Chapter 10: One- and Two-Sample Tests of Hypotheses:

Consider a population with some unknown parameter $\theta$. We are interested in testing (confirming or denying) some conjectures about $\theta$. For example, we might be interested in testing the conjecture that $\theta = \theta_0$, where $\theta_0$ is a given value.

10.1-10.3: Introduction +:

- A statistical hypothesis is a conjecture concerning (or a statement about) the population.
- For example, if $\theta$ is an unknown parameter of the population, we may be interested in testing the conjecture that $\theta > \theta_0$ for some specific value $\theta_0$.
- We usually test the null hypothesis:
  \[ H_0: \theta = \theta_0 \]  
  (Null Hypothesis)
Against one of the following alternative hypotheses:
\[
H_1:
\begin{cases}
  \theta \neq \theta_0 \\
  \theta > \theta_0 \\
  \theta < \theta_0
\end{cases}
\]  
  (Alternative Hypothesis or Research Hypothesis)

- Possible situations in testing a statistical hypothesis:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>$H_0$ is true</th>
<th>$H_0$ is false</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accepting $H_0$</td>
<td>Correct Decision</td>
<td>Type II error ($\beta$)</td>
</tr>
<tr>
<td>Rejecting $H_0$</td>
<td>Type I error ($\alpha$)</td>
<td>Correct Decision</td>
</tr>
</tbody>
</table>

Type I error = Rejecting $H_0$ when $H_0$ is true
Type II error = Accepting $H_0$ when $H_0$ is false
\[ P(\text{Type I error}) = P(\text{Rejecting } H_0 \mid H_0 \text{ is true}) = \alpha \]
\[ P(\text{Type II error}) = P(\text{Accepting } H_0 \mid H_0 \text{ is false}) = \beta \]

- The level of significance of the test:
  \[ \alpha = P(\text{Type I error}) = P(\text{Rejecting } H_0 \mid H_0 \text{ is true}) \]
• One-sided alternative hypothesis:
  \( H_0: \theta = \theta_0 \) or \( H_0: \theta = \theta_o \)
  \( H_1: \theta > \theta_0 \) \quad \text{or} \quad \( H_1: \theta < \theta_0 \)

• Two-sided alternative hypothesis:
  \( H_0: \theta = \theta_0 \)
  \( H_1: \theta \neq \theta_0 \)

• The test procedure for rejecting \( H_0 \) (accepting \( H_1 \)) or accepting \( H_0 \) (rejecting \( H_1 \)) involves the following steps:

1. Determining a test statistic (T.S.)
2. Determining the significance level \( \alpha \)
   \( \alpha = 0.01, 0.025, 0.05, \) or 0.10
3. Determining the rejection region (R.R.) and the acceptance region (A.R.) of \( H_0 \).
   R.R. of \( H_0 \) depends on \( H_1 \) and \( \alpha \)
   - \( H_1 \) determines the direction of the R.R. of \( H_0 \)
   - \( \alpha \) determines the size of the R.R. of \( H_0 \)

\[ \begin{array}{ll}
\text{R.R. of } H_0 & 1 - \alpha \\
\text{A.R. of } H_0 & \alpha/2 \\
\text{R.R. of } H_0 & \alpha/2
\end{array} \]

- Two-sided alternative \( H_1: \theta \neq \theta_0 \)

\[ \begin{array}{ll}
\text{R.R. of } H_0 & 1 - \alpha \\
\text{A.R. of } H_0 & \alpha
\end{array} \]

- One-sided alternative \( H_1: \theta > \theta_0 \)

\[ \begin{array}{ll}
\text{R.R. of } H_0 & \alpha \\
\text{A.R. of } H_0 & 1 - \alpha
\end{array} \]

- One-sided alternative \( H_1: \theta < \theta_0 \)

4. Decision:
   We reject \( H_0 \) (accept \( H_1 \)) if the value of the T.S. falls in the R.R. of \( H_0 \), and vice versa.
10.5: Single Sample: Tests Concerning a Single Mean (Variance Known):
Suppose that $X_1, X_2, \ldots, X_n$ is a random sample of size $n$ from distribution with mean $\mu$ and (known) variance $\sigma^2$.

