

S1211Q Introduction to Statistics

Lecture 18

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Explain these terms

- ▶ Rejection Region

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- ▶ Type I Error α

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Explain these terms

- ▶ Rejection Region
- ▶ Type I Error α
- ▶ Type II Error β
- ▶ power = $1 - \beta$
- ▶ In a lot of applications, people like to talk about power instead of Type II Error β .

Criteria

- A good test will be aimed to make two types of errors, both α and β , as small as possible.
- Unfortunately, there is no rejection region that will simultaneously make both α and β small once the test statistic and sample size are fixed. Thus, a region must be chosen to effect a compromise between α and β .
- Because of the suggested guidelines for specifying and . A type I error is usually more serious than a type II error (we don't want to reject the null easily).
- In practice, people specify to the largest value that α can be tolerated and find a rejection region having that value of α . The resulting value of α is often referred to as the **significance level** of the test (0.1, 0.05, 0.01). The corresponding test procedure is called an **α level test**. The previous example was an exact 0.05-level test.

Hypothesis Testing for a Population Mean

- ▶ In this section, the null hypothesis is about a population mean $H_0 : \mu = \mu_0$ and there are there possible Alternative Hypothesis $H_a : \mu > \mu_0$ or $H_a : \mu < \mu_0$ or $H_a : \mu \neq \mu_0$.
- ▶ We will discuss three cases which parallel our discussion about Confidence Interval for a Population Mean.
 - ▶ Case I: Normal Distribution and Known σ (z Test)
 - ▶ Case II: General Distribution, Unknown σ but Large Sample (z Test)
 - ▶ Case III: Normal Distribution and Unknown σ (t Test)

Case I: Normal Distribution and Known σ (z Test)

- ▶ Under the null hypothesis, the test statistic

$$Z = \frac{\bar{X} - \mu_0}{\sigma \sqrt{n}}$$

follow a standard normal distribution.

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- ▶ If the Alternative Hypo is $H_a : \mu > \mu_0$, then the Rejection Region is something like $\{z \geq z_0\}$.
- ▶ z_0 is determined by the level of the test α , if we set z_0 as z critical value z_α then

$$\begin{aligned} P(\text{type I error}) &= P(H_0 \text{ is rejected when } H_0 \text{ is true}) \\ &= P(Z > z_\alpha \text{ when } Z \sim N(0, 1)) = \alpha \end{aligned}$$

Case I: Normal Distribution and Known σ (z Test)

- ▶ We can also compute Type II Error β and sample size n . Still we consider the upper-tailed test as a demonstration.
- ▶ Type II Error β will be a function of any particular number μ' that is larger than the null value μ_0 .

$$\begin{aligned}\beta(\mu') &= P(Z < z_\alpha \text{ when } \mu = \mu') \\&= P\left(\frac{\bar{X} - \mu_0}{\sigma\sqrt{n}} < z_\alpha \text{ when } \mu = \mu'\right) \\&= P\left(\frac{\bar{X} - \mu'}{\sigma\sqrt{n}} < z_\alpha + \frac{\mu_0 - \mu'}{\sigma\sqrt{n}} \text{ when } \mu = \mu'\right) \\&= \Phi\left(z_\alpha + \frac{\mu_0 - \mu'}{\sigma\sqrt{n}}\right) \leq 1 - \alpha\end{aligned}$$

$\Phi()$ is the CDF of standard normal.

- ▶ What is the power of the test?

Case I: Normal Distribution and Known σ (z Test)

Null hypothesis: $H_0: \mu = \mu_0$

Test statistic value: $z = \frac{\bar{x} - \mu_0}{\sigma/\sqrt{n}}$

Alternative Hypothesis

Rejection Region for Level α Test

$H_a: \mu > \mu_0$

$z \geq z_\alpha$ (upper-tailed test)

$H_a: \mu < \mu_0$

$z \leq -z_\alpha$ (lower-tailed test)

$H_a: \mu \neq \mu_0$

either $z \geq z_{\alpha/2}$ or $z \leq -z_{\alpha/2}$ (two-tailed test)



Case I: Normal Distribution and Known σ (z Test)

