Introduction

This Section introduces you to the basic ideas of hypothesis testing in a non-mathematical way by using a problem solving approach to highlight the concepts as they are needed. We only consider situations involving a single sample.

In Section 41.3 we will introduce you to situations involving two samples and while the basic ideas will follow through, their practical application is a little more complex than that met in this Workbook. However, once you have learned how to apply the basic ideas of hypothesis testing covered in this Workbook, you should be capable of applying hypothesis testing to a very wide range of practical problems and learning about methods of hypothesis testing which are not covered here.

Prerequisites

Before starting this Section you should . . .

- be familiar with the results and concepts met in the study of probability
- be familiar with a range of statistical distributions
- understand the term hypothesis
- understand the concepts of Type I error and Type II error

Learning Outcomes

On completion you should be able to . . .

- apply the ideas of hypothesis testing to a range of problems underpinned by elementary statistical distributions and involving only a single sample.
1. Tests of proportion

Problem 1

SwitchRight, a manufacturer of engine management systems requires its supplier of control modules to supply modules with at least 99% complying with their specification. The quality control operators at SwitchRight check a random sample of 1000 control modules delivered to SwitchRight and find that 985 match the specification. Does this result imply that less than 99% of the control modules supplied do not match SwitchRight’s specification?

Analysis

Firstly, we set up two hypotheses concerning the control modules. The first hypothesis, called the null hypothesis is denoted by

\[ H_0 : \text{99\% of the control modules match SwitchRight's specification.} \]

The second hypothesis, called the alternative hypothesis and is denoted by

\[ H_1 : \text{less than 99\% of the control modules match SwitchRight's specification.} \]

The alternative hypothesis is essentially saying that in this case, that SwitchRight cannot rely on its supplier of control modules supplying delivering batches of modules where 99\% match SwitchRight’s specification.

Secondly, we describe the random sample from a statistical point of view, that is we find a statistical distribution which describes the behaviour of the sample. Suppose that \( X \) is the number of control modules in a random sample of 1000 matching SwitchRight’s specification.

We assume that the control modules are independent and that for each module the specification is either matched or it isn’t. Under these conditions, \( X \) has a binomial distribution and the problem can be summarised as follows:

\[ X \sim B(1000, p) \]

\[ H_0 : \ p = 0.99 \quad H_1 : \ p < 0.99 \]

Thirdly, we set up a mechanism to enable us to make a decision between the two hypotheses. This is done by assuming that \( H_0 \) is correct until we can show otherwise.

Given that \( H_0 \) is correct we can calculate the mean \( \mu \) and the standard deviation \( \sigma \) of the distribution as follows:

\[ \mu = np = 1000 \times 0.99 = 990 \]

\[ \sigma = \sqrt{np(1-p)} = \sqrt{1000 \times 0.99 \times 0.01} = 3.15 \]

Notice that

(a) \( np > 5 \) and (b) \( n(1-p) > 5 \)

so that we can use the normal approximation to the binomial distribution, that is

\[ B(1000, 0.99) \approx N(990, 3.15^2) \]

The sample value obtained is 985 and we now assess how close 985 is to the expected result of 990 by defining a remote left tail (in this case) of the normal distribution and asking if the number 985
occurs in the left tail of the distribution or in the main body of the distribution.

In practice, we use the tail(s) of the standard normal distribution and convert a problem involving the distribution $N(\mu, \sigma^2)$ into one involving the distribution $N(0, 1)$. Diagrammatically the situation can be represented as shown below:

![Figure 1](image_url)

In general, the tails of a distribution can be defined to occupy any proportion of the distribution that we wish, the proportions chosen are usually taken as either 5% or 1%.

Given this information and a set of tables for the standard normal distribution we can assign values to the limits defining the tails.

Throughout this Workbook we shall use the 5% proportion to define the tail(s) of a distribution unless otherwise stated.

In the case we have here, the alternative hypothesis states that $p$ is less than 0.99. Because of this we use only one tail occupying a total of 5% of the distribution.

To discover where the number 985 lies within the distribution (tail or main body) we standardise 985 with respect to the normal distribution $N(990, 3.15^2)$ in the usual way (see HELM 39). The calculation is:

$$P(X \leq 985) = P\left(Z \leq \frac{985.5 - 990}{3.15}\right) = P(Z \leq -1.43)$$

Notice that 985.5 is used and not 985. This because we are using a continuous normal distribution to approximate a discrete binomial distribution and so

$$P(X = 985) \approx P(984.5 \leq X \leq 985.5)$$

the right-hand side being calculated from the normal distribution.

