

PUB – POS 316 Week 9

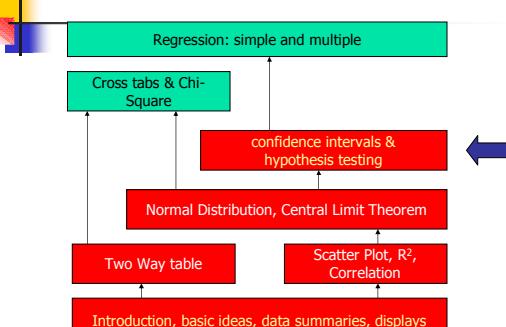
Hypothesis testing

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Course Road Map



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Introduction

- Hypothesis
- P-Values
- Hypothesis testing
 - Z-test

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Introduction

- Last time we talked about margin of errors and confidence intervals.
- Example: Average price of coffee in Albany:
 - \$ 1.85 ±\$0.35 (with 95% confidence)
 - Or: interval: (\$1.5,\$2.2)
- That was "a" systematic way of stating inferences.

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Introduction

- Another way is:
 - 1. to state hypothesis about a phenomenon,
 - 2. report possibility that the hypothesis is correct, and
 - 3. accept or reject it.
- Our class is about this way of investigation.

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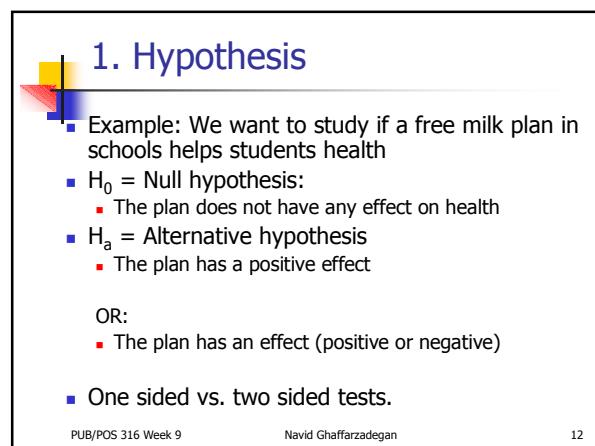
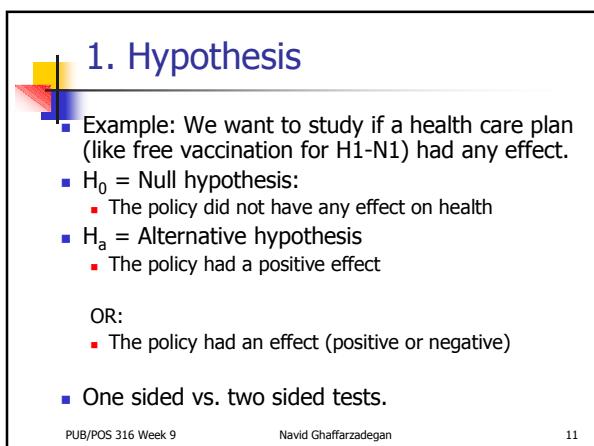
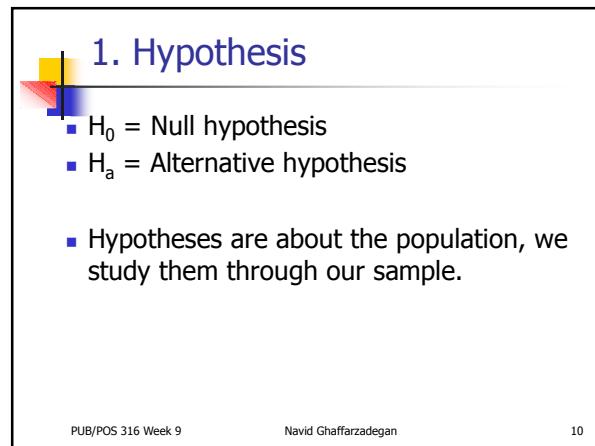
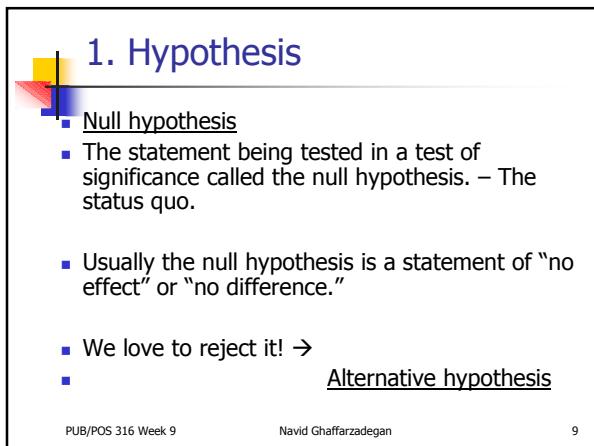
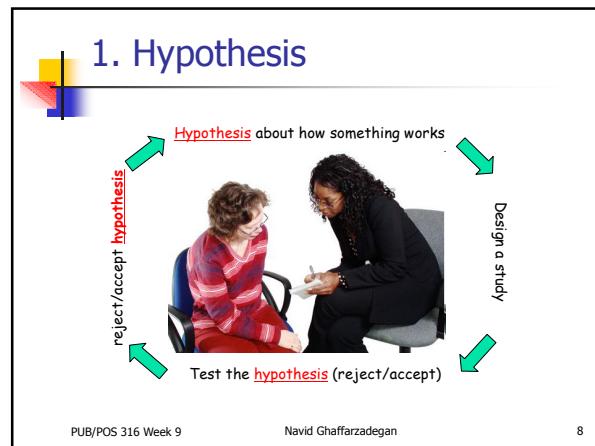
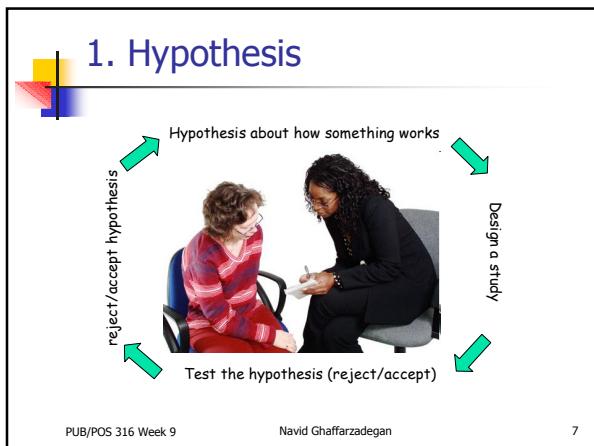
1. Hypothesis



