Bayesian One-Sided Hypothesis Testing for Shape Parameter in Inverse Gaussian Distribution

Sang Gil Kang\textsuperscript{1)} · Dal Ho Kim\textsuperscript{2)} · Woo Dong Lee\textsuperscript{3)}

Abstract

This article deals with the one-sided hypothesis testing problem in inverse Gaussian distribution. We propose Bayesian hypothesis testing procedures for the one-sided hypotheses of the shape parameter under the noninformative prior. The noninformative prior is usually improper which yields a calibration problem that makes the Bayes factor to be defined up to a multiplicative constant. So we propose the objective Bayesian hypothesis testing procedures based on the fractional Bayes factor, the median intrinsic Bayes factor and the encompassing intrinsic Bayes factor under the reference prior. Simulation study and a real data example are provided.

Keywords: Fractional Bayes Factor; Intrinsic Bayes Factor; Inverse Gaussian Distribution; One-sided Hypothesis Testing; Reference Prior; Shape Parameter.

1. Introduction

The inverse Gaussian distribution has potentially useful applications in a wide variety of fields such as biology, economics, reliability theory, life testing and social sciences as discussed in Chhikara and Folks (1989), Folks and Chhikara (1978), Mudholkar and Natarajan (2002), Seshadri (1999) and Whitmore (1979).

The inverse Gaussian distribution has its origin in Wiener process as a first

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passage time distribution. It is also an approximation to the sample size distribution in a sequential probability ratio test. For these reasons, the inverse Gaussian distribution is also known as the first passage time or the Wald distribution.

Tweedie (1957a, 1957b) established many important statistical properties of the inverse Gaussian distribution and discussed the similarity between statistical methods based on the inverse Gaussian distribution and those based on the normal theory. A comprehensive discussion on the inverse Gaussian distributions can be found in books of Chhikara and Folks (1989) and Seshadri (1999).

The probability density function of the inverse Gaussian distribution $IG(\mu, \lambda)$ is given as

$$f(x) = \sqrt{\frac{\lambda}{2\pi x^\frac{3}{2}}} \exp\left(-\frac{\lambda(x-\mu)^2}{2\mu^2x}\right), \quad x > 0,$$

where $\mu(>0)$ is the mean parameter and $\lambda(>0)$ is the scale parameter. Let $\theta = \lambda/\mu$. Then the shape of the inverse Gaussian distribution depends on $\theta$, and hence $\theta$ is the shape parameter.

For reliability point of view, Chhikara and Folks (1977) showed that if the lifetime of a machine has the inverse Gaussian distribution, then given that the machine has survived up to time $t_0$, the mean residual time will eventually exceed the original mean lifetime if the shape parameter is less than 2. In practice, however, the shape parameter is typically unknown. So one may want to estimate it or perform a statistical test to decide whether the shape parameter is less than 2. This motivates testing the null hypothesis $H_0 : \theta < \theta_0$ versus $H_1 : \theta \geq \theta_0$, where $\theta_0$ is prespecified. Chhikara (1972) has discussed these problems based on approximate procedures. Hsieh (1990) derived the likelihood ratio test and proposed the method for constructing the confidence bounds.

However, there is a little work in this problem from the viewpoint of Bayesian framework. It is well known that the role of the objective priors such as the probability matching prior or the reference prior in the presence of nuisance parameters is very important in Bayesian inference. Kang, Kim and Lee (2004) developed the noninformative priors for the shape parameter in the inverse Gaussian distribution. They showed that the one-at-a-time reference prior satisfying the first order matching criterion matches the target coverage probability much more accurately than Jeffreys’ prior.

In Bayesian model selection or testing problem, the Bayes factor under proper priors or informative priors have been very successful. However, limited information and time constraints often require the use of noninformative priors. Since noninformative priors such as Jeffreys’ prior or reference prior (Berger and Bernardo, 1989, 1992) are typically improper so that such priors are only defined up to arbitrary constants which affects the values of Bayes factors, Spiegelhalter and Smith (1982), O’Hagan (1995) and Berger and Pericchi (1996) have made
efforts to compensate for that arbitrariness.  