The number $-1.43$ is greater than (to the right of) $-1.645$ and so the number 985 occurs in the main body of the distribution not in the left tail. This suggests that the evidence does not support the claim that the number of control modules supplied meeting SwitchRight’s specification is different from 99%. Essentially, we accept the null hypothesis since we do not have the evidence necessary to reject it. Note that this result does not prove that the claim is true.

Before looking at similar problems, we will look at the possible ways of defining the tails of the standard normal distribution. As stated previously, we shall, in these notes, always use a total of 5% for the tail or tails of a distribution.

We say that we are making a decision at the 5% level of significance.
The situation is represented by the following three figures:

(1) Hypotheses:-

\[ H_0 : \ p = p_0 \]
\[ H_1 : \ p \neq p_0 \]

![Figure 2](image1)

(2) Hypotheses:-

\[ H_0 : \ p = p_0 \]
\[ H_1 : \ p > p_0 \]

![Figure 3](image2)

(3) Hypotheses:-

\[ H_0 : \ p = p_0 \]
\[ H_1 : \ p < p_0 \]

![Figure 4](image3)

The values \( \pm 1.96 \), \( +1.645 \) and \( -1.645 \) are easily obtained from the standard normal table (Table 1) given at the end of this Workbook. The appropriate lines from the table are reproduced on the following page for ease of reference. Note that it is sometimes advisable to be 99% sure (rather than 95% sure) of either correctly accepting or rejecting a null hypothesis. In this case we say that we are working at the 1% level of significance. The situation diagrammatically is exactly the same as the one shown above except that the 5% tail areas become 1% and the 2.5% areas become 0.5%.

The corresponding values of \( Z \) are \( \pm 2.58 \), \( +2.33 \) and \( -2.33 \) depending on whether a one-tailed or a two-tailed test is being performed.

Particular note must always be taken of the form of the hypotheses and the corresponding test, one-tailed or two-tailed.
Extracts from the normal probability integral table

Case 1 - 5% level of significance

<table>
<thead>
<tr>
<th>$Z = \frac{X - \mu}{\sigma}$</th>
<th>0.00</th>
<th>0.01</th>
<th>0.02</th>
<th>0.03</th>
<th>0.04</th>
<th>0.05</th>
<th>0.06</th>
<th>0.07</th>
<th>0.08</th>
<th>0.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6</td>
<td>.4452</td>
<td>.4463</td>
<td>.4474</td>
<td>.4485</td>
<td>.4495</td>
<td>.4505</td>
<td>.4515</td>
<td>.4525</td>
<td>.4535</td>
<td>.4545</td>
</tr>
<tr>
<td>1.9</td>
<td>.4713</td>
<td>.4719</td>
<td>.4726</td>
<td>.4732</td>
<td>.4738</td>
<td>.4744</td>
<td>.4750</td>
<td>.4756</td>
<td>.4762</td>
<td>.4767</td>
</tr>
</tbody>
</table>

Case 2 - 1% level of significance

<table>
<thead>
<tr>
<th>$Z = \frac{X - \mu}{\sigma}$</th>
<th>0.00</th>
<th>0.01</th>
<th>0.02</th>
<th>0.03</th>
<th>0.04</th>
<th>0.05</th>
<th>0.06</th>
<th>0.07</th>
<th>0.08</th>
<th>0.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3</td>
<td>.4893</td>
<td>.4896</td>
<td>.4898</td>
<td>.4901</td>
<td>.4904</td>
<td>.4906</td>
<td>.4909</td>
<td>.4911</td>
<td>.4913</td>
<td>.4916</td>
</tr>
<tr>
<td>2.5</td>
<td>.4938</td>
<td>.4940</td>
<td>.4941</td>
<td>.4943</td>
<td>.4945</td>
<td>.4946</td>
<td>.4948</td>
<td>.4949</td>
<td>.4951</td>
<td>.4952</td>
</tr>
</tbody>
</table>

We shall now look at a problem which is similar in type to Problem 1 and solve it using the ideas discussed in the analysis of that problem.

**Problem 2**

The Head of Quality Control in a foundry claims that the castings produced in the foundry are 'better than average.' In support of this claim he points out that of a random sample of 60 castings inspected, 59 passed. It is known that the industry average percentage of castings passing quality control inspections is 90%. Do these results support the Head’s claim?