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1. Hypothesis

- Example: We want to study if job satisfaction is more in non-profit organizations than for-profit organizations:
- H_0 = Null hypothesis:
 - Job satisfaction is equal
- H_a = Alternative hypothesis:
 - Job satisfaction in non-profit is more

OR:

- Job satisfaction is different between non-profit and for profit

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1. Hypothesis

- A tobacco company claims that a new technology results in the mean nicotine content of a cigarette being less than 1.5 milligrams.
- What are the hypotheses?
- State the question statistically:
- $H_0: \mu \geq 1.5$
- $H_a: \mu < 1.5$

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1. Hypothesis

- After stating the hypotheses we should investigate them.
- Find the probability that the null hypothesis is correct (and see if we can reject it!)
- P-values.

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2- P-Values

- The probability that H_0 is true, based on our data.
- The smaller P-Value, the stronger the evidence against H_0 !
- So, we go and find p-value for our hypotheses, compare it with a critical number (α), and see if we can reject the null-hypotheses. [we love to have small p-values!]

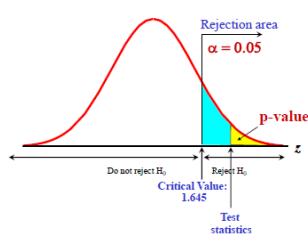
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2- P-Values

- Find p-value for our hypothesis, compare it with a critical number (α), and see if we can reject the null-hypothesis.



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2- P-Values

- Example: A nutritionist is interested in determining whether the average caloric intake of patients on the standard hospital diet is different from 2000 calories/day. Based on a sample of 32 patients, she found that the average caloric intake was 2124 calories/day. Past research indicated that the population standard deviation was 200 calories/day.

- At the 5% level of significance, can the study conclude that the average caloric intake of patients on the standard hospital diet is different from 2000 calories/day?

(source: Carnegie Mellon University, 90-711, Empirical Methods)

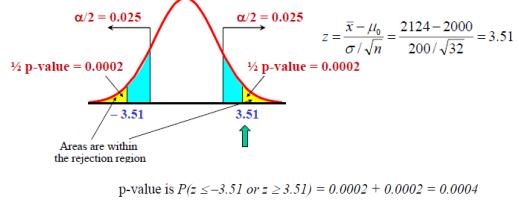
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2- P-Values

- State the hypotheses:
 - $H_0: \mu = 2000$
 - $H_a: \mu \neq 2000$



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3- Z-test

- Then compare your p-value with the critical value
- (both of these numbers came from the z-distribution table)

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Example

- Example: You're an analyst for Ford. You want to make sure if the average miles per gallon of Escorts is less than 32 mpg. Similar models have a standard deviation of 3.8 mpg. You take a sample of 60 Escorts & compute a sample mean of 30.7 mpg.

