

# Statistical Modelling

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(Chapters 1–2 closely based on original notes by  
Anthony Davison and Jon Forster)

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## **Statistical Modelling**

1. Model Selection
2. Beyond the Generalised Linear Model
3. Design of Experiments

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# 1. Model Selection

slide 1

## Overview

1. Basic ideas
2. Linear model
3. Sparse variable selection
4. Bayesian inference

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## Basic Ideas

slide 3

### Why model?



George E. P. Box (1919–2013):

All models are wrong, but some models are useful.

- ☐ Some reasons we construct models:
  - to simplify reality (efficient representation);
  - to gain understanding;
  - to compare scientific, economic, ... theories;
  - to predict future events/data;
  - to control a process.
- ☐ We (statisticians!) rarely believe in our models, but regard them as temporary constructs subject to improvement.
- ☐ Often we have several and must decide which is preferable, if any.

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### Criteria for model selection

- ☐ Substantive knowledge, from prior studies, theoretical arguments, dimensional or other general considerations (often qualitative)
- ☐ Sensitivity to failure of assumptions (prefer models that are robustly valid)
- ☐ Quality of fit—residuals, graphical assessment (informal), or goodness-of-fit tests (formal)
- ☐ Prior knowledge in Bayesian sense (quantitative)
- ☐ Generalisability of conclusions and/or predictions: same/similar models give good fit for many different datasets
- ☐ ... but often we have just one dataset ...

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## Motivation

Even after applying these criteria (but also before!) we may compare many models:

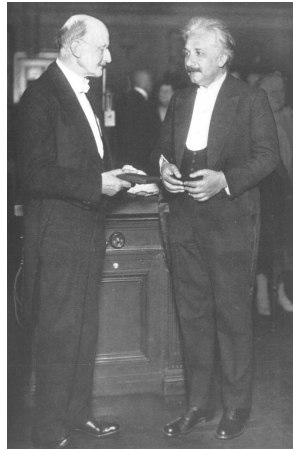
- ☐ linear regression with  $p$  covariates, there are  $2^p$  possible combinations of covariates (each in/out), before allowing for transformations, etc.— if  $p = 20$  then we have a problem;
- ☐ choice of bandwidth  $h > 0$  in smoothing problems
- ☐ the number of different clusterings of  $n$  individuals is a Bell number (starting from  $n = 1$ ): 1, 2, 5, 15, 52, 203, 877, 4140, 21147, 115975, ...
- ☐ we may want to assess which among  $5 \times 10^5$  SNPs on the genome may influence reaction to a new drug;
- ☐ ...

For reasons of economy we seek 'simple' models.

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## Albert Einstein (1879–1955)



'Everything should be made as simple as possible, **but no simpler.**'

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## William of Occam (?1288–?1348)



Occam's razor: **Entia non sunt multiplicanda sine necessitate: entities should not be multiplied beyond necessity.**

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## Setting

- To focus and simplify discussion we will consider parametric models, but the ideas generalise to semi-parametric and non-parametric settings
- We shall take generalised linear models (GLMs) as example of moderately complex parametric models:
  - Normal linear model has three key aspects:
    - ▷ *structure for covariates: linear predictor*  $\eta = x^T \beta$ ;
    - ▷ *response distribution*:  $y \sim N(\mu, \sigma^2)$ ; and
    - ▷ *relation*  $\eta = \mu$  between  $\mu = E(y)$  and  $\eta$ .
  - GLM extends last two to
    - ▷  $y$  has density

$$f(y; \theta, \phi) = \exp \left\{ \frac{y\theta - b(\theta)}{\phi} + c(y; \phi) \right\},$$

where  $\theta$  depends on  $\eta$ ; *dispersion parameter*  $\phi$  is often known; and

- ▷  $\eta = g(\mu)$ , where  $g$  is monotone *link function*.

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## Logistic regression

- Commonest choice of link function for binary responses:

$$\Pr(Y = 1) = \pi = \frac{\exp(x^T \beta)}{1 + \exp(x^T \beta)}, \quad \Pr(Y = 0) = \frac{1}{1 + \exp(x^T \beta)},$$

giving linear model for log odds of 'success',

$$\log \left\{ \frac{\Pr(Y = 1)}{\Pr(Y = 0)} \right\} = \log \left( \frac{\pi}{1 - \pi} \right) = x^T \beta.$$

- Log likelihood for  $\beta$  based on independent responses  $y_1, \dots, y_n$  with covariate vectors  $x_1, \dots, x_n$  is

$$\ell(\beta) = \sum_{j=1}^n y_j x_j^T \beta - \sum_{j=1}^n \log \{1 + \exp(x_j^T \beta)\}$$

- Good fit gives small deviance  $D = 2 \left\{ \ell(\tilde{\beta}) - \ell(\hat{\beta}) \right\}$ , where  $\hat{\beta}$  is model fit MLE and  $\tilde{\beta}$  is unrestricted MLE.

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## Nodal involvement data

Table 1: Data on nodal involvement: 53 patients with prostate cancer have nodal involvement ( $r$ ), with five binary covariates age etc.

$m$	$r$	age	stage	grade	xray	acid
6	5	0	1	1	1	1
6	1	0	0	0	0	1
4	0	1	1	1	0	0
4	2	1	1	0	0	1
4	0	0	0	0	0	0
3	2	0	1	1	0	1
3	1	1	1	0	0	0
3	0	1	0	0	0	1
3	0	1	0	0	0	0
2	0	1	0	0	1	0
2	1	0	1	0	0	1
2	1	0	0	1	0	0
1	1	1	1	1	1	1
$\vdots$	$\vdots$	$\vdots$	$\vdots$	$\vdots$	$\vdots$	
1	1	0	0	1	0	1
1	0	0	0	0	1	1
1	0	0	0	0	1	0

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## Nodal involvement deviances

Deviances  $D$  for 32 logistic regression models for nodal involvement data. + denotes a term included in the model.

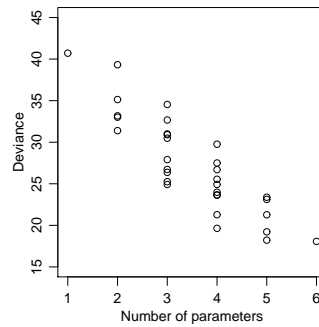
age	st	gr	xr	ac	df	$D$	age	st	gr	xr	ac	df	$D$
					52	40.71	+	+	+			49	29.76
+					51	39.32	+	+		+		49	23.67
	+				51	33.01	+	+			+	49	25.54
		+			51	35.13	+		+	+		49	27.50
			+		51	31.39	+		+		+	49	26.70
				+	51	33.17	+			+	+	49	24.92
+	+				50	30.90		+	+	+		49	23.98
+		+			50	34.54		+	+		+	49	23.62
+			+		50	30.48		+		+	+	49	19.64
+				+	50	32.67			+	+	+	49	21.28
	+	+			50	31.00	+	+	+	+		48	23.12
	+		+		50	24.92	+	+	+		+	48	23.38
	+			+	50	26.37	+	+		+	+	48	19.22
		+	+		50	27.91	+		+	+	+	48	21.27
		+		+	50	26.72		+	+	+	+	48	18.22
			+	+	50	25.25	+	+	+	+	+	47	18.07

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## Nodal involvement



- ☐ Adding terms
  - always increases the log likelihood  $\hat{\ell}$  and so reduces  $D$ ,
  - increases the number of parameters,
 so taking the model with highest  $\hat{\ell}$  (lowest  $D$ ) would give the full model
- ☐ We need to trade off quality of fit (measured by  $D$ ) and model complexity (number of parameters)

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## Log likelihood

- ☐ Given (unknown) **true model**  $g(y)$ , and **candidate model**  $f(y; \theta)$ , Jensen's inequality implies that

$$\int \log g(y)g(y) dy \geq \int \log f(y; \theta)g(y) dy, \quad (1)$$

with equality if and only if  $f(y; \theta) \equiv g(y)$ .

- ☐ If  $\theta_g$  is the value of  $\theta$  that maximizes the expected log likelihood on the right of (1), then it is natural to choose the candidate model that maximises

$$\bar{\ell}(\hat{\theta}) = n^{-1} \sum_{j=1}^n \log f(y; \hat{\theta}),$$

which should be an estimate of  $\int \log f(y; \theta)g(y) dy$ . However as  $\bar{\ell}(\hat{\theta}) \geq \bar{\ell}(\theta_g)$ , by definition of  $\hat{\theta}$ , this estimate is biased upwards.

- ☐ We need to correct for the bias, but in order to do so, need to understand the properties of likelihood estimators when the assumed model  $f$  is not the true model  $g$ .

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## Wrong model

Suppose the true model is  $g$ , that is,  $Y_1, \dots, Y_n \stackrel{\text{iid}}{\sim} g$ , but we assume that  $Y_1, \dots, Y_n \stackrel{\text{iid}}{\sim} f(y; \theta)$ . The log likelihood  $\ell(\theta)$  will be maximised at  $\hat{\theta}$ , and

$$\bar{\ell}(\hat{\theta}) = n^{-1} \ell(\hat{\theta}) \xrightarrow{\text{a.s.}} \int \log f(y; \theta_g) g(y) dy, \quad n \rightarrow \infty,$$

where  $\theta_g$  minimizes the Kullback–Leibler discrepancy

$$KL(f_\theta, g) = \int \log \left\{ \frac{g(y)}{f(y; \theta)} \right\} g(y) dy.$$

$\theta_g$  gives the density  $f(y; \theta_g)$  closest to  $g$  in this sense, and  $\hat{\theta}$  is determined by the finite-sample version of  $\partial KL(f_\theta, g)/\partial \theta$ , i.e.

$$0 = n^{-1} \sum_{j=1}^n \frac{\partial \log f(y_j; \hat{\theta})}{\partial \theta}.$$

## Wrong model II

**Theorem 1** Suppose the true model is  $g$ , that is,  $Y_1, \dots, Y_n \stackrel{\text{iid}}{\sim} g$ , but we assume that  $Y_1, \dots, Y_n \stackrel{\text{iid}}{\sim} f(y; \theta)$ . Then under mild regularity conditions the maximum likelihood estimator  $\hat{\theta}$  satisfies

$$\hat{\theta} \sim N_p \{ \theta_g, I(\theta_g)^{-1} K(\theta_g) I(\theta_g)^{-1} \}, \quad (2)$$

where  $f_{\theta_g}$  is the density minimising the Kullback–Leibler discrepancy between  $f_\theta$  and  $g$ ,  $I$  is the Fisher information for  $f$ , and  $K$  is the variance of the score statistic. The likelihood ratio statistic

$$W(\theta_g) = 2 \{ \ell(\hat{\theta}) - \ell(\theta_g) \} \sim \sum_{r=1}^p \lambda_r V_r,$$

where  $V_1, \dots, V_p \stackrel{\text{iid}}{\sim} \chi_1^2$ , and the  $\lambda_r$  are eigenvalues of  $K(\theta_g)^{1/2} I(\theta_g)^{-1} K(\theta_g)^{1/2}$ . Thus  $E\{W(\theta_g)\} = \text{tr}\{I(\theta_g)^{-1} K(\theta_g)\}$ .

Under the correct model,  $\theta_g$  is the ‘true’ value of  $\theta$ ,  $K(\theta) = I(\theta)$ ,  $\lambda_1 = \dots = \lambda_p = 1$ , and we recover the usual results.

### Note: 'Proof' of Theorem 1

Expansion of the equation defining  $\hat{\theta}$  about  $\theta_g$  yields

$$\hat{\theta} \doteq \theta_g + \left\{ -n^{-1} \sum_{j=1}^n \frac{\partial^2 \log f(y_j; \theta_g)}{\partial \theta \partial \theta^T} \right\}^{-1} \left\{ n^{-1} \sum_{j=1}^n \frac{\partial \log f(y_j; \theta_g)}{\partial \theta} \right\}$$

and a modification of the usual derivation gives

$$\hat{\theta} \sim N_p \{ \theta_g, I(\theta_g)^{-1} K(\theta_g) I(\theta_g)^{-1} \},$$

where the *information sandwich* variance matrix depends on

$$K(\theta_g) = n \int \frac{\partial \log f(y; \theta)}{\partial \theta} \frac{\partial \log f(y; \theta)}{\partial \theta^T} g(y) dy,$$

$$I(\theta_g) = -n \int \frac{\partial^2 \log f(y; \theta)}{\partial \theta \partial \theta^T} g(y) dy.$$

If  $g(y) = f(y; \theta)$ , so that the supposed density is correct, then  $\theta_g$  is the true  $\theta$ , then

$$K(\theta_g) = I(\theta),$$

and (2) reduces to the usual approximation.

In practice  $g(y)$  is of course unknown, and then  $K(\theta_g)$  and  $I(\theta_g)$  may be estimated by

$$\hat{K} = \sum_{j=1}^n \frac{\partial \log f(y_j; \hat{\theta})}{\partial \theta} \frac{\partial \log f(y_j; \hat{\theta})}{\partial \theta^T}, \quad \hat{J} = - \sum_{j=1}^n \frac{\partial^2 \log f(y_j; \hat{\theta})}{\partial \theta \partial \theta^T};$$

the latter is just the observed information matrix. We may then construct confidence intervals for  $\theta_g$  using (2) with variance matrix  $\hat{J}^{-1} \hat{K} \hat{J}^{-1}$ .

Similar expansions lead to the result for the likelihood ratio statistic.

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### Out-of-sample prediction

- We need to fix two problems with using  $\bar{\ell}(\hat{\theta})$  to choose the best candidate model:
  - upward bias, as  $\bar{\ell}(\hat{\theta}) \geq \bar{\ell}(\theta_g)$  because  $\hat{\theta}$  is based on  $Y_1, \dots, Y_n$ ;
  - no penalisation if the dimension of  $\theta$  increases.
- If we had another independent sample  $Y_1^+, \dots, Y_n^+ \stackrel{\text{iid}}{\sim} g$  and computed

$$\bar{\ell}^+(\hat{\theta}) = n^{-1} \sum_{j=1}^n \log f(Y_j^+; \hat{\theta}),$$

then both problems disappear, suggesting that we choose the candidate model that maximises

$$E_g \left[ E_g^+ \left\{ \bar{\ell}^+(\hat{\theta}) \right\} \right],$$

where the inner expectation is over the distribution of the  $Y_j^+$ , and the outer expectation is over the distribution of  $\hat{\theta}$ .

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## Information criteria

- Previous results on wrong model give

$$E_g \left[ E_g^+ \left\{ \bar{\ell}^+(\hat{\theta}) \right\} \right] \doteq \int \log f(y; \theta_g) g(y) dy - \frac{1}{2n} \text{tr} \{ I(\theta_g)^{-1} K(\theta_g) \},$$

where the second term is a penalty that depends on the model dimension.