Spiegelhalter and Smith (1982) used the device of imaginary training samples in the context of linear model comparisons to choose the arbitrary constants. But the choice of imaginary training sample depends on the models under comparison, and so, there is no guarantee that the Bayes factor of Spiegelhalter and Smith (1982) is coherent for multiple model comparisons. Berger and Pericchi (1996) introduced the intrinsic Bayes factor using a data-splitting idea, which would eliminate the arbitrariness of improper priors. O’Hagan (1995) proposed the fractional Bayes factor. For removing the arbitrariness he used to a portion of the likelihood with a so-called the fraction $b$. These approaches have shown to be quite useful in many statistical areas (Kang, Kim and Lee, 2005, 2006). An excellent exposition of the objective Bayesian method to model selection is Berger and Pericchi (2001).

In this paper, we propose the objective Bayesian one-sided hypothesis testing procedures based on the Bayes factors for the shape parameter in the inverse Gaussian distribution. The outline of the remaining sections is as follows. In Section 2, we introduce the Bayesian hypothesis testing based on the Bayes factor. In Section 3, using the reference prior, we provide the Bayesian one-sided hypothesis testing procedures based on the fractional Bayes factor and the intrinsic Bayes factor. In Section 4, simulation study and a real data example are given.

2. Intrinsic and Fractional Bayes Factors

Suppose that hypotheses $H_1$, $H_2$, $\cdots$, $H_q$ are under consideration, with the data $x = (x_1, x_2, \cdots, x_n)$ having probability density function $f_j(x \mid \theta_j)$ under hypothesis $H_j$. The parameter vectors $\theta_j$ are unknown. Let $\pi_j(\theta_j)$ be the prior distributions of hypothesis $H_j$, and let $p_j$ be the prior probabilities of hypothesis $H_j$, $i = 1, 2, \cdots, q$. Then the posterior probability that the hypothesis $H_i$ is true is

$$P(H_i \mid x) = \left( \sum_{i=1}^{q} \frac{p_i}{B_{ji}} \right)^{-1},$$

where $B_{ji}$ is the Bayes factor of hypothesis $H_j$ to hypothesis $H_i$ defined by

$$B_{ji} = \frac{\int f_j(x \mid \theta_j) \pi_j(\theta_j) d\theta_j}{\int f_i(x \mid \theta_i) \pi_i(\theta_i) d\theta_i} = \frac{m_j(x)}{m_i(x)}.$$ 

The $B_{ji}$ interpreted as the comparative support of the data for $H_j$ versus $H_i$. The computation of $B_{ji}$ needs specification of the prior distribution $\pi_j(\theta_j)$ and $\pi_i(\theta_i)$. Often in Bayesian analysis, one can use noninformative priors $\pi_j^{*}$. Common choices are the uniform prior, Jeffreys’ prior and the reference prior. The
noninformative prior \( \pi_i^N \) is typically improper. Hence the use of noninformative prior \( \pi_i^N(\cdot) \) in (3) causes the \( B_j \) to contain unspecified constants. To solve this problem, Berger and Pericchi (1996) proposed the intrinsic Bayes factor, and O'Hagan (1995) proposed the fractional Bayes factor.