Recall:
- $E(\bar{X}) = \mu$  
- $Var(\bar{X}) = \frac{\sigma^2}{n}$  
- $\bar{X} \sim N\left(\mu, \frac{\sigma}{\sqrt{n}}\right) \iff Z = \frac{\bar{X} - \mu}{\frac{\sigma}{\sqrt{n}}} \sim N(0,1)$
- Let $\mu_0$ be a given known value.

Test Procedure:

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>$H_0$: $\mu = \mu_0$</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$H_1$: $\mu \neq \mu_0$</td>
<td>$H_1$: $\mu &gt; \mu_0$</td>
<td>$H_1$: $\mu &lt; \mu_0$</td>
</tr>
<tr>
<td>Test Statistic (T.S.)</td>
<td>$Z = \frac{\bar{X} - \mu_0}{\frac{\sigma}{\sqrt{n}}} \sim N(0,1)$</td>
<td></td>
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</tr>
<tr>
<td>R.R. and A.R. of $H_0$</td>
<td><img src="image1" alt="Graph of Two-Sided Test" /></td>
<td><img src="image2" alt="Graph of One-Sided Test" /></td>
<td><img src="image3" alt="Graph of One-Sided Test" /></td>
</tr>
<tr>
<td>Decision:</td>
<td>Reject $H_0$ (and accept $H_1$) at the significance level $\alpha$ if:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$Z &gt; Z_{\alpha/2}$ or $Z &lt; -Z_{\alpha/2}$ Two-Sided Test</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>$Z &gt; Z_{\alpha}$ One-Sided Test</td>
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</tr>
<tr>
<td></td>
<td>$Z &lt; -Z_{\alpha}$ One-Sided Test</td>
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</tbody>
</table>

Example 10.3:
A random sample of 100 recorded deaths in the United States during the past year showed an average of 71.8 years. Assuming a population standard deviation of 8.9 year, does this seem to indicate that the mean life span today is greater than 70 years? Use a 0.05 level of significance.

Solution:
$n=100$, $\bar{X}=71.8$, $\sigma=8.9$
$\mu$=average (mean) life span
$\mu_0=70$
Hypotheses:

\[ H_0: \mu = 70 \]
\[ H_1: \mu > 70 \]

T.S.:

\[
Z = \frac{\bar{X} - \mu_0}{\sigma/\sqrt{n}} = \frac{71.8 - 70}{8.9/\sqrt{100}} = 2.02
\]

Level of significance:
\[ \alpha = 0.05 \]

R.R.:

\[ Z_{\alpha} = Z_{0.05} = 1.645 \]
\[ Z > Z_{\alpha} = Z_{0.05} = 1.645 \]

Decision:

Since \( Z = 2.02 \in \text{R.R.}, \) i.e., \( Z = 2.02 > Z_{0.05} \), we reject \( H_0 \) at \( \alpha = 0.05 \) and accept \( H_1: \mu > 70 \). Therefore, we conclude that the mean life span today is greater than 70 years.

Example 10.4:

A manufacturer of sports equipment has developed a new synthetic fishing line that he claims has a mean breaking strength of 8 kilograms with a standard deviation of 0.5 kilograms. Test the hypothesis that \( \mu = 8 \) kg against the alternative that \( \mu \neq 8 \) kg if a random sample of 50 lines is tested and found to have a mean breaking strength of 7.8 kg. Use a 0.01 level of significance.

Solution:

\( n = 50, \bar{X} = 7.8, \sigma = 0.5, \alpha = 0.01, \alpha/2 = 0.005 \)

\( \mu = \) mean breaking strength
\( \mu_0 = 8 \)

Hypotheses:

\[ H_0: \mu = 8 \]
\[ H_1: \mu \neq 8 \]

T.S.:

\[
Z = \frac{\bar{X} - \mu_0}{\sigma/\sqrt{n}} = \frac{7.8 - 8}{0.5/\sqrt{50}} = -2.83
\]

\( Z_{\alpha/2} = Z_{0.005} = 2.575 \) and \( -Z_{\alpha/2} = -Z_{0.005} = -2.575 \)
Decision:

Since $Z = -2.83 \in \mathbb{R}$, i.e., $Z = -2.83 < -Z_{0.005}$, we reject $H_0$ at $\alpha = 0.01$ and accept $H_1$: $\mu \neq 8$. Therefore, we conclude that the claim is not correct.

