

Unit 7 Discussion Guidance – Peer Reply #1:

Peer Reply #1.

Recall that:

- Type I Error is defined as rejecting the null hypothesis when in fact it should not be. (i.e., "False Positive", "False Alarm", defendant found guilty when in fact innocent)
- Type II Error is defined as not rejecting the null hypothesis when in fact it should be rejected. (i.e., "False Negative", defendant found not guilty when in fact guilty)

Review a classmate's thread. In the context of their hypothesis test, discuss what the Type I Error and Type II Error would mean using a decision table as your guide.

These responses are meant to be a guide on how to address the peer reply #1 post and do not include all possible responses.

Decision	Null is True	Null is False
Reject Null, $P > \alpha$	TYPE I Error: You wrongly assume that there will be more business. So, you are actually less busy than anticipated. You need to cut the number of employees and supplies ASAP!	Good decision
Cannot Reject Null, $p \leq \alpha$	Good decision	TYPE II Error: You wrongly assume that there will be an equal or less amount of business in Germany as there is in Brazil. You end up having more business than expected and need to hire more employees and order more supplies ASAP. Business could be lost. Not a good situation!