One solution to this indeterminacy problem is to use part of the data as a training sample. Let \( z(l) \) denote the part of the data to be so used and let \( z(-l) \) be the remainder of the data, such that

\[
0 < m_i^N(z(l)) < \infty, \quad i = 1, \ldots, q. \tag{4}
\]

In view (4), the posteriors \( \pi_i^N(\theta_j \mid z(l)) \) are well defined. Now, consider the Bayes factor, \( B_{ji}(l) \), with the remainder of the data \( z(-l) \), using \( \pi_i^N(\theta_j \mid z(l)) \) as the priors:

\[
B_{ji}(l) = \frac{\int f(z(-l) \mid \theta_j, z(l)) \pi_i^N(\theta_j \mid z(l)) d\theta_j}{\int f(z(-l) \mid \theta_j, z(l)) \pi_i^N(\theta_j \mid z(l)) d\theta_j} = B_{ji}^N \cdot B_{ji}^N(z(l)) \tag{5}
\]

where

\[
B_{ji}^N = B_{ji}^N(z) = \frac{m_i^N(z)}{m_i^N(z)} \quad \text{and} \quad B_{ji}^N(z(l)) = \frac{m_i^N(z(l))}{m_j^N(z(l))}
\]

are the Bayes factors that would be obtained for the full data \( z \) and training samples \( z(l) \), respectively.

Berger and Pericchi (1996) proposed the use of a minimal training sample to compute \( B_{ji}^N(z(l)) \). Then, an average over all the possible minimal training samples contained in the sample is computed. Thus the arithmetic intrinsic Bayes factor (AIBF) of \( H_j \) to \( H_i \) is

\[
B_{ji}^I = B_{ji}^N \cdot \frac{1}{L} \sum_{l=1}^{L} B_{ji}^N(z(l)). \tag{6}
\]

where \( L \) is the number of all possible minimal training samples. However the AIBF are often not suitable for nonnested situations, especially when testing one-sided hypotheses (See Dmochowski, 1996). An attractive alternative, given by Berger and Pericchi (1996) is to embed the competing hypotheses in a larger encompassing hypothesis \( H_0 \) so that all of the \( H_i \) are nested within \( H_0 \). The encompassing arithmetic intrinsic Bayes factor (EIBF) is then defined as

\[
B_{ji}^{EI} = B_{ji}^N \cdot \frac{\sum_{l=1}^{L} B_{ji}^N(z(l))}{\sum_{l=1}^{L} B_{ji}^N(z(l))}, \tag{7}
\]

where \( B_{ji}^N(z(l)) = m_i^N(z(l))/m_j^N(z(l)) \). Also the median intrinsic Bayes factor (MIBF) by Berger and Pericchi (1998) of \( H_j \) to \( H_i \) is

\[
B_{ji}^{M} = B_{ji}^N \cdot ME[B_{ji}^N(z(l))]. \tag{8}
\]
Bayesian One-Sided Hypothesis Testing for
Shape Parameter in Inverse Gaussian Distribution

where ME indicates the median for all the training sample Bayes factors. Therefore we can also calculate the posterior probability of $H_i$ using (2), where $B_{ji}$ is replaced by $B_{ji}^{EI}$ and $B_{ji}^{MI}$ from (7) and (8), respectively.

The fractional Bayes factor (O’Hagan, 1995) is based on a similar intuition to that behind the intrinsic Bayes factor but, instead of using part of the data to turn noninformative priors into proper priors, it uses a fraction, $b$, of each likelihood function, $L(\theta_j) = f_i(x \mid \theta_j)$, with the remaining $1-b$ fraction of the likelihood used for model discrimination. Then the fractional Bayes factor (FBF) of hypothesis $H_j$ versus hypothesis $H_i$ is

$$B_{ji}^F = B_{ji}^N \cdot \frac{\int L^b_i(x \mid \theta_j) \pi_j^N(\theta_j)d\theta_j}{\int L^b_i(x \mid \theta_j) \pi_j^N(\theta_j)d\theta_j} = B_{ji}^N \cdot \frac{m_i^b(x)}{m_j^b(x)}. \quad (9)$$

O’Hagan (1995) proposed three ways for the choice of the fraction $b$. One common choice of $b$ is $b = m/n$, where $m$ is the size of the minimal training sample, assuming that this number is uniquely defined. (See O’Hagan (1995, 1997) and the discussion by Berger and Mortera in O’Hagan (1995)).