10.7: Single Sample: Tests on a Single Mean (Variance Unknown):
Suppose that $X_1, X_2, \ldots, X_n$ is a random sample of size $n$ from normal distribution with mean $\mu$ and unknown variance $\sigma^2$.
Recall:

- $T = \frac{\bar{X} - \mu}{S / \sqrt{n}} \sim t(\nu)$ ; $\nu = n-1$
- $S = \sqrt{\frac{\sum_{i=1}^{n} (X_i - \bar{X})^2}{n-1}}$
- Test Procedure:

<table>
<thead>
<tr>
<th>Hypotheses</th>
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</table>

Test Statistic (T.S.)

$T = \frac{\bar{X} - \mu_0}{S / \sqrt{n}} \sim t(n-1)$

R.R. and A.R. of $H_0$

Decision:

Reject $H_0$ (and accept $H_1$) at the significance level $\alpha$ if:

- Two-Sided Test: $T > t_{\alpha/2}$ or $T < -t_{\alpha/2}$
- One-Sided Test: $T > t_{\alpha}$ or $T < -t_{\alpha}$

Example 10.5:

… If a random sample of 12 homes included in a planned study indicates that vacuum cleaners expend an average of 42 kilowatt-hours per year with a standard deviation of 11.9 kilowatt-hours, does this suggest at the 0.05 level of significance that the vacuum cleaners expend, on the average, less than 46...
kilowatt-hours annually? Assume the population of kilowatt-hours to be normal.

Solution:

\[ n = 12, \ X = 42, S = 11.9, \alpha = 0.05 \]

\( \mu \) = average (mean) kilowatt-hours annual expense of a vacuum cleaner

\( \mu_o = 46 \)

Hypotheses:

\[ H_0: \mu = 46 \]
\[ H_1: \mu < 46 \]

T.S.:

\[ T = \frac{\bar{X} - \mu_o}{S / \sqrt{n}} = \frac{42 - 46}{11.9 / \sqrt{12}} = -1.16 \]

\( \nu = df = n - 1 = 11 \)

- \( t_\alpha = - t_{0.05} = -1.796 \)

Decision:

Since \( T = -1.16 \notin \text{R.R.} \) (\( T = -1.16 \in \text{A.R.} \)), we do not reject \( H_0 \) at \( \alpha = 0.05 \) (i.e, accept \( H_0: \mu = 46 \)) and reject \( H_1: \mu < 46 \).
Therefore, we conclude that \( \mu \) is not less than 46 kilowatt-hours.

10.8: Two Samples: Tests on Two Means:

Recall: For two independent samples:

- If \( \sigma_1^2 \) and \( \sigma_2^2 \) are known, then we have:

\[ Z = \frac{(\bar{X}_1 - \bar{X}_2) - (\mu_1 - \mu_2)}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}} \sim N(0,1) \]

- If \( \sigma_1^2 \) and \( \sigma_2^2 \) are unknown but \( \sigma_1^2 = \sigma_2^2 = \sigma^2 \), then we have:

\[ T = \frac{(\bar{X}_1 - \bar{X}_2) - (\mu_1 - \mu_2)}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \sim t(n_1 + n_2 - 2) \]

Where the pooled estimate of \( \sigma^2 \) is

\[ S_p^2 = \frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2} \]

The degrees of freedom of \( S_p^2 \) is \( \nu = n_1 + n_2 - 2 \).

Now, suppose we need to test the null hypothesis
\[ H_0 : \mu_1 = \mu_2 \quad \Leftrightarrow \quad H_0 : \mu_1 - \mu_2 = 0 \]

Generally, suppose we need to test
\[ H_0 : \mu_1 - \mu_2 = d \quad \text{(for some specific value } d) \]
Against one of the following alternative hypothesis
\[
H_1 : \begin{cases}
\mu_1 - \mu_2 \neq d \\
\mu_1 - \mu_2 > d \\
\mu_1 - \mu_2 < d
\end{cases}
\]

<table>
<thead>
<tr>
<th>Hypotheses</th>
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<td>(H_1 : \mu_1 - \mu_2 &lt; d)</td>
</tr>
</tbody>
</table>