- We want to estimate this based on  $Y_1, \dots, Y_n$  only, and get

$$E_g \left\{ \bar{\ell}(\hat{\theta}) \right\} \doteq \int \log f(y; \theta_g) g(y) dy + \frac{1}{2n} \text{tr} \{ I(\theta_g)^{-1} K(\theta_g) \},$$

- To remove the bias, we aim to maximise

$$\bar{\ell}(\hat{\theta}) - \frac{1}{n} \text{tr}(\hat{J}^{-1} \hat{K}),$$

where

$$\hat{K} = \sum_{j=1}^n \frac{\partial \log f(y_j; \hat{\theta})}{\partial \theta} \frac{\partial \log f(y_j; \hat{\theta})}{\partial \theta^T}, \quad \hat{J} = - \sum_{j=1}^n \frac{\partial^2 \log f(y_j; \hat{\theta})}{\partial \theta \partial \theta^T};$$

the latter is just the observed information matrix.

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## Note: Bias of log likelihood

To compute the bias in  $\bar{\ell}(\hat{\theta})$ , we write

$$\begin{aligned} E_g \left\{ \bar{\ell}(\hat{\theta}) \right\} &= E_g \left\{ \bar{\ell}(\theta_g) \right\} + E \left\{ \bar{\ell}(\hat{\theta}) - \bar{\ell}(\theta_g) \right\} \\ &= E_g \left\{ \bar{\ell}(\theta_g) \right\} + \frac{1}{2n} E \left\{ W(\theta_g) \right\}, \\ &\doteq E_g \left\{ \bar{\ell}(\theta_g) \right\} + \frac{1}{2n} \text{tr} \{ I(\theta_g)^{-1} K(\theta_g) \}, \end{aligned}$$

where  $E_g$  denotes expectation over the data distribution  $g$ . The bias is positive because  $I$  and  $K$  are positive definite matrices.

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## Information criteria

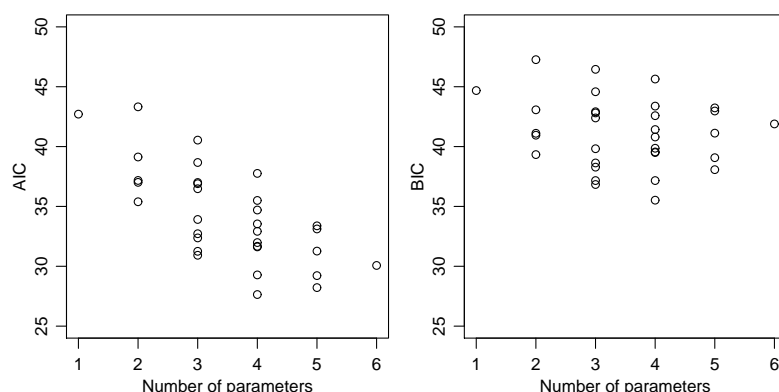
- Let  $p = \dim(\theta)$  be the number of parameters for a model, and  $\hat{\ell}$  the corresponding maximised log likelihood.
- For historical reasons we choose models that **minimise** similar criteria
  - $2(p - \hat{\ell})$  (AIC—Akaike Information Criterion)
  - $2\{\text{tr}(\hat{J}^{-1} \hat{K}) - \hat{\ell}\}$  (NIC—Network Information Criterion)
  - $2(\frac{1}{2}p \log n - \hat{\ell})$  (BIC—Bayes Information Criterion)
  - AIC<sub>c</sub>, AIC<sub>u</sub>, DIC, EIC, FIC, GIC, SIC, TIC, ...
  - Mallows  $C_p = RSS/s^2 + 2p - n$  commonly used in regression problems, where  $RSS$  is residual sum of squares for candidate model, and  $s^2$  is an estimate of the error variance  $\sigma^2$ .

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## Nodal involvement data

AIC and BIC for  $2^5$  models for binary logistic regression model fitted to the nodal involvement data. Both criteria pick out the same model, with the three covariates *st*, *xr*, and *ac*, which has deviance  $D = 19.64$ . Note the sharper increase of BIC after the minimum.



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## Theoretical aspects

- ☐ We may suppose that the true underlying model is of infinite dimension, and that by choosing among our candidate models we hope to get as close as possible to this ideal model, using the data available.
- ☐ If so, we need some measure of distance between a candidate and the true model, and we aim to minimise this distance.
- ☐ A model selection procedure that selects the candidate closest to the truth for large  $n$  is called **asymptotically efficient**.
- ☐ An alternative is to suppose that the true model is among the candidate models.
- ☐ If so, then a model selection procedure that selects the true model with probability tending to one as  $n \rightarrow \infty$  is called **consistent**.

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## Properties of AIC, NIC, BIC

- We seek to find the correct model by minimising  $IC = c(n, p) - 2\hat{\ell}$ , where the penalty  $c(n, p)$  depends on sample size  $n$  and model dimension  $p$
- Crucial aspect is behaviour of differences of IC.
- We obtain IC for the true model, and  $IC_+$  for a model with one more parameter. Then

$$\begin{aligned}\Pr(IC_+ < IC) &= \Pr\left\{c(n, p+1) - 2\hat{\ell}_+ < c(n, p) - 2\hat{\ell}\right\} \\ &= \Pr\left\{2(\hat{\ell}_+ - \hat{\ell}) > c(n, p+1) - c(n, p)\right\}.\end{aligned}$$

and in large samples

$$\text{for AIC, } c(n, p+1) - c(n, p) = 2$$

$$\text{for NIC, } c(n, p+1) - c(n, p) \sim 2$$

$$\text{for BIC, } c(n, p+1) - c(n, p) = \log n$$

- In a regular case  $2(\hat{\ell}_+ - \hat{\ell}) \sim \chi_1^2$ , so as  $n \rightarrow \infty$ ,

$$\Pr(IC_+ < IC) \rightarrow \begin{cases} 0.16, & \text{AIC, NIC,} \\ 0, & \text{BIC.} \end{cases}$$

Thus AIC and NIC have non-zero probability of over-fitting, even in very large samples, but BIC does not.

## Linear Model

slide 23

### Variable selection

- Consider normal linear model

$$Y_{n \times 1} = X_{n \times p}^\dagger \beta_{p \times 1} + \varepsilon_{n \times 1}, \quad \varepsilon \sim \mathcal{N}_n(0, \sigma^2 I_n),$$

where **design matrix**  $X^\dagger$  has full rank  $p < n$  and columns  $x_r$ , for  $r \in \mathcal{X} = \{1, \dots, p\}$ . Subsets  $\mathcal{S}$  of  $\mathcal{X}$  correspond to subsets of columns.

- Terminology
  - the **true** model corresponds to subset  $\mathcal{T} = \{r : \beta_r \neq 0\}$ , and  $|\mathcal{T}| = q < p$ ;
  - a **correct** model contains  $\mathcal{T}$  but has other columns also, corresponding subset  $\mathcal{S}$  satisfies  $\mathcal{T} \subset \mathcal{S} \subset \mathcal{X}$  and  $\mathcal{T} \neq \mathcal{S}$ ;
  - a **wrong** model has subset  $\mathcal{S}$  lacking some  $x_r$  for which  $\beta_r \neq 0$ , and so  $\mathcal{T} \not\subset \mathcal{S}$ .
- Aim to identify  $\mathcal{T}$ .
- If we choose a wrong model, have bias; if we choose a correct model, increase variance—seek to balance these.

## Stepwise methods

- ☐ **Forward selection:** starting from model with constant only,
  1. add each remaining term separately to the current model;
  2. if none of these terms is significant, stop; otherwise
  3. update the current model to include the most significant new term; go to 1
- ☐ **Backward elimination:** starting from model with all terms,
  1. if all terms are significant, stop; otherwise
  2. update current model by dropping the term with the smallest  $F$  statistic; go to 1
- ☐ **Stepwise:** starting from an arbitrary model,
  1. consider 3 options—add a term, delete a term, swap a term in the model for one not in the model;
  2. if model unchanged, stop; otherwise go to 1

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## Nuclear power station data

```
> nuclear
  cost  date t1 t2  cap pr ne ct bw cum.n pt
1 460.05 68.58 14 46 687 0 1 0 0    14 0
2 452.99 67.33 10 73 1065 0 0 1 0     1 0
3 443.22 67.33 10 85 1065 1 0 1 0     1 0
4 652.32 68.00 11 67 1065 0 1 1 0    12 0
5 642.23 68.00 11 78 1065 1 1 1 0    12 0
6 345.39 67.92 13 51 514 0 1 1 0     3 0
7 272.37 68.17 12 50 822 0 0 0 0     5 0
8 317.21 68.42 14 59 457 0 0 0 0     1 0
9 457.12 68.42 15 55 822 1 0 0 0     5 0
10 690.19 68.33 12 71 792 0 1 1 1     2 0
...
32 270.71 67.83 7 80 886 1 0 0 1    11 1
```

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## Nuclear power station data

	Full model			Backward			Forward		
	Est	(SE)	<i>t</i>	Est	(SE)	<i>t</i>	Est	(SE)	<i>t</i>
Constant	−14.24	(4.229)	−3.37	−13.26	(3.140)	−4.22	−7.627	(2.875)	−2.66
date	0.209	(0.065)	3.21	0.212	(0.043)	4.91	0.136	(0.040)	3.38
log(T1)	0.092	(0.244)	0.38						
log(T2)	0.290	(0.273)	1.05						
log(cap)	0.694	(0.136)	5.10	0.723	(0.119)	6.09	0.671	(0.141)	4.75
PR	−0.092	(0.077)	−1.20						
NE	0.258	(0.077)	3.35	0.249	(0.074)	3.36			
CT	0.120	(0.066)	1.82	0.140	(0.060)	2.32			
BW	0.033	(0.101)	0.33						
log(N)	−0.080	(0.046)	−1.74	−0.088	(0.042)	−2.11			
PT	−0.224	(0.123)	−1.83	−0.226	(0.114)	−1.99	−0.490	(0.103)	−4.77
<i>s</i> (df)	0.164 (21)			0.159 (25)			0.195 (28)		

Backward selection chooses a model with seven covariates also chosen by minimising AIC.

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## Stepwise Methods: Comments

- ☐ Systematic search minimising AIC or similar over all possible models is preferable—not always feasible.
- ☐ Stepwise methods can fit models to purely random data—main problem is no objective function.
- ☐ Sometimes used by replacing  $F$  significance points by (arbitrary!) numbers, e.g.  $F = 4$
- ☐ Can be improved by comparing AIC for different models at each step—uses AIC as objective function, but no systematic search.

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## Prediction error

- ☐ To identify  $\mathcal{T}$ , we fit candidate model

$$Y = X\beta + \varepsilon,$$

where columns of  $X$  are a subset  $\mathcal{S}$  of those of  $X^\dagger$ .

- ☐ Fitted value is

$$X\hat{\beta} = X\{(X^T X)^{-1} X^T Y\} = HY = H(\mu + \varepsilon) = H\mu + H\varepsilon,$$

where  $H = X(X^T X)^{-1} X^T$  is the **hat matrix** and  $H\mu = \mu$  if the model is correct.

- ☐ Following reasoning for AIC, suppose we also have independent dataset  $Y_+$  from the true model, so  $Y_+ = \mu + \varepsilon_+$
- ☐ Apart from constants, previous measure of prediction error is

$$\Delta(X) = n^{-1} \mathbb{E} \mathbb{E}_+ \left\{ (Y_+ - X\hat{\beta})^T (Y_+ - X\hat{\beta}) \right\},$$

with expectations over both  $Y_+$  and  $Y$ .



### Prediction error II

- Can show that

$$\Delta(X) = \begin{cases} n^{-1}\mu^T(I - H)\mu + (1 + p/n)\sigma^2, & \text{wrong model,} \\ (1 + q/n)\sigma^2, & \text{true model,} \\ (1 + p/n)\sigma^2, & \text{correct model;} \end{cases} \quad (3)$$

recall that  $q < p$ .

- **Bias:**  $n^{-1}\mu^T(I - H)\mu > 0$  unless model is correct, and is reduced by including useful terms
- **Variance:**  $(1 + p/n)\sigma^2$  increased by including useless terms
- Ideal would be to choose covariates  $X$  to minimise  $\Delta(X)$ : impossible—depends on unknowns  $\mu, \sigma$ .
- Must estimate  $\Delta(X)$

### Note: Proof of (3)

Consider data  $y = \mu + \varepsilon$  to which we fit the linear model  $y = X\beta + \varepsilon$ , obtaining fitted value

$$X\hat{\beta} = Hy = H(\mu + \varepsilon)$$

where the second term is zero if  $\mu$  lies in the space spanned by the columns of  $X$ , and otherwise is not. We have a new data set  $y_+ = \mu + \varepsilon_+$ , and we will compute the average error in predicting  $y_+$  using  $X\hat{\beta}$ , which is

$$\Delta = n^{-1}E \left\{ (y_+ - X\hat{\beta})^T (y_+ - X\hat{\beta}) \right\}.$$

Now

$$y_+ - X\hat{\beta} = \mu + \varepsilon_+ - (H\mu + H\varepsilon) = (I - H)\mu + \varepsilon_+ - H\varepsilon.$$

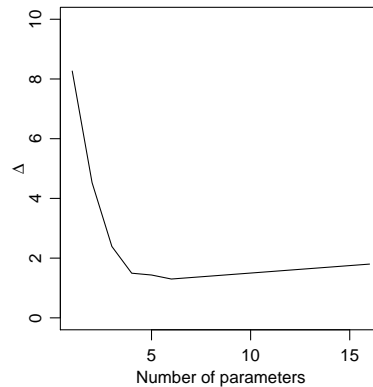
Therefore

$$(y_+ - X\hat{\beta})^T (y_+ - X\hat{\beta}) = \mu^T(I - H)\mu + \varepsilon^T H \varepsilon + \varepsilon_+^T \varepsilon_+ + A$$

where  $E(A) = 0$ ; this gives that

$$\Delta(X) = \begin{cases} n^{-1}\mu^T(I - H)\mu + (1 + p/n)\sigma^2, & \text{wrong model,} \\ (1 + q/n)\sigma^2, & \text{true model,} \\ (1 + p/n)\sigma^2, & \text{correct model.} \end{cases}$$

## Example



$\Delta(X)$  as a function of the number of included variables  $p$  for data with  $n = 20$ ,  $q = 6$ ,  $\sigma^2 = 1$ . The minimum is at  $p = q = 6$ :

- ☐ there is a sharp decrease in bias as useful covariates are added;
- ☐ there is a slow increase with variance as the number of variables  $p$  increases.