3. Bayesian One-Sided Hypothesis Testing Procedures

Consider that $X_1,\ldots,X_n$ are independent and identically distributed random variables from the inverse Gaussian distribution $IG(\mu, \lambda)$. Then the joint probability density function is

$$f(x \mid \mu, \lambda) = (2\pi)^{-n/2} \left[ \prod_{i=1}^n x_i^{-3/2} \right] \lambda^{-n/2} \exp\left\{ -\sum_{i=1}^n \frac{\lambda(x_i - \mu)^2}{2\mu^2 x_i} \right\}, \quad (10)$$

where $x = (x_1,\ldots,x_n)$. The shape parameter $\theta (= \lambda/\mu)$ determines the shape of the distribution and the density function is highly skewed for moderate values of $\theta$. As $\theta$ increases the inverse Gaussian converges to the normal. And also the coefficient of variation, the skewness and the kurtosis measure of the inverse Gaussian distribution are closely related with $\theta$, and these values are $\theta^{-1/2}$, $3\theta^{-1/2}$ and $15\theta^{-1}$, respectively.

Let $\theta_1 = \lambda/\mu$ and $\theta_2 = 2\mu^{-1} + \lambda^{-1}$. With this parameterization, Kang, Kim and Lee (2004) derived the noninformative priors for $\theta_1$ and $\theta_2$, and showed that the posterior distribution under the general priors including the reference prior is proper. The reference prior is

$$\pi^N(\theta_1, \theta_2) \propto \theta_1^{-1/2} (2\theta_1 + 1)^{-1/2} \theta_2^{-1}.$$

We are interest to testing the hypotheses $H_1 : \theta_1 < \theta_{10}$ versus $H_2 : \theta_1 \geq \theta_{10}$ based on the fractional Bayes factor and the intrinsic Bayes factor.
3.1 Bayesian Hypothesis Testing based on the Fractional Bayes Factor

Under the hypothesis $H_1$, the reference prior for $\theta_1$ and $\theta_2$ is

$$\pi_1^N(\theta_1, \theta_2) \propto \theta_1^{-1/2} (\theta_1 + 1)^{-1/2} \theta_2^{-1}, \quad (11)$$

where $\theta_1 < \theta_{10}$. The likelihood function under the hypothesis $H_1$ is

$$L(\theta_1, \theta_2 \mid z) = (2\pi)^n \left[ \prod_{i=1}^{n} x_i^{-3/2} \right] \theta_2^{n/2} (1 + 2\theta_1)^{n/2} \exp \left\{ - \sum_{i=1}^{n} \frac{x_i - \theta_1^{-1} \theta_2^{-1} (1 + 2\theta_1) x_i}{\theta_1^{-1} \theta_2^{-1} (1 + 2\theta_1)} \right\}, \quad (12)$$

where $\theta_1 < \theta_{10}$. Then from the likelihood (12) and the reference prior (11), the element of the FBF under $H_1$ is given by

$$m_1^b(z) = \int_{\theta_{10}}^{\theta_1} \int_0^\infty L^N(\theta_1, \theta_2 \mid z) \pi_1^N(\theta_1, \theta_2) d\theta_2 d\theta_1$$

$$= 2(2\pi)^{-n/2} \left[ \prod_{i=1}^{n} x_i^{-3/2} \right] \left[ \sum_{i=1}^{n} x_i / \sum_{i=1}^{n} x_i^{-1} \right]^{bn/4}$$

$$\times \int_{\theta_{10}}^{\theta_1} \theta_2^{n/2} \exp \{ nb \theta_1 \} \text{BesselK} \left[ \frac{bn}{2}, b \theta_1 \sqrt{\sum_{i=1}^{n} x_i / \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1,$$

