BUS 230: Business and Economics Research and Communication Instructor: Dr. James Murray SPSS Handout: Statistical Significance and Univariate and Bivariate Tests Fall 2011

# 1 Univariate Tests

## 1.1 One-Sample T-test of a Mean

## Example: Public School Spending

- Dataset: average pay for public school teachers and average public school spending per pupil for each state and the District of Columbia in 1985.
- Download dataset eduspending.sav.
- Conduct the following exercises:
  - Show some descriptive statistics for teacher pay and expenditure per pupil.
  - Is there statistical evidence that teachers make less than \$25,000 per year?
  - Is there statistical evidence that expenditure per pupil is more than \$3,500?

#### **Opening the data:**

- 1. Save eduspending.sav somewhere.
- 2. Open SPSS.
- 3. Click radio button Open an existing data source.
- 4. Double-click More files...
- 5. Go find and double click eduspending.sav.

#### **Descriptive Statistics**

- 1. Click Analyze menu, select Descriptive Statistics, then select Descriptives.
- 2. Click on Pay and click right arrow button.
- 3. Click on Spending and click right arrow button.
- 4. Click Options.
  - (a) Check any options you find interesting.
  - (b) Click OK

5. Click  $\mathsf{OK}$ 

#### **Test Hypotheses**

- 1. Click Analyze menu, select Compare Means, then select One-Sample T test.
- 2. Select Pay, then click right arrow.
- 3. Enter in Test Value text box 25000.
- 4. Output tables show descriptive statistics for pay, and hypothesis test results.

## **1.2** One-Sample Tests for Proportions

#### **Example: Economic Outlook**

- Data from Montana residents in 1992 concerning their outlook for the economy.
- All data is ordinal or nominal:
  - AGE = 1 under 35, 2 35-54, 3 55 and over
  - SEX = 0 male, 1 female
  - INC = yearly income: 1 under 20K, 2 20-35K, 3 over 35K
  - POL = 1 Democrat, 2 Independent, 3 Republican
  - AREA = 1 Western, 2 Northeastern, 3 Southeastern Montana
  - FIN = Financial status 1 worse, 2 same, 3 better than a year ago
  - STAT = 0, State economic outlook better, 1 not better than a year ago
- Do the majority of Montana residents feel their financial status is the same or better than one year ago?
- Do the majority of Montana residents have a more positive economic outlook than one year ago?
- Open the dataset *econoutlook.sav*.
- Parametric approach:
  - 1. If the variable is a zero or one, the *sample mean* is the same as the *proportion of the* sample that has a value equal to 1.
  - 2. Convert Financial Status (FIN) to a 0 if worse, and 1 if same or better:
    - (a) Click Transform menu, select Recode into Different Variables.
    - (b) Select FIN on left and click right arrow button.
    - (c) Click Old and New Values button.
    - (d) First transform FIN=1 into value 0:

- i. On the left under Old Value, click radio box for Value. In textbox enter 1.
- ii. On the right under New Value, click radio box for Value. In textbox enter 0.
- iii. Click Add button.
- (e) Next transform FIN=2 or FIN=3 into value 1:
  - i. On the left under **Old Value**, click radio box for **Range**. In textboxes enter 2 and 3.
  - ii. On the right under New Value, click radio box for Value. In textbox enter 1.iii. Click Add button.
- (f) Click Continue
- (g) In original Recode window, under **Output Variable**, type a name.
- (h) Click Change
- (i) Click OK!
- 3. Do a simple T-Test!
- Binomial approach:
  - 1. Independent observations that are a 0 or 1 have a binomial distribution (regardless of sample size).
  - 2. Click Analyze menu, select Nonparametric Tests, select Legacy Dialogs, then select Binomial.
  - 3. On the left, select variable to test and click right arrow button.
  - 4. In Test Proportion, enter 0.5.
  - 5. Click OK!

#### **1.3** One-Sample Nonparametric Tests for Medians

## Example: Attitudes Grade School Kids

- Dataset: 438 students in grades 4 through 6 were sampled from three school districts in Michigan. Students ranked from 1 (most important) to 5 (least important) how important grades, sports, being good looking, and having lots of money were to each of them.
- Open dataset gradschools.sav. Choose second worksheet, titled Data.
- Answer some of these questions:
  - Is the median importance for grades is greater than 3?
  - Is the median importance for money less than 3?
- 1. Click Analyze menu, select Nonparametric Tests, select Legacy Dialogs, then select Binomial...
- 2. Click on Grades (or a different variable of interest), then click on right arrow.
- 3. Click radio button for Cut point and enter 3 into text box.

- 4. Do you want the exact (binomial distribution) p-value or asymptotic distribution (normal distribution)?
  - (a) Exact: click on Exact...
  - (b) Click Exact radio button.
  - (c) Click Continue.
- 5. Click  $\mathsf{OK}$
- Output table shows exact p-value and normal distribution p-value for a two-tailed test.
- What is your conclusion?

## 2 Bivariate Statistics

## 2.1 Two-Sample T-Test for Differences in Means

#### Example

- Dataset: average pay for public school teachers and average public school spending per pupil for each state and the District of Columbia in 1985.
- Test the following hypotheses:
  - Does spending per pupil differ in the North (region 1) and the South (region 2)?
  - Does teacher salary differ in the North and the West (region 3)?
- Do you see any weaknesses in our statistical analysis?
- 1. Open eduspending.sav in SPSS.
- 2. Click Analyze menu, select Compare Means, then select Independent-Samples T test.
- 3. Select Pay or Spending, depending on which you are currently interested in.
- 4. Click the right arrow that is just to the left of Test Variables.
- 5. Select Area and click on right arrow to the left of Grouping Variable.
- 6. You need to tell SPSS what your grouping variable means and what groups you are interested in:
  - (a) Click on Define Groups
  - (b) Click radio button Use specified values.
  - (c) Enter in the appropriate numbers for Group 1 and Group 2 (i.e. if you want the North to be group 1, type a 1 in Group 1 text box, and if you want the West to be group 2, type a 3 in the Group 2 text box.

- (d) Click Continue.
- 7. Click OK!
- The first output table shows some descriptive statistics for each group.
- The next output table shows:
  - Statistical evidence about whether the variances are different.
  - Statistical evidence about whether the means are different.
  - Descriptive statistics about the difference in the means.
  - Confidence intervals for the difference in the means.

## 2.2 Mann-Whitney Test: Two-Sample Nonparametric Test for Difference in Medians

- 1. Use the same Education Spending dataset as above.
- 2. Click Analyze menu, select Nonparametric Tests, then select 2 Independent Samples...
- 3. Move Pay (or whatever you are interested in) into Test Variable List
- 4. Move Area into Grouping Variable
- 5. Define groups as before.
- 6. You can get exact p-values if absolutely necessary (takes more time).
- 7. Click OK.
- The value of the Mann-Whitney test statistic can be huge and this does not have much interpretation (it's equal the smaller of the two sums of ranks).
- The Significance is the p-value.
- What is your conclusion?