**Analysis**

Let $X$ denote the number of castings passing the quality control inspection from the sample of 60. Assuming that a casting either passes or fails the inspection process, we can assume that $X$ follows the binomial distribution

$$X \sim B(60, p)$$

where $p$ is the probability that a casting passes the inspection.

The null hypothesis $H_0$, is that the probability that a casting passes the inspection is the same as the industry average. The alternative hypothesis $H_1$, is that the Head of Quality Control is correct in his claim that castings produced in his foundry have a greater chance of passing the inspection. The problem can be summarised as:

$$X \sim B(60, p)$$

$$H_0 : \ p = 0.90 \quad H_1 : \ p > 0.90$$

The form of the alternative hypothesis dictates that we do a one-tailed test.

If $H_0$ is correct we can calculate the mean and standard deviation of the binomial distribution above and, assuming that the appropriate condition are met, use the normal distribution with the same mean and standard deviation to solve the problem. The calculations are:

$$\mu = np = 60 \times 0.90 = 54$$

$$\sigma = \sqrt{np(1 - p)} = \sqrt{60 \times 0.90 \times 0.10} = 2.32$$

Notice that
(a) \( np > 5 \) and (b) \( n(1-p) > 5 \)

so that we can use the normal approximation to the binomial distribution, that is

\[ B(60, 0.90) \approx N(54, 2.32^2) \]

In order to make a decision, we need to know whether or not the value 59 is in the remote tails of the distribution or in the main body. Recall that the hypotheses are:

\[ H_0 : \ p = 0.90 \quad H_1 : \ p > 0.90 \]

so that we must do a one-tailed test with a critical value of \( Z = 1.645 \).

The calculation is:

\[ P(X \geq 59) = P\left( Z \geq \frac{58.5 - 54}{2.32} \right) = P(Z \geq 1.94) \]

The situation is represented by the following figure.

![Figure 5](image)

Since \( 1.94 > 1.645 \), the result is significant at the 5% level and so we reject the null hypothesis. The evidence suggests that we accept the alternative hypothesis that, at the 5% level of significance, the Head of Quality Control is making a justified claim.

**Task**

A firm manufactures heavy current switch units which depend for their correct operation on a relay. The relays are provided by an outside supplier and out of a random sample of 150 relays delivered, 140 are found to work correctly. Can the relay manufacturer justifiably claim that at least 90% of the relays provided will function correctly?

**Your solution**
2. Tests for population means

Tests concerning a single mean

Introduction

In cases where tests involving measurements are performed, it is often possible to statistically hypothesize about the results. Suppose that the boiling point of a particular coolant used in car engines is claimed by a manufacturer to be 110°C. Further suppose that a series of accurate measurements made in a laboratory using 8 random samples of the coolant are recorded as:

110.2°, 110.3°, 110.1°, 109.8°, 109.9°, 110.0°, 110.4°, 110.1°,

The mean of these results is 110.1°C.

It is reasonable to ask whether, on the basis of the results obtained, we may claim that the boiling point of the coolant is greater than the assumed true boiling point of 110°C. We will return to this problem later in this Workbook after looking at some general results.

General results

In general terms, we need to make predictions, based on calculation, about the parameters of the population from which the random sample is drawn. As illustrated above we calculate the sample mean $\bar{x}$. The statistical tests used to answer the above question depend on whether the variance of the population is known or not.
Case (i) - Population variance known
Firstly we form the null hypothesis that there is no difference between the true population mean \( \mu \) and the theoretical value \( \mu_0 \). That is:

\[
H_0 : \mu = \mu_0
\]

Secondly we consider drawing samples of size \( n \) from the population. If \( n \) is large (say \( n \geq 30 \)) then, because of the central limit theorem, we can often assume that the sample means approximately follow a normal distribution with mean \( \mu \) and standard deviation (standard error of the mean) \( \sigma_n \), given by

\[
\sigma_n = \frac{\sigma}{\sqrt{n}}
\]

It follows that

\[
Z = \frac{\bar{X} - \mu_0}{\sigma/\sqrt{n}}
\]

has a standard normal distribution when the null hypothesis is true. That is, when \( \mu = \mu_0 \), \( Z \sim N(0, 1) \).