where $\text{BesselK}[\nu, az] = 1/2a^\nu \int_0^\infty t^{\nu-1} \exp \{ -1/2z(t + a^2t^{-1}) \} dt$ is the modified Bessel function of the second order. For the hypothesis $H_2$, the reference prior for $\theta_1$ and $\theta_2$ is

$$\pi_2^N(\theta_1, \theta_2) \propto \theta_1^{-1/2} (\theta_1 + 1)^{-1/2} \theta_2^{-1}, \quad (13)$$

where $\theta_1 \geq \theta_{10}$. The likelihood function under the hypothesis $H_2$ is

$$L(\theta_1, \theta_2 \mid z) = (2\pi)^n \left[ \prod_{i=1}^{n} x_i^{-3/2} \right] \theta_2^{n/2} (1 + 2\theta_1)^{n/2} \exp \left\{ - \sum_{i=1}^{n} \frac{x_i - \theta_1^{-1} \theta_2^{-1} (1 + 2\theta_1) x_i}{\theta_1^{-1} \theta_2^{-1} (1 + 2\theta_1)} \right\}, \quad (14)$$

where $\theta_1 \geq \theta_{10}$. Thus from the likelihood (14) and the reference prior (13) the element of FBF under $H_2$ gives as follows.

$$m_2^b(z) = \int_{\theta_{10}}^{\theta_1} \int_0^\infty L^N(\theta_1, \theta_2 \mid z) \pi_2^N(\theta_1, \theta_2) d\theta_2 d\theta_1$$

$$= 2(2\pi)^{-n/2} \left[ \prod_{i=1}^{n} x_i^{-3/2} \right] \left[ \sum_{i=1}^{n} x_i / \sum_{i=1}^{n} x_i^{-1} \right]^{bn/4}$$

$$\times \int_{\theta_{10}}^{\theta_1} \theta_2^{n/2} \exp \{ nb \theta_1 \} \text{BesselK} \left[ \frac{bn}{2}, b \theta_1 \sqrt{\sum_{i=1}^{n} x_i / \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1.$$

Therefore the element $B_{21}^N$ of the FBF is given by
Bayesian One-Sided Hypothesis Testing for
Shape Parameter in Inverse Gaussian Distribution

\[ B_{21}^{\mathcal{N}} = \frac{S_2(\mathbf{z})}{S_1(\mathbf{z})}, \]  

(15)

where

\[ S_1(\mathbf{z}) = \int_{\theta_{10}}^{\theta_{1}} \frac{\theta_1^{(n-1)/2}}{(1 + 2\theta_1)^{1/2}} \exp\{n\theta_1\} \text{BesselK} \left[ \frac{n-1}{2}, \theta_1 \sqrt{\sum_{i=1}^{n} x_i \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1, \]

and

\[ S_2(\mathbf{z}) = \int_{\theta_{10}}^{\infty} \frac{\theta_1^{(n-1)/2}}{(1 + 2\theta_1)^{1/2}} \exp\{n\theta_1\} \text{BesselK} \left[ \frac{n-1}{2}, \theta_1 \sqrt{\sum_{i=1}^{n} x_i \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1. \]

And the ratio of marginal densities with fraction \( b \) is

\[ \frac{m_1^b(\mathbf{z})}{m_2^b(\mathbf{z})} = \frac{S_1(\mathbf{z}; b)}{S_2(\mathbf{z}; b)}, \]

where

\[ S_1(\mathbf{z}; b) = \int_{\theta_{10}}^{\theta_{1}} \frac{\theta_1^{(nb-1)/2}}{(1 + 2\theta_1)^{1/2}} \exp\{nb\theta_1\} \text{BesselK} \left[ \frac{bn-1}{2}, b\theta_1 \sqrt{\sum_{i=1}^{n} x_i \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1, \]

and

\[ S_2(\mathbf{z}; b) = \int_{\theta_{10}}^{\infty} \frac{\theta_1^{(nb-1)/2}}{(1 + 2\theta_1)^{1/2}} \exp\{nb\theta_1\} \text{BesselK} \left[ \frac{bn-1}{2}, b\theta_1 \sqrt{\sum_{i=1}^{n} x_i \sum_{i=1}^{n} x_i^{-1}} \right] d\theta_1. \]