**Test Statistic (T.S.)**
\[
Z = \frac{(X_1 - X_2) - d}{\sqrt{\sigma_1^2/n_1 + \sigma_2^2/n_2}} \sim N(0,1) \quad \{\text{if } \sigma_1^2 \text{ and } \sigma_2^2 \text{ are known}\}
\]

or
\[
T = \frac{(X_1 - X_2) - d}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \sim t(n_1+n_2-2) \quad \{\text{if } \sigma_1^2 = \sigma_2^2 = \sigma^2 \text{ is unknown}\}
\]

<table>
<thead>
<tr>
<th>R.R. and A.R. of (H_0)</th>
</tr>
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<tbody>
<tr>
<td><img src="image1" alt="Diagram" /></td>
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<td><img src="image3" alt="Diagram" /></td>
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</tbody>
</table>

**Decision:**
- Reject \(H_0\) (and accept \(H_1\)) at the significance level \(\alpha\) if:
  - T.S. \(\in\) R.R.
  - Two-Sided Test
  - T.S. \(\in\) R.R.
  - One-Sided Test
  - T.S. \(\in\) R.R.
  - One-Sided Test

**Example 10.6:**
An experiment was performed to compare the abrasive wear of

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two different laminated materials. Twelve pieces of material 1 were tested by exposing each piece to a machine measuring wear. Ten pieces of material 2 were similarly tested. In each case, the depth of wear was observed. The samples of material 1 gave an average wear of 85 units with a sample standard deviation of 4, while the samples of materials 2 gave an average wear of 81 and a sample standard deviation of 5. Can we conclude at the 0.05 level of significance that the mean abrasive wear of material 1 exceeds that of material 2 by more than 2 units? Assume populations to be approximately normal with equal variances.

Solution:

<table>
<thead>
<tr>
<th>Material 1</th>
<th>Material 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$n_1 = 12$</td>
<td>$n_2 = 10$</td>
</tr>
<tr>
<td>$\bar{X}_1 = 85$</td>
<td>$\bar{X}_2 = 81$</td>
</tr>
<tr>
<td>$S_1 = 4$</td>
<td>$S_2 = 5$</td>
</tr>
</tbody>
</table>

Hypotheses:

$H_0$: $\mu_1 = \mu_2 + 2$ (d=2)

$H_1$: $\mu_1 > \mu_2 + 2$

Or equivalently,

$H_0$: $\mu_1 - \mu_2 = 2$ (d=2)

$H_1$: $\mu_1 - \mu_2 > 2$

Calculation:

$\alpha = 0.05$

$$S_p^2 = \frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2} = \frac{(12 - 1)(4)^2 + (10 - 1)(5)^2}{12 + 10 - 2} = 20.05$$

$S_p = 4.478$

$v = n_1 + n_2 - 2 = 12 + 10 - 2 = 20$

$t_{0.05} = 1.725$

T.S.:

$$T = \frac{(\bar{X}_1 - \bar{X}_2) - d}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} = \frac{(85 - 81) - 2}{4.478 \sqrt{\frac{1}{12} + \frac{1}{10}}} = 1.04$$

Decision:

Since $T = 1.04 \in A.R. (T = 1.04 < t_{0.05} = 1.725)$, we accept (do not reject) $H_0$ and reject $H_1$: $\mu_1 - \mu_2 > 2$ at $\alpha = 0.05$. 
10.11 One Sample: Tests on a Single Proportion:

Recall:
- \( p \) = Population proportion of elements of Type A in the population
- \( \hat{p} = \frac{X}{n} \) = Sample proportion elements of Type A in the sample
- For large \( n \), we have
  \[ Z = \frac{\hat{p} - p}{\sqrt{pq/n}} = \frac{X - np}{npq} \sim N(0,1) \]  
  (Approximately, \( q = 1 - p \))