We may now set up an alternative hypothesis which can take one of the three forms:

\[
H_1 : \mu \neq \mu_0
\]

\[
H_1 : \mu > \mu_0
\]

\[
H_1 : \mu < \mu_0
\]

depending on the form of deviation from the null hypothesis for which we wish to test. Then we will reject the null hypothesis at the 5% level of significance if

\[
|Z| > 1.96 \quad \text{for a two-tailed test}
\]

\[
Z > 1.645 \quad \text{for a (right) one-tailed test}
\]

\[
Z < -1.645 \quad \text{for a (left) one-tailed test}
\]

In each case we reject \( H_0 \) in favour of the alternative hypothesis when \( Z \) lies in the remote tail of the standard normal distribution.

Example 1
Dishwasher powder is poured into the cartons in which it is sold by an automatic dispensing machine which is set to dispense 3 kg of powder into each carton. In order to check that the dispensing machine is working to an acceptable standard (i.e. does not need adjustment), a production engineer takes a random samples of 40 cartons and weighs them. It is found that the mean weight of the sample is 3.005 kg. It is known that the dispensing machine operates with a variance of 0.015² kg² and that the manufacturer of the powder is willing to rely on a 5% level of significance. Does the sample provide the engineer with sufficient evidence that the true mean is not 3.00 kg and so the machine requires adjustment?
Solution
Given that the dispensing machine can over-fill or under-fill the containers, the null and alternative hypotheses are:

\[ H_0 : \mu = 3 \quad H_1 : \mu \neq 3 \]

Since the sample size is large (\( \geq 30 \)) and we can regard the population as infinite but with a known variance, we can calculate the relevant value of the test statistic \( Z \) by using the formula:

\[ Z = \frac{\bar{x} - \mu_0}{\sigma/\sqrt{n}} \]

Hence, in this case:

\[ Z = \frac{\bar{x} - \mu_0}{\sigma/\sqrt{n}} = \frac{3.005 - 3}{0.015/\sqrt{40}} = 2.108 \]

and since we are performing a two-tailed test at the 5% level of significance and have found that \(|Z| > 1.96\), that is, \( Z \) is outside the range \([-1.96, 1.96]\), we must reject the null hypothesis and conclude that the machine is not operating acceptably and needs adjustment.

Case (ii) - Population variance unknown
We have exactly the same situation as that described in Case (i) but do not know the value of the population variance \( \sigma^2 \). Therefore we estimate it using

\[ s^2 = \frac{1}{n-1} \sum_{i=1}^{n} (x_i - \bar{x})^2 \]

and calculate the test statistic

\[ T = \frac{\bar{x} - \mu_0}{\sqrt{s^2/n}} \]

However, because we are now dividing by an estimate, which is itself random, this test statistic does not have a standard normal distribution under the null hypothesis. Instead it has a distribution called **Student’s t-distribution** on \( n - 1 \) degrees of freedom. The number of degrees of freedom is the same as that which we have already seen when we looked at the \( \chi^2 \) distribution in connection with sample variances in Workbook 40. So, for example, instead of comparing \( Z \) with \( \pm 1.96 \) for a two-sided test at the 5% level, when \( \sigma^2 \) is known, we compare \( T \) with a value from the \( t \)-distribution which depends on the sample size through the number of degrees of freedom. The \( t \)-distribution is symmetric, centred at zero and, for all but very small numbers of degrees of freedom, has a shape similar to that of a standard normal distribution but with a larger variance. A table which gives the values which we need is provided at the back of this Workbook. For example, if we have a two-sided test at the 5% level of significance and a sample size \( n = 15 \), then the number of degrees of freedom is 14 and we compare \( |T| \) with the upper 2.5% point which is 2.145.

Looking at the table and comparing it with the values for a standard normal distribution we can see that, as the number of degrees of freedom becomes large, the \( t \)-distribution gets closer to the standard normal distribution so that, for large samples, it makes little difference which we use. It is also true that, under most circumstances, even if we do not know that the distribution from which
data are drawn is normal, a $t$-test provides a good approximation when the sample size is reasonably large. In other circumstances, for example when normality cannot be assumed and the sample is small, we need to use other procedures, often non-parametric tests. 

In summary we have the following.