Thus the FBF of \( H_2 \) versus \( H_1 \) is given by

\[ B_{21}^{F} = \frac{S_2(\mathbf{z})}{S_1(\mathbf{z})} \cdot \frac{S_1(\mathbf{z}; b)}{S_2(\mathbf{z}; b)}. \]  

(16)

Note that the calculation of the FBF of \( H_2 \) versus \( H_1 \) requires an one dimensional numerical integration.

3.2 Bayesian Hypothesis Testing based on the Intrinsic Bayes Factor

The element \( B_{21}^{\mathcal{N}} \) of the encompassing arithmetic intrinsic Bayes factor is computed in the fractional Bayes factor. So under minimal training sample, we only calculate the marginal densities for the hypotheses \( H_0, \ H_1 \) and \( H_2 \), respectively. The marginal density of \( (X_j, X_l) \) is finite for all \( 1 \leq j < l \leq n \) under each hypothesis (Kang, Kim and Lee, 2004, 2008). Thus we conclude that any training sample of size 2 is a minimal training sample.

The marginal densities \( m_0^N(x_j, x_l) \) under \( H_0 (= H_1 \cup H_2) : \theta_1 > 0 \) is given by

\[ m_0(x_j, x_l) = \int_{0}^{\infty} \int_{0}^{\infty} f(x_j, x_l | \theta_1, \theta_2) \pi^N(\theta_1, \theta_2) d\theta_2 d\theta_1 \]

\[ = 2(2\pi)^{-1}(x_jx_l)^{-3/2} \left[(x_j + x_l)/(x_j^{-1} + x_l^{-1})\right]^{1/2}. \]
Therefore the EIBF of $H_2$ versus $H_1$ is given by

$$B_{21}^{EI} = \frac{S_2(x)}{S_1(x)} \cdot \left( \frac{\sum_{j,l} T_1(x_j,x_l)/T_0(x_j,x_l)}{\sum_{j,l} T_2(x_j,x_l)/T_0(x_j,x_l)} \right),$$

(17)

where

$$T_0(x_j,x_l) = \int_{\theta_0}^{\theta_1} \frac{\theta_1^{1/2}}{(1 + 2\theta_1)^{1/2}} \exp\{2\theta_1\} \text{BesselK} \left[ 1, \theta_1 \sqrt{x_j + x_l} \sqrt{x_j^{-1} + x_l^{-1}} \right] d\theta_1,$$

$$T_1(x_j,x_l) = \int_{\theta_0}^{\theta_1} \frac{\theta_1^{1/2}}{(1 + 2\theta_1)^{1/2}} \exp\{2\theta_1\} \text{BesselK} \left[ 1, \theta_1 \sqrt{x_j + x_l} \sqrt{x_j^{-1} + x_l^{-1}} \right] d\theta_1$$

and

$$T_2(x_j,x_l) = \int_{\theta_0}^{\theta_1} \frac{\theta_1^{1/2}}{(1 + 2\theta_1)^{1/2}} \exp\{2\theta_1\} \text{BesselK} \left[ 1, \theta_1 \sqrt{x_j + x_l} \sqrt{x_j^{-1} + x_l^{-1}} \right] d\theta_1.$$

And also the MIBF of $H_2$ versus $H_1$ is given by

$$B_{21}^{MI} = \frac{S_2(x)}{S_1(x)} \cdot \text{ME} \left( \frac{T_1(x_j,x_l)}{T_2(x_j,x_l)} \right).$$

(18)

Note that the calculations of the EIBF and the MIBF of $H_2$ versus $H_1$ require only one dimensional integration.
Bayesian One-Sided Hypothesis Testing for
Shape Parameter in Inverse Gaussian Distribution

4. Numerical Studies

In order to assess the Bayesian hypothesis testing procedures, we evaluate the posterior probability for several configurations of \((\theta_1, \mu)\) and \(n\). In particular, for fixed \((\theta_1, \mu)\), we take 1,000 independent random samples of \(X_i\) with sample size \(n\) from the model (10). In our simulation, we put \(\mu = 1\). We want to testing the hypotheses \(H_1 : \theta_1 < 2\) versus \(H_2 : \theta_1 \geq 2\).