## Cross-validation

- ☐ If  $n$  is large, can split data into two parts  $(X', y')$  and  $(X^*, y^*)$ , say, and use one part to estimate model, and the other to compute prediction error; then choose the model that minimises

$$\hat{\Delta} = n'^{-1}(y' - X'\hat{\beta}^*)^T(y' - X'\hat{\beta}^*) = n'^{-1} \sum_{j=1}^{n'} (y'_j - x'_j \hat{\beta}^*)^2.$$

- ☐ Usually dataset is too small for this; use **leave-one-out cross-validation** sum of squares

$$n\hat{\Delta}_{CV} = CV = \sum_{j=1}^n (y_j - x_j^T \hat{\beta}_{-j})^2,$$

where  $\hat{\beta}_{-j}$  is estimate computed without  $(x_j, y_j)$ .

- ☐ Seems to require  $n$  fits of model, but in fact

$$CV = \sum_{j=1}^n \frac{(y_j - x_j^T \hat{\beta})^2}{(1 - h_{jj})^2},$$

where  $h_{11}, \dots, h_{nn}$  are diagonal elements of  $H$ , and so can be obtained from one fit.

## Cross-validation II

- Simpler (more stable?) version uses **generalised cross-validation** sum of squares

$$\text{GCV} = \sum_{j=1}^n \frac{(y_j - x_j^T \hat{\beta})^2}{\{1 - \text{tr}(H)/n\}^2}.$$

- Can show that

$$\text{E}(\text{GCV}) = \mu^T(I - H)\mu/(1 - p/n)^2 + n\sigma^2/(1 - p/n) \approx n\Delta(X) \quad (4)$$

so try and minimise GCV or CV.

- Many variants of cross-validation exist. Typically find that model chosen based on CV is somewhat unstable, and that GCV or  $k$ -fold cross-validation works better. Standard strategy is to split data into 10 roughly equal parts, predict for each part based on the other nine-tenths of the data, and find model that minimises this estimate of prediction error.

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## Note: Derivation of (4)

We need the expectation of  $(y - X\hat{\beta})^T(y - X\hat{\beta})$ , where  $y - X\hat{\beta} = (I - H)y = (I - H)(\mu + \varepsilon)$ , and squaring up and noting that  $\text{E}(\varepsilon) = 0$  gives

$$\text{E} \left\{ (y - X\hat{\beta})^T(y - X\hat{\beta}) \right\} = \mu^T(I - H)\mu + \text{E} \{ \varepsilon^T(I - H)\varepsilon \} = \mu^T(I - H)\mu + (n - p)\sigma^2.$$

Now note that  $\text{tr}(H) = p$  and divide by  $(1 - p/n)^2$  to give (almost) the required result, for which we need also  $(1 - p/n)^{-1} \approx 1 + p/n$ , for  $p \ll n$ .

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## Other selection criteria

- Corrected version of AIC for models with normal responses:

$$\text{AIC}_c \equiv n \log \hat{\sigma}^2 + n \frac{1 + p/n}{1 - (p + 2)/n},$$

where  $\hat{\sigma}^2 = \text{RSS}/n$ . Related (unbiased)  $\text{AIC}_u$  replaces  $\hat{\sigma}^2$  by  $S^2 = \text{RSS}/(n - p)$ .

- Mallows suggested

$$C_p = \frac{SS_p}{s^2} + 2p - n,$$

where  $SS_p$  is RSS for fitted model and  $s^2$  estimates  $\sigma^2$ .

- Comments:
  - AIC tends to choose models that are too complicated;  $\text{AIC}_c$  cures this somewhat
  - BIC chooses true model with probability  $\rightarrow 1$  as  $n \rightarrow \infty$ , if the true model is fitted.

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## Simulation experiment

Number of times models were selected using various model selection criteria in 50 repetitions using simulated normal data for each of 20 design matrices. The true model has  $p = 3$ .

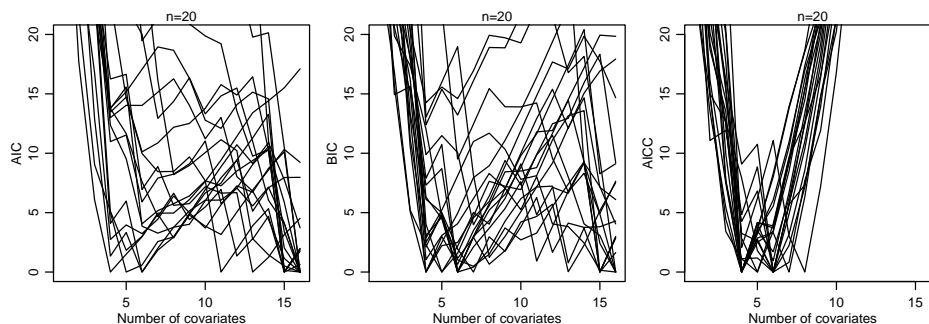
$n$		Number of covariates						
		1	2	3	4	5	6	7
10	$C_p$		131	504	91	63	83	128
	BIC		72	373	97	83	109	266
	AIC		52	329	97	91	125	306
	$AIC_c$	15	398	565	18	4		
20	$C_p$		4	673	121	88	61	53
	BIC		6	781	104	52	30	27
	AIC		2	577	144	104	76	97
	$AIC_c$		8	859	94	30	8	1
40	$C_p$			712	107	73	66	42
	BIC			904	56	20	15	5
	AIC			673	114	90	69	54
	$AIC_c$			786	105	52	41	16

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## Simulation experiment

Twenty replicate traces of AIC, BIC, and  $AIC_c$ , for data simulated with  $n = 20$ ,  $p = 1, \dots, 16$ , and  $q = 6$ .

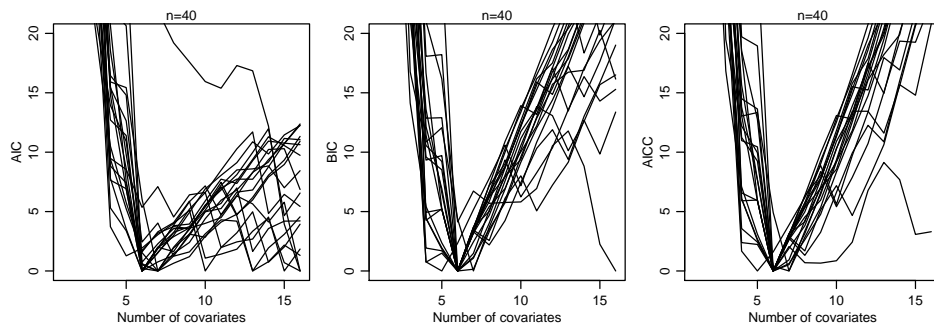


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### Simulation experiment

Twenty replicate traces of AIC, BIC, and AIC<sub>c</sub>, for data simulated with  $n = 40$ ,  $p = 1, \dots, 16$ , and  $q = 6$ .

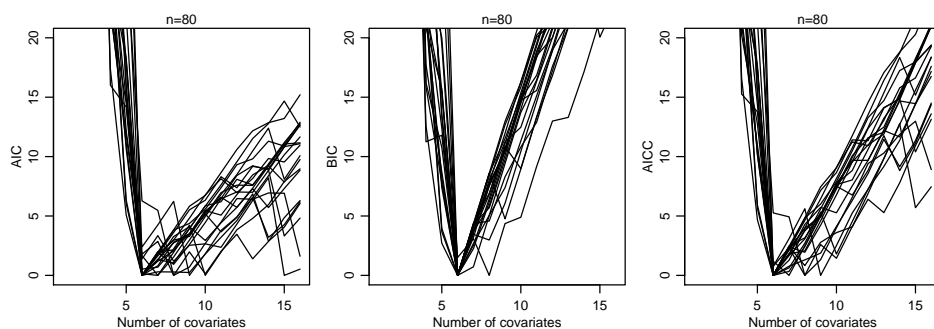


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### Simulation experiment

Twenty replicate traces of AIC, BIC, and AIC<sub>c</sub>, for data simulated with  $n = 80$ ,  $p = 1, \dots, 16$ , and  $q = 6$ .



As  $n$  increases, note how

- ☐ AIC and AIC<sub>c</sub> still allow some over-fitting, but BIC does not, and
- ☐ AIC<sub>c</sub> approaches AIC.

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## Motivation

- ☐ 'Traditional' analysis methods presuppose that  $p < n$ , so the number of observations exceeds the number of covariates: tall thin design matrices
- ☐ Many modern datasets have design matrices that are short and fat:  $p \gg n$ , so the number of covariates (far) exceeds the number of observations—e.g., survival data ( $n$  a few hundred) with genetic information on individuals ( $p$  many thousands)
- ☐ Need approaches to deal with this
- ☐ Only possibility is to drop most of the covariates from the analysis, so the model has many fewer active covariates
  - usually impracticable in fitting to have  $p > n$
  - anyway impossible to interpret when  $p$  too large
- ☐ Seek **sparse** solutions, in which coefficients of most covariates are set to zero, and only covariates with large coefficients are retained. One way to do this is by thresholding: kill small coefficients, and keep the rest.

## Desiderata

Would like variable selection procedures that satisfy:

- ☐ **sparsity**—small estimates are reduced to zero by a threshold procedure; and
- ☐ **near unbiasedness**—the estimators almost provide the true parameters, when these are large and  $n \rightarrow \infty$ ;
- ☐ **continuity**—the estimator is continuous in the data, to avoid instability in prediction.

None of the previous approaches is sparse, and stepwise selection (for example) is known to be highly unstable. To overcome this, we consider a **regularised** (or penalised) log likelihood of the form

$$\frac{1}{2} \sum_{j=1}^n \ell_j(x_j^T \beta; y_j) - n \sum_{r=1}^p p_\lambda(|\beta_r|),$$

where  $p_\lambda(|\beta|)$  is a penalty discussed below.

### Example: Lasso

- The **lasso** (least absolute selection and shrinkage operator) chooses  $\beta$  to minimise

$$(y - X\beta)^T(y - X\beta) \text{ such that } \sum_{r=1}^p |\beta_r| \leq \lambda,$$

for some  $\lambda > 0$ ; call resulting estimator  $\tilde{\beta}_\lambda$ .

- $\lambda \rightarrow 0$  implies  $\tilde{\beta}_\lambda \rightarrow 0$ , and  $\lambda \rightarrow \infty$  implies  $\tilde{\beta}_\lambda \rightarrow \hat{\beta} = (X^T X)^{-1} X^T y$ .
- Simple case: orthogonal design matrix  $X^T X = I_p$ , gives

$$\tilde{\beta}_{\lambda,r} = \begin{cases} 0, & |\hat{\beta}_r| < \gamma, \\ \text{sign}(\hat{\beta}_r)(|\hat{\beta}_r| - \gamma), & \text{otherwise,} \end{cases} \quad r = 1, \dots, p. \quad (5)$$

- Call this **soft thresholding**.
- Computed using **least angle regression** algorithm (Efron et al., 2004, Annals of Statistics).

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### Note: Derivation of (5)

If the  $X^T X = I_p$ , then with the aid of Lagrange multipliers the minimisation problem becomes

$$\min_{\beta} (y - X\hat{\beta} + X\hat{\beta} - X\beta)^T(y - X\hat{\beta} + X\hat{\beta} - X\beta) + 2\gamma \left( \sum_{r=1}^p |\beta_r| - \lambda \right)$$

and this boils down to individual minimisations of the form

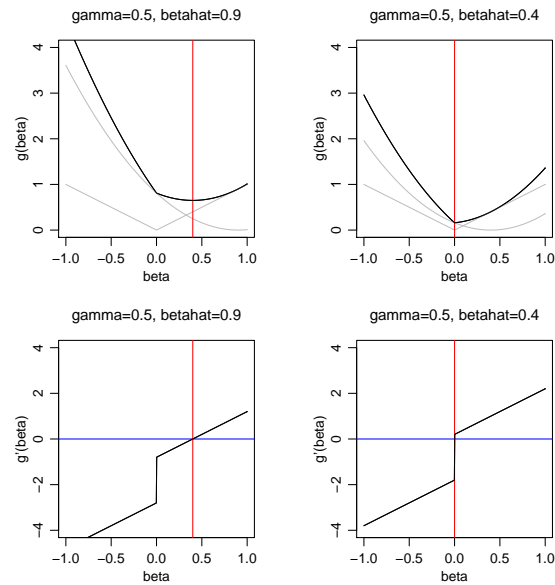
$$\min_{\beta_r} g(\beta_r), \quad g(\beta) = (\beta - \hat{\beta}_r)^2 + 2\gamma|\beta|.$$

This function is minimised at  $\beta = 0$  if and only iff the left and right derivatives there are negative and positive respectively, and this occurs if  $|\hat{\beta}_r| < c$ . If not, then  $\tilde{\beta} = \hat{\beta}_r - \gamma$  if  $\hat{\beta} > 0$ , and  $\tilde{\beta} = \hat{\beta}_r + \gamma$  if  $\hat{\beta} < 0$ . This gives the desired result.

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## Soft thresholding

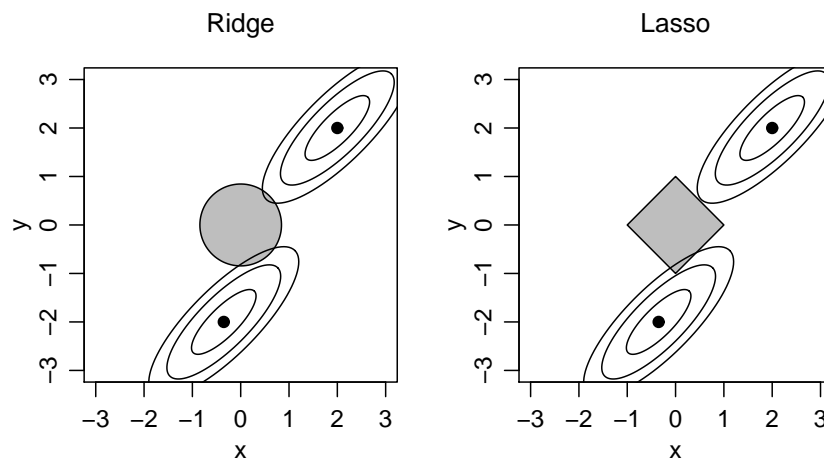


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## Graphical explanation

In each case aim to minimise the quadratic function subject to remaining inside the shaded region.



