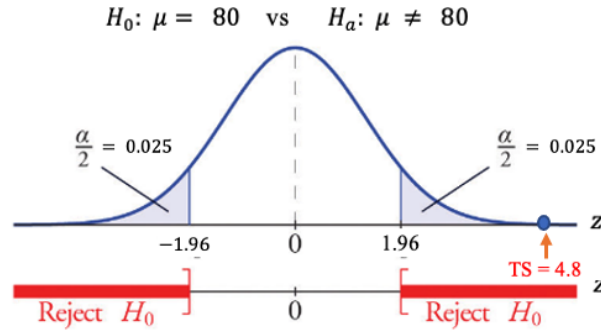
$$H_0: \mu = 80 \text{ v.s. } H_a: \mu \neq 80$$

This is a two-tailed test. Therefore, there will be two rejection regions.

Step 3: The test statistic is defined by

$$TS = \frac{\bar{x} - \mu_0}{s/\sqrt{n}} = \frac{88 - 80}{10/\sqrt{36}} = 4.8.$$

Step 4: Since $n = 36 > 30$, by the central limit theorem (CLT), the test statistic is approximately normally distributed. We use the given confidence level $\alpha = 0.05$ and the normal table to find the two critical values: $\pm z_{0.05/2} = \pm z_{0.025} = \pm 1.96$. All above information is labeled in the following figure.



Step 5: Since $TS = 4.8$ is in the rejection region (right hand side), the null hypothesis is rejected.

Step 6: We conclude that the population score has changed after the training program.

The following video summarizes the above discussions with an example [80 minutes].

6 Use of Technology

The Stats Apps you can use for generating the solution to Example 09 is at (). The following screenshot shows the input information.

IntroStatsApps: One Sample Z Test for Population Mean μ

Data Source

☒ summarized statistics

☐ raw data

sample mean (\bar{x})

88

sample variance (s^2)

100

sample size (n)

36

Claimed Value (μ_0)

80


Claim Type

not equal to

Significance level α

0.01 0.05 0.2

0.01 0.03 0.05 0.07 0.09 0.11 0.13 0.15 0.17 0.19 0.2



Report bugs to C. Peng

Solution: This normal test is based on the Central Limit Theorem *CLT*. Since the sample size is larger than 30, the test result is reliable.

Given sample information: $n = 36$, $\bar{x} = 88$, $s^2 = 100$.

Step 1: Identify the claim of the population mean (μ_0).

The given information indicates that the claim is: μ_0 is not equal to 80.

Step 2: Set up the null and alternative hypotheses.

Based on the claim, the null and alternative hypotheses are given by $H_0 : \mu = 80$ and $H_1 : \mu \neq 80$.

Step 3: Evaluate the test statistic.

The test statistic is defined to be: $TS = \frac{\bar{x} - \mu_0}{s/\sqrt{n}} = \frac{88 - 80}{\sqrt{100/36}} = 4.8$

Step 4: Find the critical value and calculate the p-value.

Based on the significance level, we found the critical values to be: $\pm z_{\alpha/2} = \pm z_{0.025} = \pm 1.96$
The p-value is can be found as p-value ≈ 0 .

Step 5: Make a statistical decision on H_0 .

At the 5% significance level, we reject the null hypothesis. (p -value < 0.001).

Step 6: Draw conclusion [justify the claim in step 1].

At the 5% significance level, we conclude the alternative hypothesis. The claim is addressed using relationship between the alternative hypothesis and the claim.

