Math 362: Mathematical Statistics II

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Last updated on April 13, 2021

2021 Spring

Chapter 6. Hypothesis Testing

Go over the example first....

Suppose our friend Jory claims that he has some magic power to predict the side of a randomly tossed fair-coin.

Jory claims that he could do more than

$1/2$

of the time on average.

Let's test Jory to see if we believe his claim.

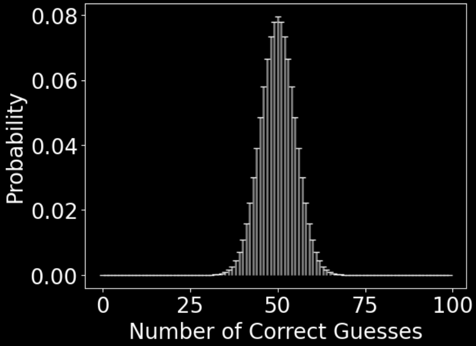
We made Jory guess a repeatedly tossed coin for 100 times.

He guesses correctly 54 times.

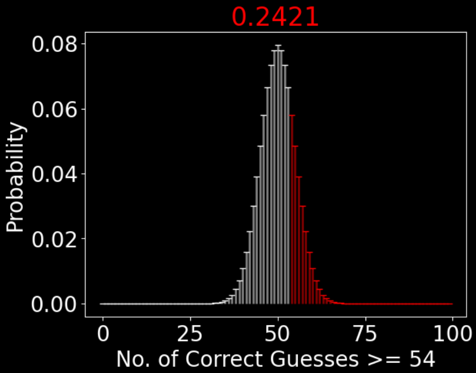
Question:

Does this provide strong evidence that Jory has the proclaimed magic power?

If Jory is guessing randomly, the number of correct guesses would follow a binomial distribution with parameters $n = 100$ and $p = 1/2$.



What is probability that Jory gets 54 or more correct when guessing randomly?



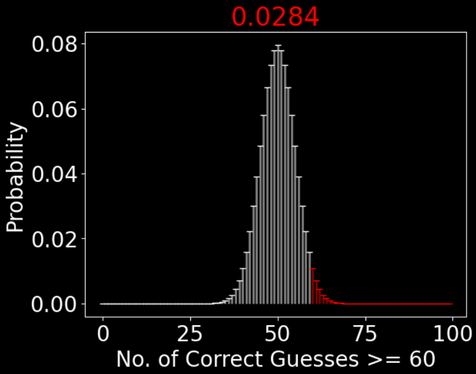
$$\mathbb{P}(X \geq 54) = \sum_{n=54}^{100} \binom{100}{n} \left(\frac{1}{2}\right)^n \left(\frac{1}{2}\right)^{100-n} = 0.2421.$$

It is not unlikely to get this many correct guesses due to chance.

Conclusion:

There is No strong evidence that Jory has better than a 1/2 chance of correctly guessing the coin.

What is probability that Jory gets 60 or more correct when guessing randomly?



$$\mathbb{P}\left(X \geq 60\right) = \sum_{n=60}^{100} \binom{100}{n} \left(\frac{1}{2}\right)^{n} \left(\frac{1}{2}\right)^{100-n} = 0.0284.$$

Either

Jory is purely guessing with probability of success of $\frac{1}{2}$, and we witnessed a very unusual event due to chance.

Or

Jory is truly having the magic power to guess the coin.

Conclusion:

We have strong evidence against
Red Hypothesis

Or the test is in favor of
Green Hypothesis

Before testing Jory, could you set up a threshold above which we will believe Jory's super power?

Find smallest m such that

$$\mathbb{P}(X \geq m) = \sum_{n=m}^{100} \binom{100}{n} \left(\frac{1}{2}\right)^{n} \left(\frac{1}{2}\right)^{100-n} \leq 0.05$$

$$\Downarrow$$

$$\boxed{m = 59}$$

b.c. $\mathbb{P}(X \geq 58) = 0.067$ & $\mathbb{P}(X \geq 59) = 0.044$

We have just informally conducted a hypothesis test with the null hypothesis

$$H_0 : p = \frac{1}{2}$$

against the alternative hypothesis

$$H_1 : p > \frac{1}{2}$$

under the significance level $\alpha = 0.05$

which is equivalent to either

producing the critical region $m \geq 59$ or comparing with the p-value.

- Test statistic: Any function of the observed data whose numerical value dictates whether H_0 is accepted or rejected.

- Critical region C: The set of values for the test statistic that result in the null hypothesis being rejected.

  Critical value: The particular point in C that separates the rejection region from the acceptance region.

- Level of significance α: The probability that the test statistic lies in the critical region C under H_0.

Test Normal mean $H_0 : \mu = \mu_0$ (σ known)

Setup:

1. Let $Y_1 = y_1, \cdots, Y_n = y_n$ be a random sample of size n from $N(\mu, \sigma^2)$ with σ known.
2. Set $\bar{y} = \frac{1}{n}(y_1 + \cdots + y_n)$ and $z = \frac{\bar{y} - \mu_0}{\sigma/\sqrt{n}}$.
3. The level of significance is α.

Test:

$$\begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu > \mu_0 \end{cases}$$

reject H_0 if $z \geq z_\alpha$.

$$\begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu < \mu_0 \end{cases}$$

reject H_0 if $z \leq -z_\alpha$.

$$\begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu \neq \mu_0 \end{cases}$$

reject H_0 if $|z| \geq z_{\alpha/2}$.

- Simple hypothesis: Any hypothesis which specifies the population distribution completely.
- Composite hypothesis: Any hypothesis which does not specify the population distribution completely.

Conv. We always assume H_0 is simple and H_1 is composite.

Definition. The P-value associated with an observed test statistic is the probability of getting a value for that test statistic as extreme as or more extreme than what was actually observed (relative to H_1) given that H_0 is true.

Note: Test statistics that yield small P-values should be interpreted as evidence against H_0.

E.g. Suppose that test statistic $z = 0.60$. Find P-value for

$$\begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu > \mu_0 \end{cases} \qquad \begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu < \mu_0 \end{cases} \qquad \begin{cases} H_0 : \mu = \mu_0 \\ H_1 : \mu \neq \mu_0 \end{cases}$$

$$\mathbb{P}(Z \geq 0.60) = 0.2743. \qquad \mathbb{P}(Z \leq 0.60) = 0.7257. \qquad \begin{aligned} &\mathbb{P}(|Z| \geq 0.60) \\ &= 2 \times 0.2743 \\ &= 0.5486. \end{aligned}$$