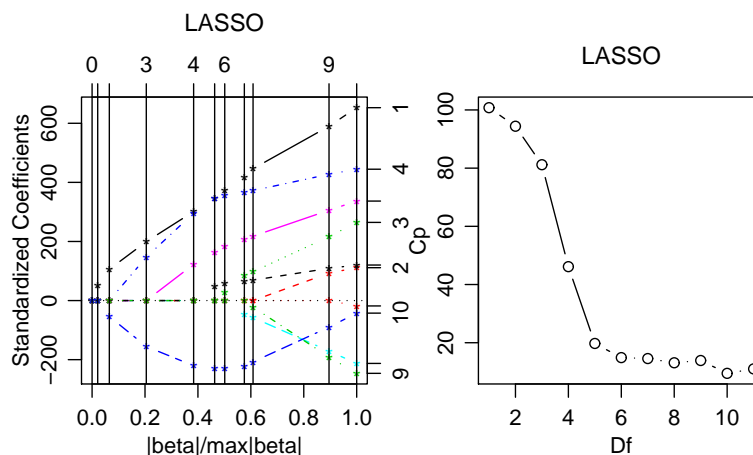
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## Lasso: Nuclear power data

Left: traces of coefficient estimates  $\hat{\beta}_\lambda$  as constraint  $\lambda$  is relaxed, showing points at which the different covariates enter the model. Right: behaviour of Mallows'  $C_p$  as  $\lambda$  increases.



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## Penalties

Some (of many) possible penalty functions  $p_\lambda(|\beta|)$ , all with  $\lambda > 0$ :

- ☐ **ridge regression** takes  $\lambda|\beta|^2$ ;
- ☐ **lasso** takes  $\lambda|\beta|$ ;
- ☐ **elastic net** takes  $\lambda\{(1 - \alpha)|\beta| + \alpha|\beta|^2\}$ , with  $0 \leq \alpha < 1$ ;
- ☐ **bridge regression** takes  $\lambda|\beta|^q$ , for  $q > 0$ ;
- ☐ **hard threshold** takes  $\lambda^2 - (|\beta| - \lambda)^2 I(|\beta| < \lambda)$ ;
- ☐ **smoothly clipped absolute deviation (SCAD)** takes

$$\begin{cases} \lambda|\beta|, & |\beta| < \lambda, \\ -(\beta^2 - 2a\lambda|\beta| + \lambda^2)/\{2(a - 1)\}, & \lambda < |\beta| < a\lambda, \\ (a + 1)\lambda^2/2, & |\beta| > a\lambda, \end{cases}$$

for some  $a > 2$ .

In least squares case with a single observation seek to minimise  $\frac{1}{2}(z - \beta)^2 + p_\lambda(|\beta|)$ , whose derivative

$$\text{sign}(\beta)\{|\beta| + \partial p_\lambda(|\beta|)/\partial \beta\} - z$$

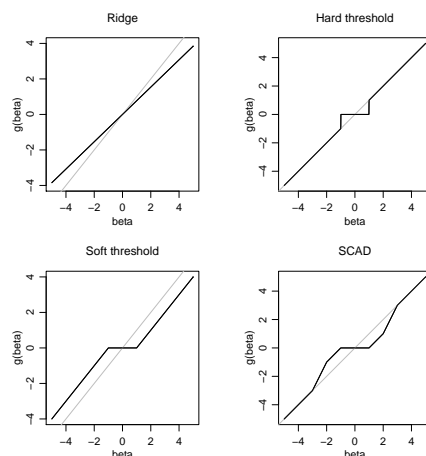
determines the properties of the estimator.

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## Some threshold functions

- Ridge—shrinkage but no selection; hard threshold—subset selection, unstable; soft threshold—lasso, biased; SCAD—continuous, selection, unbiased for large  $\beta$ , but non-monotone.



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## Properties of penalties

It turns out that to achieve

- **sparsity**, the minimum of the function  $|\beta| + \partial p_\lambda(|\beta|)/\partial \beta$  must be positive;
- **near unbiasedness**, the penalty must satisfy  $\partial p_\lambda(|\beta|)/\partial \beta \rightarrow 0$  when  $|\beta|$  is large, so then the estimating function approaches  $\beta - z$ ; and
- **continuity**, the minimum of  $|\beta| + \partial p_\lambda(|\beta|)/\partial \beta$  must be attained at  $\beta = 0$ .

The SCAD is constructed to have these properties, but there is no unique minimum to the resulting objective function, so numerically it is awkward.

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## Oracle

- Oracle:

A person or thing regarded as an infallible authority or guide.

- A **statistical oracle** says how to choose the model or bandwidth that will give us optimal estimation of the true parameter or function, but not the truth itself.
- In the context of variable selection, an oracle tells us which variables we should select, but not their coefficients.
- It turns out that under mild conditions on the model, and provided  $\lambda \equiv \lambda_n \rightarrow 0$  and  $\sqrt{n}\lambda_n \rightarrow \infty$  as  $n \rightarrow \infty$ , variable selection using the hard and SCAD penalties has an oracle property: the estimators of  $\beta$  work as well as if we had known in advance which covariates should be excluded.
- Same ideas extend to generalised linear models, survival analysis, and many other regression settings (Fan and Li, 2001, JASA).
- Harder: what happens when  $p \rightarrow \infty$  also?

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## Thomas Bayes (1702–1761)



Bayes (1763/4) *Essay towards solving a problem in the doctrine of chances*. Philosophical Transactions of the Royal Society of London.

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## Bayesian inference

Parametric model for data  $y$  assumed to be realisation of  $Y \sim f(y; \theta)$ , where  $\theta \in \Omega_\theta$ .

**Frequentist viewpoint** (cartoon version):

- ☐ there is a true value of  $\theta$  that generated the data;
- ☐ this 'true' value of  $\theta$  is to be treated as an unknown constant;
- ☐ probability statements concern randomness in hypothetical replications of the data (possibly conditioned on an ancillary statistic).

**Bayesian viewpoint** (cartoon version):

- ☐ all ignorance may be expressed in terms of probability statements;
- ☐ a joint probability distribution for data and all unknowns can be constructed;
- ☐ Bayes' theorem should be used to convert prior beliefs  $\pi(\theta)$  about unknown  $\theta$  into posterior beliefs  $\pi(\theta | y)$ , conditioned on data;
- ☐ probability statements concern randomness of unknowns, conditioned on all known quantities.

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## Mechanics

- Separate from data, we have prior information about parameter  $\theta$  summarised in density  $\pi(\theta)$
- Data model  $f(y | \theta) \equiv f(y; \theta)$
- Posterior density given by Bayes' theorem:

$$\pi(\theta | y) = \frac{\pi(\theta)f(y | \theta)}{\int \pi(\theta)f(y | \theta) d\theta}.$$

- $\pi(\theta | y)$  contains all information about  $\theta$ , conditional on observed data  $y$
- If  $\theta = (\psi, \lambda)$ , then inference for  $\psi$  is based on **marginal posterior density**

$$\pi(\psi | y) = \int \pi(\theta | y) d\lambda$$

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## Encompassing model

- Suppose we have  $M$  alternative models for the data, with respective parameters  $\theta_1 \in \Omega_{\theta_1}, \dots, \theta_m \in \Omega_{\theta_m}$ . Typically dimensions of  $\Omega_{\theta_m}$  are different.
- We enlarge the parameter space to give an **encompassing model** with parameter

$$\theta = (m, \theta_m) \in \Omega = \bigcup_{m=1}^M \{m\} \times \Omega_{\theta_m}.$$

- Thus need priors  $\pi_m(\theta_m | m)$  for the parameters of each model, plus a prior  $\pi(m)$  giving pre-data probabilities for each of the models; overall

$$\pi(m, \theta_m) = \pi(\theta_m | m)\pi(m) = \pi_m(\theta_m)\pi_m,$$

say.

- Inference about model choice is based on marginal posterior density

$$\pi(m | y) = \frac{\int f(y | \theta_m)\pi_m(\theta_m)\pi_m d\theta_m}{\sum_{m'=1}^M \int f(y | \theta_{m'})\pi_{m'}(\theta_{m'})\pi_{m'} d\theta_{m'}} = \frac{\pi_m f(y | m)}{\sum_{m'=1}^M \pi_{m'} f(y | m')}.$$

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## Inference

- Can write

$$\pi(m, \theta_m | y) = \pi(\theta_m | y, m) \pi(m | y),$$

so Bayesian updating corresponds to

$$\pi(\theta_m | m) \pi(m) \mapsto \pi(\theta_m | y, m) \pi(m | y)$$

and for each model  $m = 1, \dots, M$  we need

- posterior probability  $\pi(m | y)$ , which involves the marginal likelihood  $f(y | m) = \int f(y | \theta_m, m) \pi(\theta_m | m) d\theta_m$ ; and
- the posterior density  $f(\theta_m | y, m)$ .

- If there are just two models, can write

$$\frac{\pi(1 | y)}{\pi(2 | y)} = \frac{\pi_1 f(y | 1)}{\pi_2 f(y | 2)},$$

so the posterior odds on model 1 equal the prior odds on model 1 multiplied by the **Bayes factor**  $B_{12} = f(y | 1)/f(y | 2)$ .

## Sensitivity of the marginal likelihood

Suppose the prior for each  $\theta_m$  is  $\mathcal{N}(0, \sigma^2 I_{d_m})$ , where  $d_m = \dim(\theta_m)$ . Then, dropping the  $m$  subscript for clarity,

$$\begin{aligned} f(y | m) &= \sigma^{-d/2} (2\pi)^{-d/2} \int f(y | m, \theta) \prod_r \exp \{ -\theta_r^2 / (2\sigma^2) \} d\theta_r \\ &\approx \sigma^{-d/2} (2\pi)^{-d/2} \int f(y | m, \theta) \prod_r d\theta_r, \end{aligned}$$

for a highly diffuse prior distribution (large  $\sigma^2$ ). The Bayes factor for comparing the models is approximately

$$\frac{f(y | 1)}{f(y | 2)} \approx \sigma^{(d_2 - d_1)/2} g(y),$$

where  $g(y)$  depends on the two likelihoods but is independent of  $\sigma^2$ . Hence, *whatever the data tell us about the relative merits of the two models*, the Bayes factor in favour of the simpler model can be made arbitrarily large by increasing  $\sigma$ .

This illustrates **Lindley's paradox**, and implies that we must be careful when specifying prior dispersion parameters to compare models.

## Model averaging

- If a quantity  $Z$  has the same interpretation for all models, it may be necessary to allow for model uncertainty:
  - in prediction, each model may be just a vehicle that provides a future value, not of interest *per se*;
  - physical parameters (means, variances, etc.) may be suitable for averaging, but care is needed.
- The predictive distribution for  $Z$  may be written

$$f(z | y) = \sum_{m=1}^M f(z | y, m) \Pr(m | y)$$

where

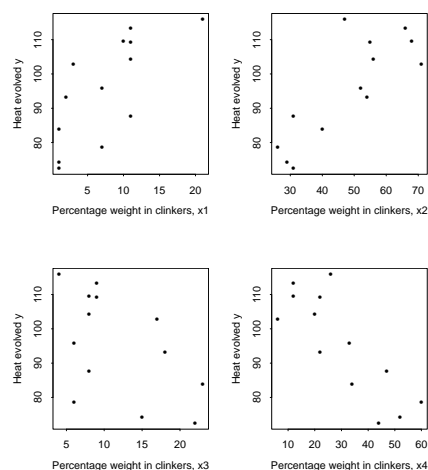
$$\Pr(m | y) = \frac{f(y | m) \Pr(m)}{\sum_{m'=1}^M f(y | m') \Pr(m')}$$

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## Example: Cement data

Percentage weights in clinkers of 4 constituents of cement ( $x_1, \dots, x_4$ ) and heat evolved  $y$  in calories, in  $n = 13$  samples.



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## Example: Cement data

```
> cement
  x1 x2 x3 x4    y
1   7 26  6 60 78.5
2   1 29 15 52 74.3
3  11 56  8 20 104.3
4  11 31  8 47  87.6
5   7 52  6 33  95.9
6  11 55  9 22 109.2
7   3 71 17  6 102.7
8   1 31 22 44  72.5
9   2 54 18 22  93.1
10 21 47  4 26 115.9
11  1 40 23 34  83.8
12 11 66  9 12 113.3
13 10 68  8 12 109.4
```

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## Example: Cement data

Bayesian model choice and prediction using model averaging for the cement data ( $n = 13, p = 4$ ). For each of the 16 possible subsets of covariates, the table shows the log Bayes factor in favour of that subset compared to the model with no covariates and gives the posterior probability of each model. The values of the posterior mean and scale parameters  $a$  and  $b$  are also shown for the six most plausible models;  $(y_+ - a)/b$  has a posterior  $t$  density. For comparison, the residual sums of squares are also given.

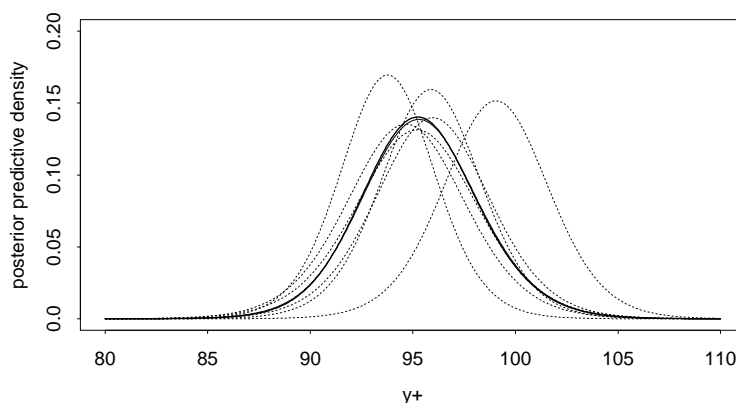
Model	RSS	$2 \log B_{10}$	$\Pr(M   y)$	$a$	$b$
----	2715.8	0.0	0.0000		
1---	1265.7	7.1	0.0000		
-2--	906.3	12.2	0.0000		
--3-	1939.4	0.6	0.0000		
---4	883.9	12.6	0.0000		
12--	57.9	45.7	0.2027	93.77	2.31
1-3-	1227.1	4.0	0.0000		
1--4	74.8	42.8	0.0480	99.05	2.58
-23-	415.4	19.3	0.0000		
-2-4	868.9	11.0	0.0000		
--34	175.7	31.3	0.0002		
123-	48.11	43.6	0.0716	95.96	2.80
12-4	47.97	47.2	0.4344	95.88	2.45
1-34	50.84	44.2	0.0986	94.66	2.89
-234	73.81	33.2	0.0004		
1234	47.86	45.0	0.1441	95.20	2.97

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### Example: Cement data

Posterior predictive densities for cement data. Predictive densities for a future observation  $y_+$  with covariate values  $x_+$  based on individual models are given as dotted curves. The heavy curve is the average density from all 16 models.



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### DIC

- ☐ How to compare complex models (e.g. hierarchical models, mixed models, Bayesian settings), in which the ‘number of parameters’ may:
  - outnumber the number of observations?
  - be unclear because of the regularisation provided by a prior density?
- ☐ Suppose model has ‘Bayesian deviance’

$$D(\theta) = -2 \log f(y | \theta) + 2 \log f(y)$$

for some normalising function  $f(y)$ , and suppose that samples from the posterior density of  $\theta$  are available and give  $\bar{\theta} = E(\theta | y)$ .