Null hypothesis: $H_0: \mu = \mu_0$

Test statistic value: $z = \frac{\bar{x} - \mu_0}{\sigma/\sqrt{n}}$

Alternative Hypothesis

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$H_a: \mu < \mu_0$

$H_a: \mu \neq \mu_0$

Rejection Region for Level α Test

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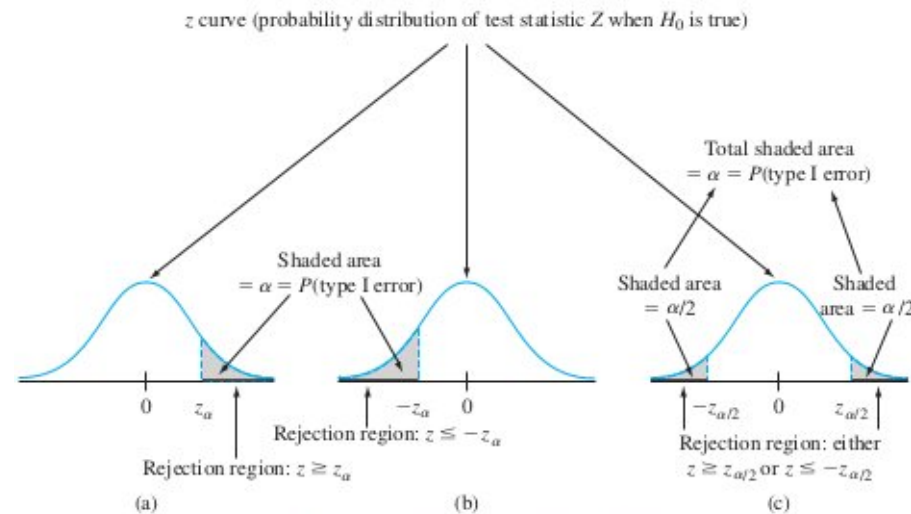


Figure 8.2 Rejection regions for z tests: (a) upper-tailed test; (b) lower-tailed test; (c) two-tailed test

Case I: Normal Distribution and Known σ (z Test)

- ▶ We can even derive the formula for type II error β .
- ▶ For a given True Value μ' , Type I Error level α and Type II Error β , we can determine the sample size n that we need with

$$\Phi\left(z_{\alpha} + \frac{\mu_0 - \mu'}{\sigma\sqrt{n}}\right) = \beta$$

Thus

$$-z_{\beta} = z_{\alpha} + \frac{\mu_0 - \mu'}{\sigma\sqrt{n}}$$

Case I: Normal Distribution and Known σ (z Test)

Alternative Hypothesis Type II Error Probability $\beta(\mu')$ for a Level α Test

$$\begin{aligned} H_a: \quad \mu &> \mu_0 && \Phi\left(z_\alpha + \frac{\mu_0 - \mu'}{\sigma/\sqrt{n}}\right) \\ H_a: \quad \mu &< \mu_0 && 1 - \Phi\left(-z_\alpha + \frac{\mu_0 - \mu'}{\sigma/\sqrt{n}}\right) \\ H_a: \quad \mu &\neq \mu_0 && \Phi\left(z_{\alpha/2} + \frac{\mu_0 - \mu'}{\sigma/\sqrt{n}}\right) - \Phi\left(-z_{\alpha/2} + \frac{\mu_0 - \mu'}{\sigma/\sqrt{n}}\right) \end{aligned}$$

where $\Phi(z)$ = the standard normal cdf.

The sample size n for which a level α test also has $\beta(\mu') = \beta$ at the alternative value μ' is

$$n = \begin{cases} \left[\frac{\sigma(z_\alpha + z_\beta)}{\mu_0 - \mu'} \right]^2 & \text{for a one-tailed} \\ & \text{(upper or lower) test} \\ \left[\frac{\sigma(z_{\alpha/2} + z_\beta)}{\mu_0 - \mu'} \right]^2 & \text{for a two-tailed test} \\ & \text{(an approximate solution)} \end{cases}$$

Case I: Normal Distribution and Known σ (z Test)

► Example

Let μ denote the true average tread life of a certain type of tire. Consider testing $H_0: \mu = 30,000$ versus $H_a: \mu > 30,000$ based on a sample of size $n = 16$ from a normal population distribution with $\sigma = 1500$. A test with $\alpha = .01$ requires $z_\alpha = z_{.01} = 2.33$. The probability of making a type II error when $\mu = 31,000$ is

$$\beta(31,000) = \Phi\left(2.33 + \frac{30,000 - 31,000}{1500/\sqrt{16}}\right) = \Phi(-.34) = .3669$$

Since $z_1 = 1.28$, the requirement that the level .01 test also have $\beta(31,000) = .1$ necessitates

$$n = \left[\frac{1500(2.33 + 1.28)}{30,000 - 31,000} \right]^2 = (-5.42)^2 = 29.32$$

The sample size must be an integer, so $n = 30$ tires should be used. 

Case II: General Distribution, Unknown σ but Large Sample (z Test)

- ▶ As we discussed in Confidence Interval, under the null hypothesis, the test statistic

$$Z = \frac{\bar{X} - \mu_0}{\hat{\sigma}\sqrt{n}}$$

approximately follow a standard normal distribution.