<table>
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<tr>
<th>Hypotheses</th>
<th>( H_0: p = p_0 )</th>
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<th>( H_1: p &gt; p_0 )</th>
<th>( H_1: p &lt; p_0 )</th>
</tr>
</thead>
</table>
| Test Statistic (T.S.) | \[ Z = \frac{\hat{p} - p_0}{\sqrt{p_0 q_0/n}} \sim N(0,1) \]  
  \((q_0 = 1 - p_0)\) | \[ Z = \frac{\hat{p} - p_0}{\sqrt{p_0 q_0/n}} \sim N(0,1) \]  
  \((q_0 = 1 - p_0)\) | \[ Z = \frac{\hat{p} - p_0}{\sqrt{p_0 q_0/n}} \sim N(0,1) \]  
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  \((q_0 = 1 - p_0)\) | \[ Z = \frac{\hat{p} - p_0}{\sqrt{p_0 q_0/n}} \sim N(0,1) \]  
  \((q_0 = 1 - p_0)\) |
| R.R. and A.R. of \( H_0 \) | | | | | |
| Decision: | Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if: | Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if: | Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if: | Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if: | Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if: |
| | | | | | |
| \[ Z > Z_{\alpha/2} \]  
  or \[ Z < -Z_{\alpha/2} \]  
  Two-Sided Test | \[ Z > Z_{\alpha} \]  
  One-Sided Test | \[ Z < -Z_{\alpha} \]  
  One-Sided Test | | | |
Example 10.10:
A builder claims that heat pumps are installed in 70% of all homes being constructed today in the city of Richmond. Would you agree with this claim if a random survey of new homes in the city shows that 8 out of 15 homes had heat pumps installed? Use a 0.10 level of significance.

Solution:
\[ p = \text{Proportion of homes with heat pumps installed in the city}. \]
\[ n = 15 \]
\[ X = \text{no. of homes with heat pumps installed in the sample} = 8 \]
\[ \hat{p} = \text{proportion of homes with heat pumps installed in the sample} = \frac{8}{15} = 0.5333 \]

Hypotheses:
\[ H_0: p = 0.7 \quad (p_0 = 0.7) \]
\[ H_1: p \neq 0.7 \]

Level of significance:
\[ \alpha = 0.10 \]

T.S.:
\[ Z = \frac{\hat{p} - p_0}{\sqrt{\frac{p_0(1-p_0)}{n}}} = \frac{0.5333 - 0.70}{\sqrt{\frac{(0.7)(0.3)}{15}}} = -1.41 \]

or
\[ Z = \frac{X - np_0}{\sqrt{np_0(1-p_0)}} = \frac{8 - (15)(0.7)}{\sqrt{(15)(0.7)(0.3)}} = -1.41 \]

\[ Z_{\alpha/2} = Z_{0.05} = 1.645 \]

Decision:
Since \( Z = -1.41 \in \text{A.R.} \), we accept (do not reject) \( H_0: p=0.7 \) and reject \( H_1: p \neq 0.7 \) at \( \alpha = 0.1 \). Therefore, we agree with the claim.

Example 10.11: Reading Assignment
10.12 Two Samples: Tests on Two Proportions:

Suppose that we have two populations:

- \( p_1 \) = proportion of the 1-st population.
- \( p_2 \) = proportion of the 2-nd population.
- We are interested in comparing \( p_1 \) and \( p_2 \), or equivalently, making inferences about \( p_1 - p_2 \).
- We independently select a random sample of size \( n_1 \) from the 1-st population and another random sample of size \( n_2 \) from the 2-nd population:
  - Let \( X_1 \) = no. of elements of type \( A \) in the 1-st sample.
  - Let \( X_2 \) = no. of elements of type \( A \) in the 2-nd sample.
  - \( \hat{p}_1 = \frac{X_1}{n_1} \) = proportion of the 1-st sample
  - \( \hat{p}_2 = \frac{X_2}{n_2} \) = proportion of the 2-nd sample
  - The sampling distribution of \( \hat{p}_1 - \hat{p}_2 \) is used to make inferences about \( p_1 - p_2 \).
  - For large \( n_1 \) and \( n_2 \), we have
    \[
    Z = \frac{(\hat{p}_1 - \hat{p}_2) - (p_1 - p_2)}{\sqrt{\frac{p_1 q_1}{n_1} + \frac{p_2 q_2}{n_2}}} \sim N(0,1) \quad \text{(Approximately)}
    \]
Suppose we need to test:

\[ H_0: p_1 = p_2 \]
\[ H_1: \begin{cases} \quad p_1 \neq p_2 & \quad p_1 > p_2 \\ \quad p_1 < p_2 \end{cases} \]

