

4: Determination of the distribution of the test statistic

- The probability distribution of the test statistic depends on the null hypothesis assumed, the parameter to be tested, and the sample size. Commonly used ones are the Normal, Student's "t", Chi-square and F-distributions.

5: Definition of the critical region for the test statistic

- The set of values of the test statistic that leads to the rejection of H_0 in favour of H_a is called the rejection region or critical region.
- Depends upon whether the testing is one-sided or two-sided.