<table>
<thead>
<tr>
<th>Population</th>
<th>Variance</th>
<th>Sample size</th>
<th>Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>Known</td>
<td>Small</td>
<td>Normal ($Z$)</td>
</tr>
<tr>
<td>Normal</td>
<td>Known</td>
<td>Large</td>
<td>Normal ($Z$)</td>
</tr>
<tr>
<td>Normal</td>
<td>Unknown</td>
<td>Small</td>
<td>$t$</td>
</tr>
<tr>
<td>Normal</td>
<td>Unknown</td>
<td>Large</td>
<td>$t$ but $Z$ approximates</td>
</tr>
<tr>
<td>Not Normal</td>
<td>Either</td>
<td>Small</td>
<td>Non-parametric</td>
</tr>
<tr>
<td>Not Normal</td>
<td>Known</td>
<td>Large</td>
<td>$Z$ approximates</td>
</tr>
<tr>
<td>Not Normal</td>
<td>Unknown</td>
<td>Large</td>
<td>$Z$ and $t$ approximate</td>
</tr>
</tbody>
</table>

Non-parametric testing is covered in HELM 45.

**Example 2**

The average useful life of a random sample of 33 similar calculator batteries made on a production line is found to be 99.5 hours continuous use. The sample variance is 18.49 hours$^2$. Test the null hypothesis that the population mean lifetime is 100 hours against the alternative that it is less. Use the 5% level of significance.

**Solution**

The null and alternative hypotheses are:

$$H_0 : \mu = 100 \quad H_1 : \mu < 100$$

Our test statistic is

$$T = \frac{\bar{x} - \mu_0}{\sqrt{s^2/n}}$$

In this case

$$T = \frac{99.5 - 100.0}{\sqrt{18.49/33}} = \frac{-0.5}{1.668} = -0.668$$

and the number of degrees of freedom is $n - 1 = 33 - 1 = 32$. The table does not give values for 32 degrees of freedom but it does give values for 30 degrees of freedom and for 40 and the values for 32 must be in between. The lower 5% points for 30 and 40 degrees of freedom are $-1.697$ and $-1.684$ respectively. Clearly our observed value of $-0.668$ is not significant and we do not have sufficient evidence to reject the null hypothesis that $\mu = 100$. 

HELM (2008): Workbook 41: Hypothesis Testing
Solve the problem given at the start of subsection 2 (page 11). Note the sample is small and you will have to estimate the population variance from the sample variance. Use the tabulated values of the \( t \)-distribution given at the end of this Workbook in conjunction with the appropriate number of degrees of freedom.

**Your solution**

**Answer**

The null and alternative hypotheses are:

\[
H_0 : \mu = 110 \quad \quad H_1 : \mu > 110
\]

The value of the sample variance is given by the formula

\[
s^2 = \frac{\sum (x - \bar{x})^2}{n - 1} = \frac{0.28}{7} = 0.004
\]

The test statistic \( t \) is given by

\[
t = \frac{\bar{x} - \mu_0}{s/\sqrt{n}} = \frac{110.1 - 110}{\sqrt{0.04/\sqrt{8}}} = \frac{0.1 \times \sqrt{8}}{0.2} = 1.414
\]

At the 5% level of significance and using \( 8 - 1 = 7 \) degrees of freedom, the value of \( t_{\alpha, \nu} \) from tables is 1.895. Since 1.414 < 1.895, we cannot reject the null hypothesis in favour of the alternative hypothesis. On the basis of the evidence available, we are not able to conclude that the boiling point of the coolant is greater than 110°C.
General comments about tests concerning a population mean

(a) The sample mean $\bar{x}$ is often used as a test statistic when testing a hypothesis concerning a population mean $\mu$.

(b) Even if the population distribution cannot be assumed to be normal, the distribution of sample means can often be assumed to be normal. This depends on the sample size.

(c) The tests described above sometimes require us to assume that the population variance is known. This is often unrealistic and we turn to the $t$-test to deal with cases where the population standard deviation is unknown and must be estimated from the data available.

General comments on the $t$-test

(a) The test only applies when the underlying distribution can be assumed to be normal.

(b) The test is used when the standard deviation of the parent population has to be estimated.

(c) As the sample size $n$ get larger, the distribution approximates to the standard normal distribution.

(d) The distribution depends on the number of degrees of freedom, for a single sample or equal paired samples (see below), the number of degrees of freedom is always one less than the sample size.