Or, equivalently,

\[ H_0: p_1 - p_2 = 0 \]
\[ H_1: \begin{cases} \quad p_1 - p_2 \neq 0 & \quad p_1 - p_2 > 0 \\ \quad p_1 - p_2 < 0 \end{cases} \]

Note, under \( H_0: p_1 = p_2 = p \), the pooled estimate of the proportion \( p \) is:

\[ \hat{p} = \frac{X_1 + X_2}{n_1 + n_2} \quad (\hat{q} = 1 - \hat{p}) \]

The test statistic (T.S.) is

\[ Z = \frac{(\hat{p}_1 - \hat{p}_2)}{\sqrt{\hat{p}\hat{q}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} \sim N(0,1) \]

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>( H_0: p_1 - p_2 = 0 )</th>
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Test Statistic (T.S.)

\[ Z = \frac{(\hat{p}_1 - \hat{p}_2)}{\sqrt{\hat{p}\hat{q}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} \sim N(0,1) \]

R.R. and A.R. of \( H_0 \)

Decision: Reject \( H_0 \) (and accept \( H_1 \)) at the significance level \( \alpha \) if:
Example 10.12:
A vote is to be taken among the residents of a town and the surrounding county to determine whether a proposed chemical plant should be constructed. The construction site is within the town limits and for this reason many voters in the county feel that the proposal will pass because of the large proportion of town voters who favor the construction. To determine if there is a significant difference in the proportion of town voters and county voters favoring the proposal, a poll is taken. If 120 of 200 town voters favor the proposal and 240 of 500 county voters favor it, would you agree that the proportion of town voters favoring the proposal is higher than the proportion of county voters? Use a 0.025 level of significance.

Solution:
\( p_1 = \) proportion of town voters favoring the proposal
\( p_2 = \) proportion of county voters favoring the proposal
\( \hat{p}_1 = \) sample proportion of town voters favoring the proposal
\( \hat{p}_2 = \) sample proportion of county voters favoring the proposal

<table>
<thead>
<tr>
<th>Town</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>( n_1 = 200 )</td>
<td>( n_2 = 500 )</td>
</tr>
<tr>
<td>( X_1 = 120 )</td>
<td>( X_2 = 240 )</td>
</tr>
<tr>
<td>( \hat{p}_1 = \frac{X_1}{n_1} = \frac{120}{200} = 0.60 )</td>
<td>( \hat{p}_2 = \frac{X_2}{n_2} = \frac{240}{500} = 0.48 )</td>
</tr>
<tr>
<td>( \hat{q}_1 = 1 - 0.60 = 0.40 )</td>
<td>( \hat{q}_2 = 1 - 0.48 = 0.52 )</td>
</tr>
</tbody>
</table>

The pooled estimate of the proportion \( p \) is:
\[
\hat{p} = \frac{X_1 + X_2}{n_1 + n_2} = \frac{120 + 240}{200 + 500} = 0.51
\]
\[
\hat{q} = 1 - 0.51 = 0.49
\]

Hypotheses:
\( H_0: p_1 = p_2 \)
H₁: \( p_1 > p_2 \)

or

H₀: \( p_1 - p_2 = 0 \)
H₁: \( p_1 - p_2 > 0 \)

Level of significance:
\( \alpha = 0.025 \)
\( Z_{\alpha} = Z_{0.025} = 1.96 \)

T.S.:
\[
Z = \frac{\hat{p}_1 - \hat{p}_2}{\sqrt{\hat{p}\hat{q}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} = \frac{(0.60 - 0.48)}{\sqrt{(0.51)(0.49)\left(\frac{1}{200} + \frac{1}{500}\right)}} = 2.869
\]

Decision:
Since \( Z = 2.869 \in \text{R.R.} \) (\( Z = 2.869 > Z_{\alpha} = Z_{0.025} = 1.96 \)), we reject \( H_0: p_1 = p_2 \) and accept \( H_1: p_1 > p_2 \) at \( \alpha = 0.025 \). Therefore, we agree that the proportion of town voters favoring the proposal is higher than the proportion of county voters.