- ☐ One possibility is the **deviance information criterion (DIC)**

$$D(\bar{\theta}) + 2p_D,$$

where the number of associated parameters is

$$p_D = \overline{D(\theta)} - D(\bar{\theta}).$$

- ☐ This involves only (MCMC) samples from the posterior, no analytical computations, and reproduces AIC for some classes of models.

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## 2. Beyond the Generalised Linear Model

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### Overview

1. Generalised linear models
2. Overdispersion
3. Correlation
4. Random effects models
5. Conditional independence and graphical representations

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## Generalised Linear Models

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### GLM recap

$y_1, \dots, y_n$  are observations of response variables  $Y_1, \dots, Y_n$  assumed to be independently generated by a distribution of the same exponential family form, with means  $\mu_i \equiv E(Y_i)$  linked to explanatory variables  $X_1, X_2, \dots, X_p$  through

$$g(\mu_i) = \eta_i \equiv \beta_0 + \sum_{r=1}^p \beta_r x_{ir} \equiv x_i^T \beta$$

GLMs have proved remarkably effective at modelling real world variation in a wide range of application areas.

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### GLM failure

However, situations frequently arise where GLMs do not adequately describe observed data.

This can be due to a number of reasons including:

- ☐ The mean model cannot be appropriately specified as there is dependence on an unobserved (or unobservable) explanatory variable.
- ☐ There is excess variability between experimental units beyond that implied by the mean/variance relationship of the chosen response distribution.
- ☐ The assumption of independence is not appropriate.
- ☐ Complex multivariate structure in the data requires a more flexible model class

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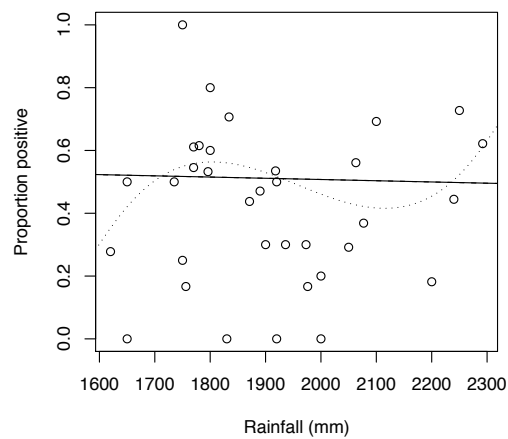
**Example 1: toxoplasmosis**

The table below gives data on the relationship between rainfall ( $x$ ) and the proportions of people with toxoplasmosis ( $y/m$ ) for 34 cities in El Salvador.

City	$y$	$x$	City	$y$	$x$	City	$y$	$x$
1	5/18	1620	12	3/5	1800	23	3/10	1973
2	15/30	1650	13	8/10	1800	24	1/6	1976
3	0/1	1650	14	0/1	1830	25	1/5	2000
4	2/4	1735	15	53/75	1834	26	0/1	2000
5	2/2	1750	16	7/16	1871	27	7/24	2050
6	2/8	1750	17	24/51	1890	28	46/82	2063
7	2/12	1756	18	3/10	1900	29	7/19	2077
8	6/11	1770	19	23/43	1918	30	9/13	2100
9	33/54	1770	20	3/6	1920	31	4/22	2200
10	8/13	1780	21	0/1	1920	32	4/9	2240
11	41/77	1796	22	3/10	1936	33	8/11	2250
						34	23/37	2292

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**Example**

Toxoplasmosis data and fitted models

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### Example

Fitting various binomial logistic regression models relating toxoplasmosis incidence to rainfall:

Model	df	deviance
Constant	33	74.21
Linear	32	74.09
Quadratic	31	74.09
Cubic	30	62.62

So evidence in favour of the cubic over other models, but a poor fit ( $X^2 = 58.21$  on 30df).

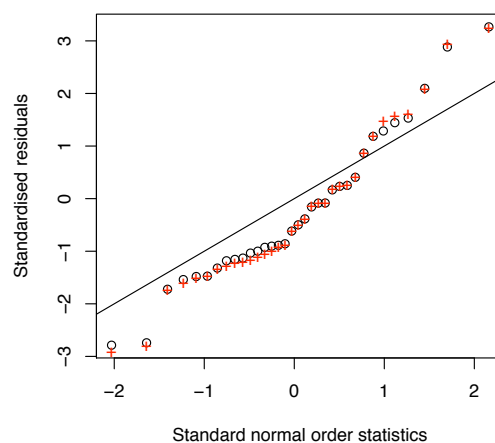
This is an example of **overdispersion** where residual variability is greater than would be predicted by the specified mean/variance relationship

$$\text{var}(Y) = \frac{\mu(1 - \mu)}{m}.$$

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### Example



Toxoplasmosis residual plot

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## Quasi-likelihood

A quasi-likelihood approach to accounting for overdispersion models the mean and variance, but stops short of a full probability model for  $Y$ .

For a model specified by the mean relationship  $g(\mu_i) = \eta_i = x_i^T \beta$ , and variance  $\text{var}(Y_i) = \sigma^2 V(\mu_i)/m_i$ , the quasi-likelihood equations are

$$\sum_{i=1}^n x_i \frac{y_i - \mu_i}{\sigma^2 V(\mu_i) g'(\mu_i)/m_i} = 0$$

If  $V(\mu_i)/m_i$  represents  $\text{var}(Y_i)$  for a standard distribution from the exponential family, then these equations can be solved for  $\beta$  using standard GLM software.

Provided the mean and variance functions are correctly specified, asymptotic normality for  $\hat{\beta}$  still holds. The dispersion parameter  $\sigma^2$  can be estimated using

$$\hat{\sigma}^2 \equiv \frac{1}{n - p - 1} \sum_{i=1}^n \frac{m_i (y_i - \hat{\mu}_i)^2}{V(\hat{\mu}_i)}$$

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## Quasi-likelihood for toxoplasmosis data

Assuming the same mean model as before, but  $\text{var}(Y_i) = \sigma^2 \mu_i(1 - \mu_i)/m_i$ , we obtain  $\hat{\sigma}^2 = 1.94$  with  $\hat{\beta}$  (and corresponded fitted mean curves) as before.

Comparing cubic with constant model, one now obtains

$$F = \frac{(74.21 - 62.62)/3}{1.94} = 1.99$$

which provides much less compelling evidence in favour of an effect of rainfall on toxoplasmosis incidence.

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## Reasons

To construct a full probability model in the presence of overdispersion, it is necessary to consider **why** overdispersion might be present.

Possible reasons include:

- ☐ There may be an important explanatory variable, other than rainfall, which we haven't observed.
- ☐ Or there may be many other features of the cities, possibly unobservable, all having a small individual effect on incidence, but a larger effect in combination. Such effects may be individually undetectable – sometimes described as *natural excess variability between units*.

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### Reasons: unobserved heterogeneity

When part of the linear predictor is 'missing' from the model,

$$\eta_i^{\text{true}} = \eta_i^{\text{model}} + \eta_i^{\text{diff}}$$

We can compensate for this, in modelling, by assuming that the missing  $\eta_i^{\text{diff}} \sim F$  in the population. Hence, given  $\eta_i^{\text{model}}$

$$\mu_i \equiv g^{-1}(\eta_i^{\text{model}} + \eta_i^{\text{diff}}) \sim G$$

where  $G$  is the distribution induced by  $F$ . Then

$$E(Y_i) = E_G[E(Y_i | \mu_i)] = E_G(\mu_i)$$

$$\text{var}(Y_i) = E_G(V(\mu_i)/m_i) + \text{var}_G(\mu_i)$$

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### Direct models

One approach is to model the  $Y_i$  directly, by specifying an appropriate form for  $G$ .

For example, for the toxoplasmosis data, we might specify a **beta-binomial** model, where

$$\mu_i \sim \text{Beta}(k\mu_i^*, k[1 - \mu_i^*])$$

leading to

$$E(Y_i) = \mu_i^*, \quad \text{var}(Y_i) = \frac{\mu_i^*(1 - \mu_i^*)}{m_i} \left( 1 + \frac{m_i - 1}{k + 1} \right)$$

with  $(m_i - 1)/(k + 1)$  representing an overdispersion factor.

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### Direct models: fitting

Models which explicitly account for overdispersion can, in principle, be fitted using your preferred approach, e.g. the beta-binomial model has likelihood

$$f(y | \mu^*, k) \propto \prod_{i=1}^n \frac{\Gamma(k\mu_i^* + m_i y_i) \Gamma\{k(1 - \mu_i^*) + m_i(1 - y_i)\} \Gamma(k)}{\Gamma(k\mu_i^*) \Gamma\{k(1 - \mu_i^*)\} \Gamma(k + m_i)}.$$

Similarly the corresponding model for count data specifies a gamma distribution for the Poisson mean, leading to a *negative binomial* marginal distribution for  $Y_i$ .

However, these models have limited flexibility and can be difficult to fit, so an alternative approach is usually preferred.

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## A random effects model for overdispersion

A more flexible, and extensible approach models the excess variability by including an extra term in the linear predictor

$$\eta_i = x_i^T \beta + u_i \quad (6)$$

where the  $u_i$  can be thought of as representing the 'extra' variability between units, and are called **random effects**.

The model is completed by specifying a distribution  $F$  for  $u_i$  in the population – almost always, we use

$$u_i \sim N(0, \sigma^2)$$

for some unknown  $\sigma^2$ .

We set  $E(u_i) = 0$ , as an unknown mean for  $u_i$  would be unidentifiable in the presence of the intercept parameter  $\beta_0$ .

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## Random effects: likelihood

The parameters of this random effects model are usually considered to be  $(\beta, \sigma^2)$  and therefore the likelihood is given by

$$\begin{aligned} f(y \mid \beta, \sigma^2) &= \int f(y \mid \beta, u, \sigma^2) f(u \mid \beta, \sigma^2) du \\ &= \int f(y \mid \beta, u) f(u \mid \sigma^2) du \\ &= \int \prod_{i=1}^n f(y_i \mid \beta, u_i) f(u_i \mid \sigma^2) du_i \end{aligned} \quad (7)$$

where  $f(y_i \mid \beta, u_i)$  arises from our chosen exponential family, with linear predictor (6) and  $f(u_i \mid \sigma^2)$  is a univariate normal p.d.f.

Often no further simplification of (7) is possible, so computation needs careful consideration – we will come back to this later.

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**Toxoplasmosis example revisited**

We can think of the toxoplasmosis proportions  $Y_i$  in each city ( $i$ ) as arising from the sum of binary variables,  $Y_{ij}$ , representing the toxoplasmosis status of individuals ( $j$ ), so  $m_i Y_i = \sum_{j=1}^{m_i} Y_{ij}$ .

Then

$$\begin{aligned}\text{var}(Y_i) &= \frac{1}{m_i^2} \sum_{j=1}^{m_i} \text{var}(Y_{ij}) + \frac{1}{m_i^2} \sum_{j \neq k} \text{cov}(Y_{ij}, Y_{ik}) \\ &= \frac{\mu_i(1 - \mu_i)}{m_i} + \frac{1}{m_i^2} \sum_{j \neq k} \text{cov}(Y_{ij}, Y_{ik})\end{aligned}$$

So any positive correlation between individuals induces overdispersion in the counts.

**Dependence: reasons**

There may be a number of plausible reasons why the responses corresponding to units within a given **cluster** are dependent (in the toxoplasmosis example, cluster = city)

One compelling reason is the unobserved heterogeneity discussed previously.

In the 'correct' model (corresponding to  $\eta_i^{\text{true}}$ ), the toxoplasmosis status of individuals,  $Y_{ij}$ , are independent, so

$$Y_{ij} \perp\!\!\!\perp Y_{ik} \mid \eta_i^{\text{true}} \quad \Leftrightarrow \quad Y_{ij} \perp\!\!\!\perp Y_{ik} \mid \eta_i^{\text{model}}, \eta_i^{\text{diff}}$$

However, in the absence of knowledge of  $\eta_i^{\text{diff}}$

$$Y_{ij} \not\perp\!\!\!\perp Y_{ik} \mid \eta_i^{\text{model}}$$

Hence conditional (given  $\eta_i^{\text{diff}}$ ) independence between units in a common cluster  $i$  becomes marginal dependence, when marginalised over the population distribution  $F$  of unobserved  $\eta_i^{\text{diff}}$ .

**Random effects and dependence**

The correspondence between positive intra-cluster correlation and unobserved heterogeneity suggests that intra-cluster dependence might be modelled using random effects. For example, for the individual-level toxoplasmosis data

$$Y_{ij} \stackrel{\text{ind}}{\sim} \text{Bernoulli}(\mu_{ij}), \quad \log \frac{\mu_{ij}}{1 - \mu_{ij}} = x_{ij}^T \beta + u_i, \quad u_i \sim N(0, \sigma^2)$$

which implies

$$Y_{ij} \not\perp\!\!\!\perp Y_{ik} \mid \beta, \sigma^2$$

Intra-cluster dependence arises in many applications, and random effects provide an effective way of modelling it.

## Marginal models

Random effects modelling is not the only way of accounting for intra-cluster dependence.

A **marginal model** models  $\mu_{ij} \equiv E(Y_{ij})$  as a function of explanatory variables, through  $g(\mu_{ij}) = x_{ij}^T \beta$ , and also specifies a variance relationship  $\text{var}(Y_{ij}) = \sigma^2 V(\mu_{ij})/m_{ij}$  and a model for  $\text{corr}(Y_{ij}, Y_{ik})$ , as a function of  $\mu$  and possibly additional parameters.

It is important to note that the parameters  $\beta$  in a marginal model have a different interpretation from those in a random effects model, because for the latter

$$E(Y_{ij}) = E(g^{-1}[x_{ij}^T \beta + u_i]) \neq g^{-1}(x_{ij}^T \beta) \quad (\text{unless } g \text{ is linear}).$$

- ☐ A random effects model describes the mean response at the subject level ('subject specific')
- ☐ A marginal model describes the mean response across the population ('population averaged')

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## GEEs

As with the quasi-likelihood approach above, marginal models do not generally provide a full probability model for  $Y$ . Nevertheless,  $\beta$  can be estimated using **generalised estimating equations (GEEs)**.

The GEE for estimating  $\beta$  in a marginal model is of the form

$$\sum_i \left( \frac{\partial \mu_i}{\partial \beta} \right)^T \text{var}(Y_i)^{-1} (Y_i - \mu_i) = 0$$

where  $Y_i = (Y_{ij})$  and  $\mu_i = (\mu_{ij})$

Consistent covariance estimates are available for GEE estimators.

Furthermore, the approach is generally robust to mis-specification of the correlation structure.

For the rest of this module, we focus on fully specified probability models.