Tests concerning paired data
Sometimes experimental data may be directly compared using an appropriate test. The following Example looks at experimental data concerning the throttle reaction times of two turbochargers fitted to an internal combustion engine.
Example 3
In order to test the hypothesis that two standard turbochargers $A$ and $B$ have the same throttle reaction times, a random sample of 7 cars were fitted with the turbochargers and the throttle reaction times measured. The results were as follows:

<table>
<thead>
<tr>
<th>Car</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throttle Reaction time for $A$; $R_1$</td>
<td>0.223</td>
<td>0.212</td>
<td>0.201</td>
<td>0.205</td>
<td>0.216</td>
<td>0.211</td>
<td>0.209</td>
</tr>
<tr>
<td>Throttle Reaction time for $B$; $R_2$</td>
<td>0.208</td>
<td>0.207</td>
<td>0.203</td>
<td>0.204</td>
<td>0.205</td>
<td>0.202</td>
<td>0.206</td>
</tr>
<tr>
<td>$D = R_1 - R_2$</td>
<td>0.015</td>
<td>0.005</td>
<td>−0.002</td>
<td>0.001</td>
<td>0.011</td>
<td>0.009</td>
<td>0.003</td>
</tr>
</tbody>
</table>

Solution
Let $D$ be the difference between the throttle reaction times of the two turbochargers. We assume that the distribution of $D$ is normal. Our null hypothesis is that $\mu_D$, the mean of the population of differences, is zero. We must decide between the two hypotheses

$$H_0 : \mu_D = 0 \quad H_1 : \mu_D \neq 0$$

The alternative hypothesis here indicates that we perform a two-tailed test. Let $\bar{d}$ be the sample mean of the seven observed differences. Then

$$\bar{d} = \frac{\sum d}{7} = \frac{0.042}{7} = 0.006$$

The sample variance of the differences is

$$s_{\bar{d}}^2 = \frac{\sum (d - \bar{d})^2}{n - 1} = \frac{0.000214}{6} = 3.5667 \times 10^{-5}$$

The value of the test statistic is

$$|t| = \frac{|\bar{d} - 0|}{\sqrt{s_{\bar{d}}^2/n}} = \frac{0.006}{\sqrt{3.5667 \times 10^{-5}/7}} = 2.658$$

The number of degrees of freedom is $7 - 1 = 6$ and the critical value from the table is 2.447. Since $2.658 > 2.447$ we reject $H_0$ at the 5% level and conclude that the evidence suggests that there is a difference in the throttle reaction times between the two turbochargers.
Two different methods of analysis were used to determine the levels of impurity present in a particular aircraft quality aluminium alloy. Eight specimens were analysed using both methods. Does the available evidence suggest that both methods lead to the same results?

<table>
<thead>
<tr>
<th>Alloy Specimen</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test 1</td>
<td>1.24</td>
<td>1.23</td>
<td>1.24</td>
<td>1.20</td>
<td>1.21</td>
<td>1.22</td>
<td>1.23</td>
<td>1.22</td>
</tr>
<tr>
<td>Test 2</td>
<td>1.23</td>
<td>1.20</td>
<td>1.20</td>
<td>1.21</td>
<td>1.20</td>
<td>1.20</td>
<td>1.21</td>
<td>1.25</td>
</tr>
<tr>
<td>$D = \text{Test 1} - \text{Test 2}$</td>
<td>0.01</td>
<td>0.03</td>
<td>0.04</td>
<td>−0.01</td>
<td>0.01</td>
<td>0.02</td>
<td>0.02</td>
<td>−0.03</td>
</tr>
</tbody>
</table>

**Your solution**

**Answer**

Let $D$ be the difference between the two methods of analysis. We assume that the distribution of $D$ is normal. Our null hypothesis is that $\mu_D$, the mean of the population of differences, is zero. We must decide between the two hypotheses

$$H_0 : \mu_D = 0 \quad H_1 : \mu_D \neq 0$$

The alternative hypothesis here indicates that we perform a two-tailed test.

Let $\overline{d}$ be the sample mean of the eight observed differences. Then

$$\overline{d} = \frac{\sum d}{8} = \frac{0.09}{8} = 0.01125$$

The sample variance of the differences is

$$s^2_d = \frac{\sum (d - \overline{d})^2}{n - 1} = \frac{0.0034875}{7} = 0.0004982$$

The value of the test statistic is

$$|t| = \frac{|\overline{d} - 0|}{\sqrt{s^2_d/n}} = \frac{0.01125}{\sqrt{0.0004982/8}} = 1.426$$

The number of degrees of freedom is $8 - 1 = 7$ and the critical value from the table is 2.306. Since $-2.306 < 1.426 < 2.306$ we do not reject $H_0$ at the 5% level and conclude that there is insufficient evidence to show that there is a difference between the two methods.