The posterior probabilities of \(H_1\) being true are computed assuming equal prior probabilities. <Table 1> shows the results of the averages and the standard deviations in parentheses of posterior probabilities. From <Table 1>, the EIBF and the MIBF give fairly reasonable answers for all of the \(\theta_1\). Also the EIBF and the MIBF give a similar behavior for all sample sizes, and the MIBF slightly favours the hypothesis \(H_1\) than the EIBF. However the FBF clearly favours the hypothesis \(H_2\) than the EIBF and the MIBF. That is, the FBF has considerable bias toward the hypothesis \(H_2\). This fact does not being surprising result. Berger and Mortera (1999) showed that the FBF has considerable bias toward one of the hypotheses in nonsymmetric situations, and so the FBF should not be used in clearly nonsymmetric testing situations.

<Table 1> The Averages and the Standard Deviations in Parentheses of Posterior Probabilities

<table>
<thead>
<tr>
<th>(\theta_1)</th>
<th>(n)</th>
<th>(P^E(H_1 \mid z))</th>
<th>(P^E(H_2 \mid z))</th>
<th>(P^M(H_1 \mid z))</th>
<th>(P^M(H_2 \mid z))</th>
</tr>
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<tbody>
<tr>
<td>1.0</td>
<td>5</td>
<td>0.430 (0.211)</td>
<td>0.717 (0.239)</td>
<td>0.886 (0.239)</td>
<td>0.780 (0.211)</td>
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<td>10</td>
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<td>0.806 (0.215)</td>
<td>0.802 (0.211)</td>
<td>0.802 (0.211)</td>
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<td></td>
<td>15</td>
<td>0.655 (0.278)</td>
<td>0.854 (0.193)</td>
<td>0.853 (0.190)</td>
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<td>20</td>
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<td>0.901 (0.156)</td>
<td>0.901 (0.153)</td>
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<td></td>
<td>10</td>
<td>0.263 (0.194)</td>
<td>0.543 (0.265)</td>
<td>0.548 (0.260)</td>
<td>0.548 (0.260)</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>0.287 (0.200)</td>
<td>0.547 (0.255)</td>
<td>0.553 (0.249)</td>
<td>0.553 (0.249)</td>
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<tr>
<td></td>
<td>20</td>
<td>0.285 (0.215)</td>
<td>0.542 (0.270)</td>
<td>0.550 (0.265)</td>
<td>0.550 (0.265)</td>
</tr>
<tr>
<td>2.2</td>
<td>5</td>
<td>0.310 (0.153)</td>
<td>0.514 (0.231)</td>
<td>0.508 (0.225)</td>
<td>0.508 (0.225)</td>
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<tr>
<td></td>
<td>10</td>
<td>0.260 (0.180)</td>
<td>0.495 (0.257)</td>
<td>0.498 (0.251)</td>
<td>0.498 (0.251)</td>
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<tr>
<td></td>
<td>15</td>
<td>0.242 (0.180)</td>
<td>0.484 (0.261)</td>
<td>0.492 (0.256)</td>
<td>0.492 (0.256)</td>
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<tr>
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<td>20</td>
<td>0.214 (0.177)</td>
<td>0.447 (0.260)</td>
<td>0.457 (0.257)</td>
<td>0.457 (0.257)</td>
</tr>
<tr>
<td>2.5</td>
<td>5</td>
<td>0.285 (0.140)</td>
<td>0.478 (0.234)</td>
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<tr>
<td></td>
<td>10</td>
<td>0.215 (0.153)</td>
<td>0.430 (0.246)</td>
<td>0.439 (0.242)</td>
<td>0.439 (0.242)</td>
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<tr>
<td></td>
<td>15</td>
<td>0.192 (0.151)</td>
<td>0.409 (0.245)</td>
<td>0.418 (0.241)</td>
<td>0.418 (0.241)</td>
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<td>0.182 (0.156)</td>
<td>0.399 (0.251)</td>
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<td>0.410 (0.249)</td>
</tr>
<tr>
<td>3.0</td>
<td>5</td>
<td>0.263 (0.130)</td>
<td>0.445 (0.213)</td>
<td>0.449 (0.209)</td>
<td>0.449 (0.209)</td>
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<tr>
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<td>10</td>
<td>0.175 (0.150)</td>
<td>0.361 (0.237)</td>
<td>0.372 (0.233)</td>
<td>0.372 (0.233)</td>
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<tr>
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<td>15</td>
<td>0.122 (0.107)</td>
<td>0.266 (0.214)</td>
<td>0.296 (0.213)</td>
<td>0.296 (0.213)</td>
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<td>20</td>
<td>0.103 (0.102)</td>
<td>0.251 (0.210)</td>
<td>0.261 (0.211)</td>
<td>0.261 (0.211)</td>
</tr>
</tbody>
</table>
**Example.** The following data set is a certain test data on the endurance of 23 deep groove ball bearings by Lieblein and Zelen (1956).