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## Clustered data

Examples where data are collected in clusters include:

- ☐ Studies in biometry where **repeated measures** are made on experimental units. Such studies can effectively mitigate the effect of between-unit variability on important inferences.
- ☐ Agricultural field trials, or similar studies, for example in engineering, where experimental units are arranged within **blocks**
- ☐ Sample surveys where collecting data within clusters or **small areas** can save costs

Of course, other forms of dependence exist, for example spatial or serial dependence induced by arrangement in space or time of units of observation. This will be a focus of APTS: Spatial and Longitudinal Data Analysis.

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## Example 2: Rat growth

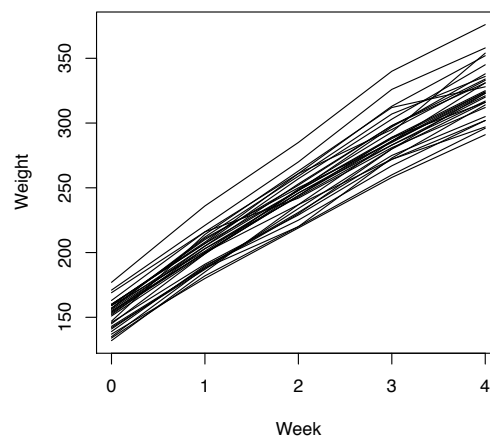
The table below is extracted from a data set giving the weekly weights of 30 young rats.

Rat	Week				
	1	2	3	4	5
1	151	199	246	283	320
2	145	199	249	293	354
3	147	214	263	312	328
4	155	200	237	272	297
5	135	188	230	280	323
6	159	210	252	298	331
7	141	189	231	275	305
8	159	201	248	297	338
...	...	...	...	...	...
30	153	200	244	286	324

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## Example



Rat growth data

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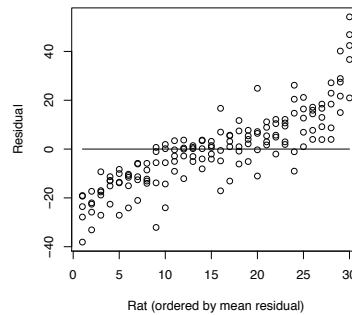
## A simple model

Letting  $Y$  represent weight, and  $X$  represent week, we can fit the simple linear regression

$$y_{ij} = \beta_0 + \beta_1 x_{ij} + \epsilon_{ij}$$

with resulting estimates  $\hat{\beta}_0 = 156.1$  (2.25) and  $\hat{\beta}_1 = 43.3$  (0.92)

Residuals show clear evidence of an unexplained difference between rats



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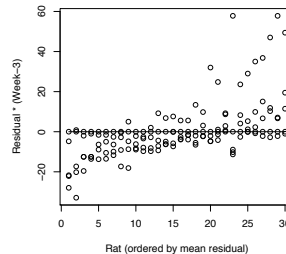
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## Model elaboration

Naively adding a (fixed) effect for animal gives

$$y_{ij} = \beta_0 + \beta_1 x_{ij} + u_i + \epsilon_{ij}.$$

Residuals show evidence of a further unexplained difference between rats in terms of dependence on  $x$ .



More complex cluster dependence required.

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**Linear mixed models**

A linear mixed model (LMM) for observations  $y = (y_1, \dots, y_n)$  has the general form

$$Y \sim N(\mu, \Sigma), \quad \mu = X\beta + Zb, \quad b \sim N(0, \Sigma_b), \quad (8)$$

where  $X$  and  $Z$  are matrices containing values of explanatory variables. Usually,  $\Sigma = \sigma^2 I_n$ .

A typical example for clustered data might be

$$Y_{ij} \stackrel{\text{ind}}{\sim} N(\mu_{ij}, \sigma^2), \quad \mu_{ij} = x_{ij}^T \beta + z_{ij}^T b_i, \quad b_i \stackrel{\text{ind}}{\sim} N(0, \Sigma_b^*), \quad (9)$$

where  $x_{ij}$  contain the explanatory data for cluster  $i$ , observation  $j$  and (normally)  $z_{ij}$  contains that sub-vector of  $x_{ij}$  which is allowed to exhibit extra between cluster variation in its relationship with  $Y$ . In the simplest (random intercept) case,  $z_{ij} = (1)$ , as in equation (6).

**LMM example**

A plausible LMM for  $k$  clusters with  $n_1, \dots, n_k$  observations per cluster, and a single explanatory variable  $x$  (e.g. the rat growth data) is

$$y_{ij} = \beta_0 + b_{0i} + (\beta_1 + b_{1i})x_{ij} + \epsilon_{ij}, \quad (b_{0i}, b_{1i})^T \stackrel{\text{ind}}{\sim} N(0, \Sigma_b^*).$$

This fits into the general LMM framework (8) with  $\Sigma = \sigma^2 I_n$  and

$$X = \begin{pmatrix} 1 & x_{11} \\ \vdots & \vdots \\ 1 & x_{kn_k} \end{pmatrix}, \quad Z = \begin{pmatrix} Z_1 & 0 & 0 \\ 0 & \ddots & 0 \\ 0 & 0 & Z_k \end{pmatrix}, \quad Z_i = \begin{pmatrix} 1 & x_{i1} \\ \vdots & \vdots \\ 1 & x_{in_i} \end{pmatrix},$$

$$\beta = \begin{pmatrix} \beta_0 \\ \beta_1 \end{pmatrix}, \quad b = \begin{pmatrix} b_1 \\ \vdots \\ b_k \end{pmatrix}, \quad b_i = \begin{pmatrix} b_{0i} \\ b_{1i} \end{pmatrix}, \quad \Sigma_b = \begin{pmatrix} \Sigma_b^* & 0 & 0 \\ 0 & \ddots & 0 \\ 0 & 0 & \Sigma_b^* \end{pmatrix}$$

where  $\Sigma_b^*$  is an unspecified  $2 \times 2$  positive definite matrix.

## Variance components

The term **mixed model** refers to the fact that the linear predictor  $X\beta + Zb$  contains both fixed effects  $\beta$  and random effects  $b$ .

Under an LMM, we can write the marginal distribution of  $Y$  directly as

$$Y \sim N(X\beta, \Sigma + Z\Sigma_b Z^T) \quad (10)$$

where  $X$  and  $Z$  are matrices containing values of explanatory variables.

Hence  $\text{var}(Y)$  is comprised of two **variance components**.

Other ways of describing LMMs for clustered data, such as (9) (and their generalised linear model counterparts) are as **hierarchical** models or **multilevel** models. This reflects the two-stage structure of the model, a conditional model for  $Y_{ij} \mid b_i$ , followed by a marginal model for the random effects  $b_i$ .

Sometimes the hierarchy can have further levels, corresponding to clusters nested within clusters, for example, patients within wards within hospitals, or pupils within classes within schools.

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## Discussion: Why random effects?

It would be perfectly possible to take a model such as (9) and ignore the final component, leading to fixed cluster effects (as we did for the rat growth data).

The main issue with such an approach is that inferences, particularly predictive inferences can then only be made about those clusters present in the observed data.

Random effects models, on the other hand, allow inferences to be extended to a wider population (at the expense of a further modelling assumption).

It also can be the case, as in (6) with only one observation per 'cluster', that fixed effects are not identifiable, whereas random effects can still be estimated. Similarly, some treatment variables must be applied at the cluster level, so fixed treatment and cluster effects are aliased.

Finally, random effects allow 'borrowing strength' across clusters by shrinking fixed effects towards a common mean.

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## Discussion: A Bayesian perspective

A Bayesian LMM supplements (8) with prior distributions for  $\beta$ ,  $\Sigma$  and  $\Sigma_b$ .

In one sense the distinction between fixed and random effects is much less significant, as in the full Bayesian probability specification, both  $\beta$  and  $b$ , as unknowns have probability distributions,  $f(\beta)$  and  $f(b) = \int f(b \mid \Sigma_b) f(\Sigma_b) d\Sigma_b$

Indeed, prior distributions for 'fixed' effects are sometimes constructed in a hierarchical fashion, for convenience (for example, heavy-tailed priors are often constructed this way).

The main difference is the possibility that random effects for which we have no relevant data (for example cluster effects for unobserved clusters) might need to be predicted.

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## LMM fitting

The likelihood for  $(\beta, \Sigma, \Sigma_b)$  is available directly from (10) as

$$f(y \mid \beta, \Sigma, \Sigma_b) \propto |V|^{-1/2} \exp\left(-\frac{1}{2}(y - X\beta)^T V^{-1}(y - X\beta)\right) \quad (11)$$

where  $V = \Sigma + Z\Sigma_b Z^T$ . This likelihood can be maximised directly (usually numerically).

However, mles for variance parameters of LMMs can have large downward bias (particularly in cluster models with a small number of observed clusters).

Hence estimation by **REML** – *REstricted* (or *REsidual*) Maximum Likelihood is usually preferred.

REML proceeds by estimating the variance parameters  $(\Sigma, \Sigma_b)$  using a *marginal likelihood* based on the residuals from a (generalised) least squares fit of the model  $E(Y) = X\beta$ .

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## REML

In effect, REML maximizes the likelihood of any linearly independent sub-vector of  $(I_n - H)y$  where  $H = X(X^T X)^{-1} X^T$  is the usual hat matrix. As

$$(I_n - H)y \sim N(0, (I_n - H)V(I_n - H))$$

this likelihood will be free of  $\beta$ . It can be written in terms of the full likelihood (11) as

$$f(r \mid \Sigma, \Sigma_b) \propto f(y \mid \hat{\beta}, \Sigma, \Sigma_b) |X^T V X|^{1/2} \quad (12)$$

where

$$\hat{\beta} = (X^T V^{-1} X)^{-1} X^T V^{-1} y \quad (13)$$

is the usual generalised least squares estimator given known  $V$ .

Having first obtained  $(\hat{\Sigma}, \hat{\Sigma}_b)$  by maximising (12),  $\hat{\beta}$  is obtained by plugging the resulting  $\hat{V}$  into (13).

Note that REML maximised likelihoods cannot be used to compare different fixed effects specifications, due to the dependence of 'data'  $r$  in  $f(r \mid \Sigma, \Sigma_b)$  on  $X$ .

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## Estimating random effects

A natural predictor  $\tilde{b}$  of the random effect vector  $b$  is obtained by minimising the mean squared prediction error  $E[(\tilde{b} - b)^T(\tilde{b} - b)]$  where the expectation is over both  $b$  and  $y$ .

This is achieved by

$$\tilde{b} = E(b | y) = (Z^T \Sigma^{-1} Z + \Sigma_b^{-1})^{-1} Z^T \Sigma^{-1} (y - X\beta) \quad (14)$$

giving the **Best Linear Unbiased Predictor** (BLUP) for  $b$ , with corresponding variance

$$\text{var}(b | y) = (Z^T \Sigma^{-1} Z + \Sigma_b^{-1})^{-1}$$

The estimates are obtained by plugging in  $(\hat{\beta}, \hat{\Sigma}, \hat{\Sigma}_b)$ , and are **shrunk** towards 0, in comparison with equivalent fixed effects estimators.

Any component,  $b_k$  of  $b$  with no relevant data (for example a cluster effect for an as yet unobserved cluster) corresponds to a null column of  $Z$ , and then  $\tilde{b}_k = 0$  and  $\text{var}(b_k | y) = [\Sigma_b]_{kk}$ , which may be estimated if, as is usual,  $b_k$  shares a variance with other random effects.

## Bayesian estimation: the Gibbs sampler

Bayesian estimation in LMMs (and their generalised linear model counterparts) generally proceeds using **Markov Chain Monte Carlo (MCMC)** methods, in particular approaches based on the **Gibbs sampler**. Such methods have proved very effective.

MCMC computation provides posterior summaries, by **generating a dependent** sample from the posterior distribution of interest. Then, any posterior expectation can be estimated by the corresponding Monte Carlo sample mean, densities can be estimated from samples etc.

MCMC will be covered in detail in APTS: Computer Intensive Statistics. Here we simply describe the (most basic) Gibbs sampler.

*To generate from  $f(y_1, \dots, y_n)$ , (where the component  $y_i$ s are allowed to be multivariate) the Gibbs sampler starts from an arbitrary value of  $y$  and updates components (sequentially or otherwise) by generating from the conditional distributions  $f(y_i | y_{\setminus i})$  where  $y_{\setminus i}$  are all the variables other than  $y_i$ , set at their currently generated values.*

Hence, to apply the Gibbs sampler, we require conditional distributions which are available for sampling.

## Bayesian estimation for LMMs

For the LMM

$$Y \sim N(\mu, \Sigma), \quad \mu = X\beta + Zb, \quad b \sim N(0, \Sigma_b)$$

with corresponding prior densities  $f(\beta)$ ,  $f(\Sigma)$ ,  $f(\Sigma_b)$ , we obtain the *conditional* posterior distributions

$$f(\beta \mid y, \text{rest}) \propto \phi(y - Zb; X\beta, V)f(\beta)$$

$$f(b \mid y, \text{rest}) \propto \phi(y - X\beta; Zb, V)\phi(b; 0, \Sigma_b)$$

$$f(\Sigma \mid y, \text{rest}) \propto \phi(y - X\beta - Zb; 0, V)f(\Sigma)$$

$$f(\Sigma_b \mid y, \text{rest}) \propto \phi(b; 0, \Sigma_b)f(\Sigma_b)$$

where  $\phi(y; \mu, \Sigma)$  is a  $N(\mu, \Sigma)$  p.d.f. evaluated at  $y$ .

We can exploit **conditional conjugacy** in the choices of  $f(\beta)$ ,  $f(\Sigma)$ ,  $f(\Sigma_b)$  making the conditionals above of known form and hence straightforward to sample from. The conditional independence  $(\beta, \Sigma) \perp\!\!\!\perp \Sigma_b \mid b$  is also helpful.

See Practical 3 for further details.

## Example: Rat growth revisited

Here, we consider the model

$$y_{ij} = \beta_0 + b_{0i} + (\beta_1 + b_{1i})x_{ij} + \epsilon_{ij}, \quad (b_{0i}, b_{1i})^T \stackrel{\text{iid}}{\sim} N(0, \Sigma_b)$$

where  $\epsilon_{ij} \stackrel{\text{iid}}{\sim} \mathcal{N}(0, \sigma^2)$  and  $\Sigma_b$  is an unspecified covariance matrix. This model allows for random (cluster specific) slope and intercept.