- ▶ The rule of thumb is $n > 40$.
- ▶ All the procedure, e.g., Test Statistic, Rejection Region and formula for β and sample size, are the same except for substituting σ with its estimator $\hat{\sigma}$.

Case III: Normal Distribution and Unknown σ (t Test)

- ▶ Under the null hypothesis, the test statistic

$$T = \frac{\bar{X} - \mu_0}{\hat{\sigma}\sqrt{n}}$$

follows a t distribution with degrees of freedom $n - 1$

Case III: Normal Distribution and Unknown σ (t Test)

- Under the null hypothesis, the test statistic

$$T = \frac{\bar{X} - \mu_0}{\hat{\sigma}\sqrt{n}}$$

follows a t distribution with degrees of freedom $n - 1$

- Test Procedure

The One-Sample t Test

Null hypothesis: $H_0: \mu = \mu_0$

Test statistic value: $t = \frac{\bar{X} - \mu_0}{s/\sqrt{n}}$

Alternative Hypothesis

$H_a: \mu > \mu_0$

$H_a: \mu < \mu_0$

$H_a: \mu \neq \mu_0$

Rejection Region for a Level α Test

$t \geq t_{\alpha, n-1}$ (upper-tailed)

$t \leq -t_{\alpha, n-1}$ (lower-tailed)

either $t \geq t_{\alpha/2, n-1}$ or $t \leq -t_{\alpha/2, n-1}$ (two-tailed)

Case III: Normal Distribution and Unknown σ (t Test)

- ▶ The calculation of Type II Error β is much more difficult than z Test.

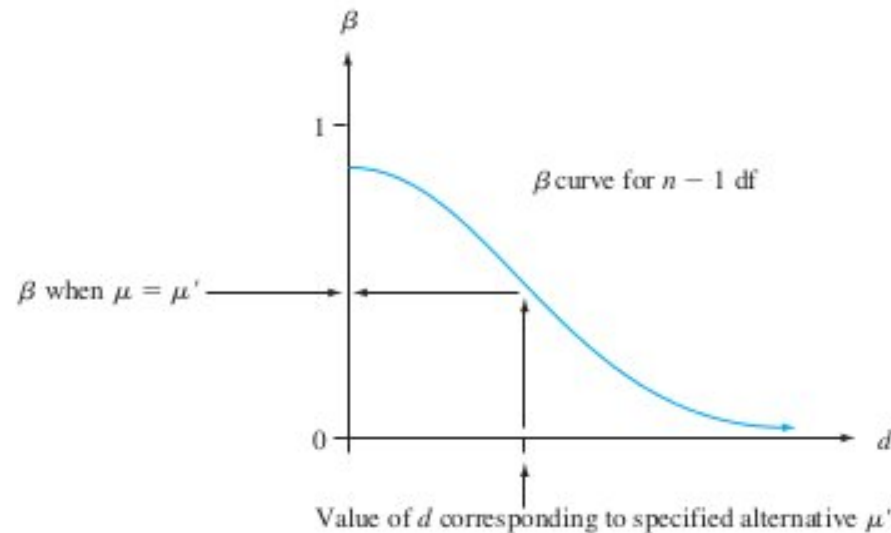
$$\beta(\mu') = P(T < t_{\alpha, n-1} \text{ when } \mu = \mu' \text{ rather than } \mu_0)$$

Case III: Normal Distribution and Unknown σ (t Test)

- ▶ The calculation of Type II Error β is much more difficult than z Test.

$$\beta(\mu') = P(T < t_{\alpha, n-1} \text{ when } \mu = \mu' \text{ rather than } \mu_0)$$

- ▶ A typical β curve





Population proportion

- Let p denote the proportion of individuals or objects in a population who possess a specified property (**probability of success**). In order to make inference about p , naturally we would look at the sample proportion, which is X/n . X is the number of S 's in the sample. In practice, X normally should follow a **hyper-geometric distribution**, which can often be approximated by a **binomial distribution**, and when n is large, it can further be approximated by a **normal distribution**.
- We first consider large sample tests.

Large-sample tests

- Thanks to the Central Limit Theorem, we have

$$Z = \frac{\hat{p} - p_0}{\sqrt{p_0(1 - p_0)/n}} \sim N(0, 1)$$

under the null hypothesis.

- Thus the rejection region is determined by

1. $H_a: p > p_0: Z > z_\alpha$
2. $H_a: p < p_0: Z < -z_\alpha$
3. $H_a: p \neq p_0: Z > z_{\alpha/2} \text{ or } Z < -z_{\alpha/2}$

- The test procedures are valid provided that $np_0 \geq 10$ and $n(1-p_0) \geq 10$.