- At the 0.05 level, is there evidence that the miles per gallon is less than 32?

(source: Carnegie Mellon University, 90-711, Empirical Methods)

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Example

- State the hypotheses:
 - $H_0: \mu \geq 32$
 - $H_a: \mu < 32$

$$z = \frac{\bar{x} - \mu_0}{\sigma / \sqrt{n}} = \frac{30.7 - 32}{3.8 / \sqrt{60}} = -2.65$$

$$P(z < -2.65) = ?$$

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Example

- Example: You're an analyst for Ford. You want to find out if the average miles per gallon of Escorts is less than 32 mpg. Similar models have a standard deviation of 3.8 mpg. You take a sample of 60 Escorts & compute a sample mean of 30.7 mpg.

- At the 0.01 level, is there evidence that the miles per gallon is less than 32?

(source: Carnegie Mellon University, 90-711, Empirical Methods)

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Example

- Example: You performed a significance test of $H_0: \mu = 25$ based on an SRS of $n=100$. Assume the standard deviation in your population is equal to 20.
- If you came up with 28 in your sample, what is the p-value for $H_0: \mu = 25$? Can you reject that in 0.05 level of significance?

(source: Carnegie Mellon University, 90-711, Empirical Methods)

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Review

- We have learned two systematic ways of making systematic inferences from data.
 - Margin of error
 - Hypothesis testing

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Review: Margin of error

Remember: Only remembering the following equation is enough

$$x = \mu \pm z.s \quad \Leftrightarrow \quad x = \mu \pm z \cdot \frac{\sigma}{\sqrt{n}}$$

$$x = \mu \pm z \sqrt{\frac{p(1-p)}{n}}$$

The procedure:

1. Write $x = \mu \pm z.s$
2. Write the proper extension
3. Find z (you usually know it!), σ or p , and n

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Review: Margin of error

- A recent poll compares the chances of candidate A with candidate B for winning a presidential election. 1000 people participated in this poll. 480 people said that they support candidate A, 436 people said they support candidate B, the rest not decided.
- What is the 95% confidence interval for the result of each candidate?
- Which candidate has a better position?
- What about margin of error in 80% confidence?

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Excel

Standard Normal distribution

- Remember our z-table? Excel has it! (read help)
- NORMSDIST(z)
- NORMSINV(area) → z

Normal Distribution

- {Not necessarily "standard" normal dis., but all kind of normal distribution}

- NORMDIST

Confidence intervals

- CONFIDENCE(alpha,standard_dev,size)

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Review: Hypothesis testing



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Review: Hypothesis testing

Important:

- State your hypotheses correctly.
 - What is the status quo? H_0
 - What do we like to prove? → H_a
 - Hypothesis of two states being equal? → H_0
- Still it will be difficult! Experience....

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Review: Hypothesis testing

Important:

- Clarify if it is a one-tail test or two tail test? (one sided, or two sided?)
- Based on that you can find
 - P-value
 - the critical value, α
- Compare them. See if you can reject the null hypothesis.

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Review: Hypothesis testing

The university believes that the average hours of study among under grad students is 3.5 hours per day. You think students are studying harder! And decide to conduct a study to test it. Based on a sample of 40 students you see that the result is 4.0 hours per day. Assuming the standard deviation of hours of study in the population is 2 hours, can you reject the belief?! What is the p-value?

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Review: Hypothesis testing

- It is significant, so what?
- P- Value is more important.
- Don't ignore lack of significance.
- Plot the data. (scatter plots – bar charts)

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Excel

- Normal distribution
- Read help for z-test.
- Commands: Give you p-values:
 - One tail test:
 - ZTEST(Array, μ)
 - e.g.: =ZTEST(A2:A11,4)
 - Two tail tests:
 - 2 * MIN(ZTEST(A2:A11,4),
 - 1 - ZTEST(A2:A11,4))

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Two cases

- How to read and interpret confidence intervals in papers and professional reports.
 - The health policy paper
- How to read and interpret hypotheses and technical tables in papers and professional reports.
 - The organizational behavior paper

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