

Week 3: Week 3 - W3 Assignment 2

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Assignment 2: Hypothesis Testing

In the banking industry, the return on equity ratio or percentage is used to evaluate the financial performance of a bank. Such information is extremely valuable to investors.

Calculate the return on equity (ROE) for a sample of 20 banks for the year before the Sarbanes-Oxley Act was enacted. For the same sample of banks, calculate the ROE for the year following the enactment of the Sarbanes-Oxley Act.

Later, answer the following questions:

- After the enactment of the Sarbanes-Oxley Act, was the average bank's ROE lower than it was before the act? If so, why do you think that was the case?
- What is the null hypothesis for this hypothesis test?
- What is the alternative hypothesis for this hypothesis test?
- Choose at least three different significant levels to conduct the hypothesis test. Is it possible that a Type I error occurred with the hypothesis test? Why or why not?
- Is it possible that a Type II error occurred? Why or why not?

Submit your answers in an eight- to ten-page Word document.

Submit it to the **W3: Assignment 2 Dropbox** by the end of **Week 3, Day 6**.

Name your document **SUO_BUS3059_W3_A2_LastName_FirstInitial.doc**.

On a separate page, cite all sources using the APA guidelines.

Assignment 2 Grading Criteria	Maximum Points
Analyzed and explained if the average bank's ROE was lower after the enactment of the Sarbanes-Oxley Act than it was before the act. Explained the reason for it.	50
Analyzed and explained the null hypothesis for this hypothesis test.	30
Analyzed and explained the alternative hypothesis for this hypothesis test.	30

Analyzed and explained whether or not a Type I error occurred with the hypothesis test.	30
Analyzed and explained whether or not a Type II error occurred with the hypothesis test.	30
Used correct spelling, grammar, and professional vocabulary.	30
Cited all sources using the APA guidelines.	
Total	200



Click here to view the rubric
for this assignment.