Example

Ex. (Defective rate cont.) A factory claims that less than 10% of the components they produce are defective. A consumer group is skeptical of the claim and checks a random sample of 300 components and finds that 39 are defective. Is there evidence that 10% of all components made at the factory are defective?

$$H_0: p = 0.10 \quad H_a: p > 0.10$$

$$\hat{p} = \frac{39}{300} = 0.13 \quad Z = \frac{0.13 - 0.1}{\sqrt{0.1(1 - 0.1)/300}} = 1.72$$

$z_{0.05} = 1.645$. $Z > z_{0.05}$, thus we would **reject** H_0 at level $\alpha=0.05$.

Type II error

- We consider the upper tail test with rejection region $Z > z_\alpha$ and try to calculate the type II error associated with this test.

$$\begin{aligned}\beta(p') &= P(H_0 \text{ is not rejected when } p = p') \\&= P\left(\frac{\hat{p} - p_0}{\sqrt{p_0(1 - p_0)/n}} \leq z_\alpha | p = p'\right) \\&= P\left(\frac{\hat{p} - p'}{\sqrt{p_0(1 - p_0)/n}} \leq z_\alpha + \frac{p_0 - p'}{\sqrt{p_0(1 - p_0)/n}} | p = p'\right) \\&= P\left(\frac{\hat{p} - p'}{\sqrt{p'(1 - p')/n}} \leq \frac{z_\alpha \sqrt{p_0(1 - p_0)/n}}{\sqrt{p'(1 - p')/n}} + \frac{(p_0 - p')}{\sqrt{p'(1 - p')/n}} | p = p'\right) \\&= \Phi\left(\frac{p_0 - p' + z_\alpha \sqrt{p_0(1 - p_0)/n}}{\sqrt{p'(1 - p')/n}}\right)\end{aligned}$$

- Formulas for different alternatives can be derived in a similar way. (Book p.308)

Determining sample size

- If we specify a particular alternative p' and specify a β value that can be tolerated (e.g. 0.1). Then from

$$\beta = \Phi \left(\frac{p_0 - p' + z_\alpha \sqrt{p_0(1 - p_0)/n}}{\sqrt{p'(1 - p')/n}} \right) \Rightarrow -z_\beta = \frac{p_0 - p' + z_\alpha \sqrt{p_0(1 - p_0)/n}}{\sqrt{p'(1 - p')/n}}$$

- Therefore, in order to achieve the specified type I and type II error, one has to have a sample size of at least

$$n = \left(\frac{z_\alpha \sqrt{p_0(1 - p_0)} + z_\beta \sqrt{p'(1 - p')}}{p' - p_0} \right)^2$$

- For two sided test, we have to change z_α to $z_{\alpha/2}$ in the above formula.
- Difference between the sample size calculation formula in chapter 7 and the one above.

Example

Ex. A package-delivery service advertises that at least 90% of all packages brought to its office by 9 a.m. for delivery in the same city are delivered by noon that day. Let p denote the true proportion of such packages that are delivered as advertised and consider the hypothesis $H_0: p = 0.9$ versus $H_a: p < 0.9$. If only 80% of the packages are delivered, how likely is it that a level .01 test based on $n=225$ packages will detect such departure from H_0 ? What should the sample size be to ensure that $\beta(0.8) = 0.01$? With $\alpha = .01$, $p_0 = .9$, $p' = .8$, and $n = 225$.

$$\begin{aligned}\text{Type II error: } \beta(p') &= 1 - \Phi \left(\frac{p_0 - p' - z_\alpha \sqrt{p_0(1 - p_0)/n}}{\sqrt{p'(1 - p')/n}} \right) \\ &= 1 - \Phi \left(\frac{.9 - .8 - 2.33 \sqrt{(.9)(.1)/225}}{\sqrt{(.8)(.2)/225}} \right) \\ &= 1 - \Phi(2.00) = .0228\end{aligned}$$

Example cont.

- Using $z_{.01}=2.33$, the sample size can then be calculated from

$$\begin{aligned} n &= \left(\frac{z_{\alpha} \sqrt{p_0(1-p_0)/n} + z_{\beta} \sqrt{p'(1-p')/n}}{p' - p_0} \right)^2 \\ &= \left(\frac{2.33 \sqrt{(.9)(.1)} + 2.33 \sqrt{(.8)(.2)}}{.8 - .9} \right)^2 \approx 266 \end{aligned}$$

- $1-\beta$ is often referred to as the **power** of a test. It is the probability that **the test can actually detect the alternative given the alternative is true!** For α -level tests, the bigger the power the better!

Small sample tests

- For testing population proportions, when the sample size is small, the normal approximation is no longer appropriate. Thus a more accurate test should be used.
- As mentioned before, the sample proportion is X/n . X is the number of S 's in the sample and can be treated as a binomial random variable. Thus a rejection region can be constructed using binomial cdf/pmf.
- Can we get an exact α -level test using binomial?