17.88, 28.92, 33.0, 41.52, 42.12, 45.6, 48.48, 51.84, 51.96, 54.12, 55.56, 67.8, 68.64, 68.64, 68.88, 84.12, 93.12, 98.64, 105.12, 105.84, 127.92, 128.04, 173.4

This data set was analyzed by Chhikara and Folks (1989) who judged it as being well descriptive of an inverse Gaussian model. For this data set, the maximum likelihood estimator for $\theta_1$ is 3.21. We want to testing the hypotheses $H_1 : \theta_1 < 2$ versus $H_2 : \theta_1 \geq 2$.

The values of the Bayes factor and the posterior probabilities of $H_1$ are given in <Table 2>. From the results of <Table 2>, the EIBF, the MIBF and the FBF give the same answer, and select the hypothesis $H_2$. But the FBF favours the hypothesis $H_2$ than the EIBF and the MIBF.

<table>
<thead>
<tr>
<th>$H_1$</th>
<th>$B^{01}_{21}$</th>
<th>$P^{01}(H_1 \mid z)$</th>
<th>$B^{11}_{21}$</th>
<th>$P^{11}(H_1 \mid z)$</th>
<th>$B^{10}_{21}$</th>
<th>$P^{10}(H_1 \mid z)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\theta_1 &lt; 2$</td>
<td>13.964</td>
<td>0.067</td>
<td>4.321</td>
<td>0.188</td>
<td>4.030</td>
<td>0.199</td>
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</table>

5. Concluding Remarks

In inverse Gaussian population, we developed the objective Bayesian hypothesis testing procedures based on the fractional Bayes factor and the intrinsic Bayes factor for the one-sided hypotheses of the shape parameter under the reference prior. From our numerical results, the developed hypothesis testing procedures give fairly reasonable answers for all parameter configurations. However the FBF clearly favours the hypothesis $H_2$ than the EIBF and the MIBF. That is, the FBF considerable biased to the hypothesis $H_2$, and so the FBF should not be used in clearly nonsymmetric testing situations. Therefore from our results of simulation and example, we recommend the use of the EIBF and the MIBF than the FBF in practical application.

References

Bayesian One-Sided Hypothesis Testing for Shape Parameter in Inverse Gaussian Distribution


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