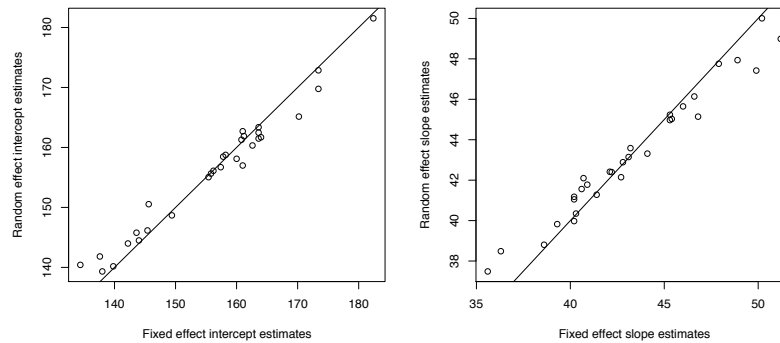
Estimates obtained by REML (ML in brackets) are

Parameter	Estimate	Standard error
$\beta_0$	156.05	2.16 (2.13)
$\beta_1$	43.27	0.73 (0.72)
$\Sigma_{00}^{1/2} = s.d.(b_0)$	10.93 (10.71)	
$\Sigma_{11}^{1/2} = s.d.(b_1)$	3.53 (3.46)	
$Corr(b_0, b_1)$	0.18 (0.19)	
$\sigma$	5.82 (5.82)	

As expected ML variances are smaller, but not by much.

### Example: Fixed v. random effect estimates

The shrinkage of random effect estimates towards a common mean is clearly illustrated.



Random effects estimates 'borrow strength' across clusters, due to the  $\Sigma_b^{-1}$  term in (14). Extent of this is determined by cluster similarity. This is usually considered to be a desirable behaviour.

### Random effect shrinkage

The following simple example illustrates (from a Bayesian perspective) why and how random effects are shrunk to a common value.

Suppose that  $y_1, \dots, y_n$  satisfy

$$y_j | \theta_j \stackrel{\text{iid}}{\sim} N(\theta_j, v_j), \quad \theta_1, \dots, \theta_n | \mu \stackrel{\text{iid}}{\sim} N(\mu, \sigma^2), \quad \mu \sim N(\mu_0, \tau^2),$$

where  $v_1, \dots, v_n$ ,  $\sigma^2$ ,  $\mu_0$  and  $\tau^2$  are assumed known here. Then, the usual posterior calculations give us

$$E(\mu | y) = \frac{\mu_0/\tau^2 + \sum y_j/(\sigma^2 + v_j)}{1/\tau^2 + \sum 1/(\sigma^2 + v_j)}, \quad \text{var}(\mu | y) = \frac{1}{1/\tau^2 + \sum 1/(\sigma^2 + v_j)},$$

and

$$E(\theta_j | y) = (1 - w)E(\mu | y) + w y_j,$$

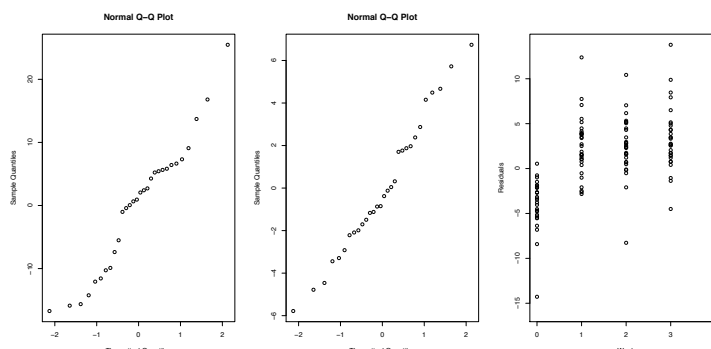
where

$$w = \frac{\sigma^2}{\sigma^2 + v_j}.$$



## Example: Diagnostics

Normal Q-Q plots of intercept (panel 1) and slope (panel 2) random effects and residuals v. week (panel 3)



Evidence of a common quadratic effect, confirmed by AIC (1036 v. 1099) and BIC (1054 v. 1114) based on full ML fits. AIC would also include a cluster quadratic effect (BIC equivocal).

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## Generalised linear mixed models

Generalised linear mixed models (GLMMs) generalise LMMs to non-normal data, in the obvious way:

$$Y_i \stackrel{\text{ind}}{\sim} F(\cdot \mid \mu_i, \sigma^2), \quad g(\mu) \equiv \begin{pmatrix} g(\mu_1) \\ \vdots \\ g(\mu_n) \end{pmatrix} = X\beta + Zb, \quad b \sim N(0, \Sigma_b) \quad (15)$$

where  $F(\cdot \mid \mu_i, \sigma^2)$  is an exponential family distribution with  $E(Y) = \mu$  and  $\text{var}(Y) = \sigma^2 V(\mu)/m$  for known  $m$ . Commonly (e.g. Binomial, Poisson)  $\sigma^2 = 1$ , and we shall assume this from here on.

It is not necessary that the distribution for the random effects  $b$  is normal, but this usually fits. It is possible (but beyond the scope of this module) to relax this.

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## GLMM example

A plausible GLMM for binary data in  $k$  clusters with  $n_1, \dots, n_k$  observations per cluster, and a single explanatory variable  $x$  (e.g. the toxoplasmosis data at individual level) is

$$Y_{ij} \stackrel{\text{ind}}{\sim} \text{Bernoulli}(\mu_i), \quad \log \frac{\mu_i}{1 - \mu_i} = \beta_0 + b_{0i} + \beta_1 x_{ij}, \quad b_{0i} \stackrel{\text{ind}}{\sim} N(0, \sigma_b^2) \quad (16)$$

[note: no random slope here]. This fits into the general GLMM framework (15) with

$$X = \begin{pmatrix} 1 & x_{11} \\ \vdots & \vdots \\ 1 & x_{kn_k} \end{pmatrix}, \quad Z = \begin{pmatrix} Z_1 & 0 & 0 \\ 0 & \ddots & 0 \\ 0 & 0 & Z_k \end{pmatrix}, \quad Z_i = \begin{pmatrix} 1 \\ \vdots \\ 1 \end{pmatrix},$$

$$\beta = (\beta_0, \beta_1)^T, \quad b = (b_{01}, \dots, b_{0k})^T, \quad \Sigma_b = \sigma_b^2 I_k$$

[or equivalent binomial representation for city data, with clusters of size 1.]

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## GLMM likelihood

The marginal distribution for the observed  $Y$  in a GLMM does not usually have a convenient closed-form representation.

$$\begin{aligned} f(y | \beta, \Sigma_b) &= \int f(y | \beta, b, \Sigma_b) f(b | \beta, \Sigma_b) db \\ &= \int f(y | \beta, b) f(b | \Sigma_b) db \\ &= \int \prod_{i=1}^n f(y_i | g^{-1}([X\beta + Zb]_i)) f(b | \Sigma_b) db. \end{aligned} \quad (17)$$

For **nested** random effects structures, some simplification is possible. For example, for (16)

$$f(y | \beta, \sigma_b^2) \propto \prod_{i=1}^n \int \frac{\exp(\sum_j y_{ij}(\beta_0 + b_{0i} + \beta_1 x_{ij}))}{\{1 + \exp(\sum_j y_{ij}(\beta_0 + b_{0i} + \beta_1 x_{ij}))\}^{n_k}} \phi(b_{0i}; 0, \sigma_b^2) db_{0i}$$

a product of one-dimensional integrals.

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## GLMM fitting: quadrature

Fitting a GLMM by likelihood methods requires some method for approximating the integrals involved.

The most reliable when the integrals are of low dimension is to use Gaussian quadrature (see APTS: Statistical computing). For example, for a one-dimensional cluster-level random intercept  $b_i$  we might use

$$\begin{aligned} \int \prod_j f(y_{ij} | g^{-1}(x_i^T \beta + b_i)) \phi(b_i | 0, \sigma_b^2) db_i \\ \approx \sum_{q=1}^Q w_q \prod_j f(y_{ij} | g^{-1}(x_i^T \beta + b_{iq})) \end{aligned}$$

for suitably chosen weights ( $w_q, q = 1, \dots, Q$ ) and quadrature points ( $b_{iq}, q = 1, \dots, Q$ )

Effective quadrature approaches use information about the mode and dispersion of the integrand (can be done adaptively).

For multi-dimensional  $b_i$ , quadrature rules can be applied recursively, but performance (in fixed time) diminishes rapidly with dimension.

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### GLMM fitting: Penalised quasi-likelihood

An alternative approach to fitting a GLMM uses penalised quasi-likelihood (PQL).

The most straightforward way of thinking about PQL is to consider the adjusted dependent variable  $v$  constructed when computing mles for a GLM using Fisher scoring

$$v_i = (y_i - \mu_i)g'(\mu_i) + \eta_i$$

Now, for a GLMM,

$$E(v | b) = \eta = X\beta + Zb$$

and

$$\text{var}(v | b) = W^{-1} = \text{diag}(\text{var}(y_i)g'(\mu_i)^2),$$

where  $W$  is the weight matrix used in Fisher scoring.

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### GLMM fitting: PQL continued

Hence, approximating the conditional distribution of  $v$  by a normal distribution, we have

$$v \sim N(X\beta + Zb, W^{-1}), \quad b \sim N(0, \Sigma_b) \quad (18)$$

where  $v$  and  $W$  also depend on  $\beta$  and  $b$ .

PQL proceeds by iteratively estimating  $\beta$ ,  $b$  and  $\Sigma_b$  for the linear mixed model (18) for  $v$ , updating  $v$  and  $W$  at each stage, based on the current estimates of  $\beta$  and  $b$ .

An alternative justification for PQL is as using a Laplace-type approximation to the integral in the GLMM likelihood.

A full Laplace approximation (expanding the complete log-integrand, and evaluating the Hessian matrix at the mode) is an alternative, equivalent to one-point Gaussian quadrature.

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### GLMM fitting: discussion

Using PQL, estimates of random effects  $b$  come 'for free'. With Gaussian quadrature, some extra effort is required to compute  $E(b | y)$  – further quadrature is an obvious possibility.

There are drawbacks with PQL, and the best advice is to use it with caution.

- ☐ It can fail badly when the normal approximation that justifies it is invalid (for example for binary observations)
- ☐ As it does not use a full likelihood, model comparison should not be performed using PQL maximised 'likelihoods'

Likelihood inference for GLMMs remains an area of active research and vigorous debate. Recent approaches include HGLMs (hierarchical GLMs) where inference is based on the h-likelihood  $f(y | \beta, b)f(b | \Sigma)$ .

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## Bayesian estimation for GLMMs

Bayesian estimation in GLMMs, as in LMMs, is generally based on the Gibbs sampler. For the GLMM

$$Y_i \stackrel{\text{ind}}{\sim} F(\cdot | \mu), \quad g(\mu) = X\beta + Zb, \quad b \sim N(0, \Sigma_b)$$

with corresponding prior densities  $f(\beta)$  and  $f(\Sigma_b)$ , we obtain the *conditional* posterior distributions

$$f(\beta | y, \text{rest}) \propto f(\beta) \prod_i f(y_i | g^{-1}(X\beta + Zb))$$

$$f(b | y, \text{rest}) \propto \phi(b; 0, \Sigma_b) \prod_i f(y_i | g^{-1}(X\beta + Zb))$$

$$f(\Sigma_b | y, \text{rest}) \propto \phi(b; 0, \Sigma_b) f(\Sigma_b)$$

For a conditionally conjugate choice of  $f(\Sigma_b)$ ,  $f(\Sigma_b | y, \text{rest})$  is straightforward to sample from. The conditionals for  $\beta$  and  $b$  are not generally available for direct sampling, but there are a number of ways of modifying the basic approach to account for this.

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## Toxoplasmosis revisited

Estimates and standard errors obtained by ML (quadrature), Laplace and PQL for the individual-level model

$$Y_{ij} \stackrel{\text{ind}}{\sim} \text{Bernoulli}(\mu_i), \quad \log \frac{\mu_i}{1 - \mu_i} = \beta_0 + b_{0i} + \beta_1 x_{ij}, \quad b_{0i} \stackrel{\text{ind}}{\sim} N(0, \sigma_b^2)$$

Parameter	Estimate (s.e.)		
	ML	Laplace	PQL
$\beta_0$	−0.1384 (1.452)	−0.1343 (1.440)	−0.115 (1.445)
$\beta_1 (\times 10^6)$	7.215 (752)	5.930 (745.7)	0.57 (749.2)
$\sigma_b$	0.5209	0.5132	0.4946
AIC	65.75	65.96	—

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## Toxoplasmosis continued

Estimates and standard errors obtained by ML (quadrature), Laplace and PQL for the extended model

$$\log \frac{\mu_i}{1 - \mu_i} = \beta_0 + b_{0i} + \beta_1 x_{ij} + \beta_2 x_{ij}^2 + \beta_3 x_{ij}^3.$$

Parameter	Estimate (s.e.)		
	ML	Laplace	PQL
$\beta_0$	−335.5 (137.3)	−335.1 (136.3)	−330.8 (143.4)
$\beta_1$	0.5238 (0.2128)	0.5231 (0.2112)	0.5166 (0.222)
$\beta_2 (\times 10^4)$	−2.710 (1.094)	−2.706 (1.086)	−3 (1.1)
$\beta_3 (\times 10^8)$	4.643 (1.866)	4.636 (1.852)	0 (0)
$\sigma_b$	0.4232	0.4171	0.4315
AIC	63.84	63.97	—

So for this example, a good agreement between the different computational methods.

## Conditional independence and graphical representations

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### The role of conditional independence

In modelling clustered data, the requirement is often (as in the toxoplasmosis example above) to construct a model to incorporate both non-normality and dependence. There are rather few ‘off-the-shelf’ models for dependent observations (and those that do exist, such as the multivariate normal, often require strong assumptions which may be hard to justify in practice).

The ‘trick’ with GLMMs was to model dependence via a series of **conditionally independent** sub-models for the observations  $y$  given the random effects  $b$ , with dependence induced by marginalising over the distribution of  $b$ .

**De Finetti’s theorem** provides some theoretical justification for modelling dependent random variables as conditionally independent given some unknown parameter (which we here denote by  $\phi$ ).

### De Finetti’s theorem

De Finetti’s theorem states (approximately) that any  $y_1, \dots, y_n$  which can be thought of as a finite subset of an **exchangeable** infinite sequence of random variables  $y_1, y_2, \dots$ , has a joint density which can be written as

$$f(y) = \int f(\phi) \prod_{i=1}^n f(y_i | \phi) d\phi$$

for some  $f(\phi)$ ,  $f(y_i | \phi)$ . Hence the  $y_i$  can be modelled as conditionally independent given  $\phi$ .

An *exchangeable* infinite sequence is one for which any finite subsequence has a distribution which is invariant under permutation of the labels of its components.

We can invoke this as an argument for treating as conditionally independent any set of variables about which our prior belief is symmetric.

### Complex stochastic models

In many applications we want to model a multivariate response and/or to incorporate a complex (crossed or hierarchically nested) cluster structure amongst the observations.

The same general approach, splitting the model up into small components, with a potentially rich conditional independence structure linking them facilitates both model construction and understanding, and (potentially) computation.

## Conditional independence graphs

An extremely useful tool, for model description, model interpretation, and to assist identifying efficient methods for computation is the **directed acyclic graph (DAG)** representing the model.

Denote by  $Y = (Y_1, \dots, Y_\ell)$  the collection of elements of the model which are considered random (given a probability distribution). Then the model is a (parametric) description of the joint distribution  $f(y)$ , which we can decompose as

$$f(y) = f(y_1)f(y_2 | y_1) \cdots f(y_\ell | y_1, \dots, y_{\ell-1}) = \prod_i f(y_i | y_{<i})$$

where  $y_{<i} = \{y_1, \dots, y_{i-1}\}$ . Now, for certain orderings of the variables in  $Y$ , the model may admit conditional independences, exhibited through  $f(y_i | y_1, \dots, y_{i-1})$  being functionally free of  $y_j$  for one or more  $j < i$ . This is expressed as

$$Y_i \perp\!\!\!\perp Y_j | Y_{<i \setminus j}$$

where  $Y_{<i \setminus j} = \{Y_1, \dots, Y_{j-1}, Y_{j+1}, \dots, Y_{i-1}\}$ .

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## DAGs

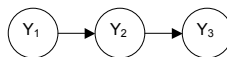
The directed acyclic graph (DAG) representing the probability model, decomposed as

$$f(y) = \prod_i f(y_i | y_{<i})$$

consists of a vertex (or node) for each  $Y_i$ , together with an directed edge (arrow) **to** each  $Y_j$  **from** each  $Y_i, i < j$  such that  $f(y_j | y_{<j})$  depends on  $y_i$ . For example, the model

$$f(y_1, y_2, y_3) = f(y_1)f(y_2 | y_1)f(y_3 | y_2)$$

is represented by the DAG



The conditional independence of  $Y_1$  and  $Y_3$  given  $Y_2$  is represented by the absence of a directed edge from  $Y_1$  to  $Y_3$ .

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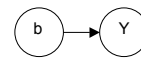
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## DAG for a GLMM

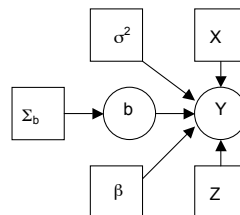
The DAG for the general GLMM

$$Y_i \stackrel{\text{ind}}{\sim} F(\cdot \mid \mu_i, \sigma^2), \quad g(\mu) = X\beta + Zb, \quad b \sim N(0, \Sigma_b)$$

consists, in its most basic form of two nodes:



It can be informative to include parameters and explanatory data in the DAG. Such fixed (non-stochastic) quantities are often denoted by a different style of vertex.

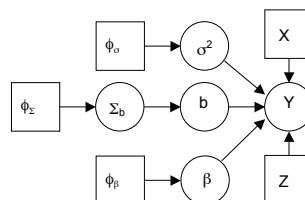


It may also be helpful to consider the components of  $Y$  as separate vertices.

## DAG for a Bayesian GLMM

A Bayesian model is a full joint probability model, across both the variables treated as stochastic in a classical approach, and any unspecified model parameters. The marginal probability distribution for the parameters represents the prior (to observing data) uncertainty about these quantities.

The appropriate DAG for a Bayesian GLMM reflects this, augmenting the DAG on the previous slide to:



where  $\phi_\sigma$ ,  $\phi_\Sigma$  and  $\phi_\beta$  are *hyperparameters* – fixed inputs into the prior distributions for  $\sigma^2$ ,  $\sigma_b$  and  $\beta$  respectively.

## DAG properties

Suppose we have a DAG representing our model for a collection of random variables  $Y = (Y_1, \dots, Y_\ell)$  where the ordering of the  $Y_i$ s is chosen such that all edges in the DAG are from lower to higher numbered vertices. [This must be possible for an acyclic graph, but there will generally be more than one possible ordering]. Then the joint distribution for  $Y$  factorises as

$$f(y) = \prod_i f(y_i \mid pa[y_i])$$

where  $pa[y_i]$  represents the subset of  $\{y_j, j < i\}$  with edges **to**  $y_i$ . Such variables are called the **parents** of  $y_i$ .

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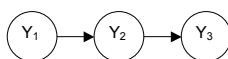
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## The local Markov property

A natural consequence of the DAG factorisation of the joint distribution of  $Y$  is the **local Markov property for DAGS**. *This states that any variable  $Y_i$  is conditionally independent of its non-descendants, given its parents.*

A descendent of  $Y_i$  is any variable in  $\{Y_j, j > i\}$  which can be reached in the graph by following a sequence of edges **from**  $Y_i$  (respecting the direction of the edges).

For example, for the simple DAG above



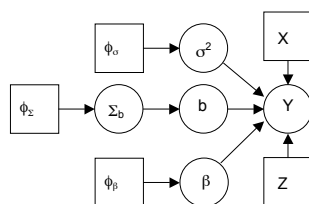
the conditional independence of  $Y_3$  and  $Y_1$  given  $Y_2$  is an immediate consequence of the local Markov property.

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## The local Markov property – limitations

Not all useful conditional independence properties of DAG models follow immediately from the local Markov property. For example, for the Bayesian GLMM



the posterior distribution is conditional on observed  $Y$ , for which the local Markov property is unhelpful, as  $Y$  is not a parent of any other variable.

To learn more about conditional independences arising from a DAG, it is necessary to construct the corresponding **undirected conditional independence graph**.

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## Undirected graphs

An undirected conditional independence graph for  $Y$  consists of a vertex for each  $Y_i$ , together with a set of undirected edges (lines) between vertices such that **absence** of an edge between two vertices  $Y_i$  and  $Y_j$  implies the conditional independence

$$Y_i \perp\!\!\!\perp Y_j \mid Y_{\setminus\{i,j\}}$$

where  $Y_{\setminus\{i,j\}}$  is the set of variables excluding  $Y_i$  and  $Y_j$ .

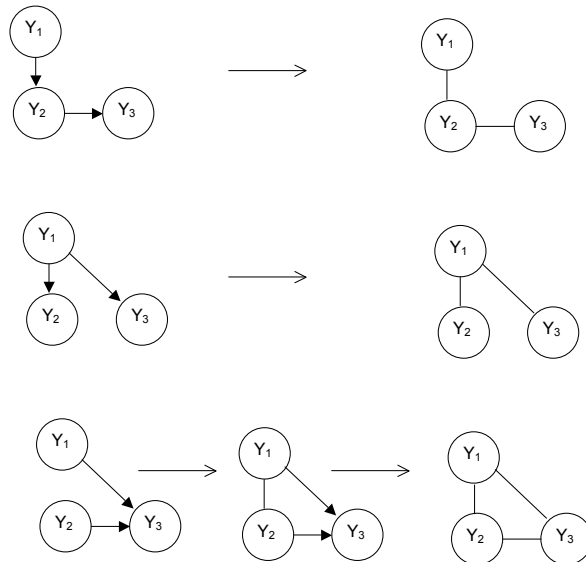
From a DAG, we can obtain the corresponding undirected conditional independence graph via a two stage process

- ☐ First we *moralise* the graph by adding an (undirected) edge between ('marrying') any two vertices which have a *child* in common, and which are not already joined by an edge.
- ☐ Then we replace all directed edges by undirected edges.

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## Undirected graphs: examples



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## Global Markov property

For an undirected conditional independence graph, the **global Markov property** states that any two variables,  $Y_i$  and  $Y_j$  say, are conditionally independent given any subset  $Y_{\text{sep}}$  of the other variables which *separate*  $Y_i$  and  $Y_j$  in the graph.

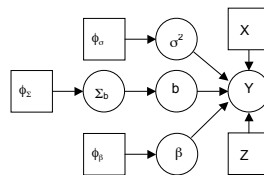
We say that  $Y_{\text{sep}}$  separates  $Y_i$  and  $Y_j$  in an undirected graph if any path from  $Y_i$  to  $Y_j$  via edges in the graph must pass through a variable in  $Y_{\text{sep}}$ .

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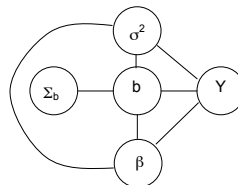
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## Undirected graph for Bayesian GLMM

The DAG for the Bayesian GLMM



has corresponding undirected graph (for the stochastic vertices)



The conditional independence of  $(\beta, \sigma^2)$  and  $\Sigma_b$  given  $b$  (and  $Y$ ) is immediately obvious.

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## Markov equivalence

Any moral DAG (one which has no ‘unmarried’ parents) is **Markov equivalent** to its corresponding undirected graph (i.e. it encodes exactly the same conditional independence structure).

Conversely, the vertices of any **decomposable** undirected graph (one with no chordless cycles of four or more vertices) can be numbered so that replacing the undirected edges by directed edges from lower to higher numbered vertices produces a Markov equivalent DAG.

Such a numbering is called a **perfect** numbering for the graph, and is not unique.

It immediately follows that the Markov equivalence classes for DAGs can have (many) more than one member, each of which implies the same model for the data (in terms of conditional independence structure)

The class of DAGs is clearly much larger than the class of undirected graphs, and encompasses a richer range of conditional independence structures.

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#### Overview

1. Introduction and principles of experimentation
2. Factorial designs
3. Regular fractional factorial designs
4. D-optimality and non-regular designs
5. Approximate designs

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### Introduction and principles of experimentation

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#### Modes of data collection

- ☐ Observational studies
- ☐ Sample surveys
- ☐ Designed experiments

**Definition:** An experiment is a procedure whereby controllable factors, or features, of a system or process are deliberately varied in order to understand the impact of these changes on one or more measurable responses.

- ☐ Agriculture
- ☐ Industry
- ☐ Laboratory and in silico



Ronald A. Fisher (1890 – 1962)

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#### Role of experimentation

Why do we experiment?

- ☐ Key to the scientific method (hypothesis – **experiment** – observe – infer – conclude)
- ☐ Potential to establish **causality**...
- ☐ ... and to understand and improve complex systems depending on many factors
- ☐ Comparison of treatments, factor screening, prediction, optimisation, ...

**Design of experiments:** a statistical approach to the arrangement of the operational details of the experiment (e.g. sample size, specific experimental conditions investigated, ...) so that the quality of the answers to be derived from the data is as high as possible

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## Definitions

- ☐ **Treatment** – entities of scientific interest to be studied in the experiment  
e.g. varieties of crop, doses of a drug, combinations of temperature and pressure
- ☐ **Unit** – smallest subdivision of the experimental material such that two units may receive different treatments  
e.g. plots of land, subjects in a clinical trial, samples of reagent
- ☐ **Run** – application of a treatment to a unit

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## A unit-treatment statistical model

$$y_{ij} = \tau_i + \varepsilon_{ij}$$

$$i = 1, \dots, t; j = 1, \dots, n_t$$

- ☐  $y_{ij}$  – measured response arising from the  $j$ th unit to which treatment  $i$  has been applied
- ☐  $\tau_i$  – treatment effect: expected response from application of the  $i$ th treatment
- ☐  $\varepsilon_{ij} \sim \mathcal{N}(0, \sigma^2)$  – random deviation from the expected response

The aims of the experiment will often be achieved by estimating comparisons between the treatment effects,  $\tau_k - \tau_l$

Experimental precision and accuracy are largely obtained through **control** and **comparison**

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## Example

Fabrication of integrated circuits (Wu & Hamada, 2009, p.155)

- ☐ An initial step in fabricating integrated circuits is the growth of a epitaxial layer on polished silicon wafers via chemical deposition
- ☐ Unit
  - A set of six wafers (mounted in a rotating cylinder)
- ☐ Treatment
  - A combination of settings of the factors:
    - ▷ A: rotation method ( $x_1$ )
    - ▷ B: nozzle position ( $x_2$ )
    - ▷ C: deposition temperature ( $x_3$ )
    - ▷ D: deposition time ( $x_4$ )

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## Principles of experimentation

- ☐ Replication
  - The application of each treatment to multiple experimental units
    - ▷ Provides an estimate of experimental error against which to judge treatment differences
    - ▷ Reduces the variance of the estimators of treatment differences

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## Principles of experimentation

- ☐ Randomisation
  - Randomise allocation of units to treatments, order in which the treatments are applied, ...
    - ▷ Protects against lurking (uncontrolled) variables and subjectively in allocation of treatments to units
- ☐ Blocking
  - Account for systematic differences between batches of experimental units by arranging them in homogeneous blocks
    - ▷ If the same treatment is applied to all units, within-block variation in the response would be much less than between-block
    - ▷ Compare treatments within the same block and hence eliminate block effects

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## Factorial designs

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### Example revisited

Fabrication of integrated circuits (Wu & Hamada, 2009, p.155)

- ☐ An initial step in fabricating integrated circuits is the growth of a epitaxial layer on polished silicon wafers via chemical deposition
- ☐ Unit
  - A set of six wafers (mounted in a rotating cylinder)
- ☐ Treatment
  - A combination of settings of the factors:
    - ▷ A: rotation method ( $x_1$ )
    - ▷ B: nozzle position ( $x_2$ )
    - ▷ C: deposition temperature ( $x_3$ )
    - ▷ D: deposition time ( $x_4$ )
- ☐ **Assume each factor has two-levels, coded -1 and +1**

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## Treatments and a regression model

- ☐ Each factor has two levels,  $x_k = \begin{cases} -1 \\ +1 \end{cases}$ ,  $k = 1, 2, 3, 4$
- ☐ A treatment is then defined as a combination of four values of -1, +1
  - E.g.  $x_1 = -1$ ,  $x_2 = -1$ ,  $x_3 = +1$ ,  $x_4 = -1$
  - Specifies the settings of the process
- ☐ Assume each treatment effect is determined by a regression model in the four factors, e.g.

$$\begin{aligned} \tau = & \beta_0 + \sum_{i=1}^4 \beta_i x_i + \sum_{i=1}^4 \sum_{j>i}^4 \beta_{ij} x_i x_j \\ & + \sum_{i=1}^4 \sum_{j>i}^4 \sum_{k>j}^4 \beta_{ijk} x_i x_j x_k + \beta_{1234} x_1 x_2 x_3 x_4 \end{aligned}$$

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## (Two-level) Factorial design

Run	$x_1$	$x_2$	$x_3$	$x_4$	$\bar{y}$
1	-1	-1	-1	-1	13.59
2	-1	-1	-1	+1	14.59
3	-1	-1	+1	-1	14.05
4	-1	-1	+1	+1	14.24
5	-1	+1	-1	-1	13.94
6	-1	+1	-1	+1	14.65
7	-1	+1	+1	-1	14.14
8	-1	+1	+1	+1	14.40
9	+1	-1	-1	-1	13.72
10	+1	-1	-1	+1	14.67
11	+1	-1	+1	-1	13.90
12	+1	-1	+1	+1	13.84
13	+1	+1	-1	-1	13.88
14	+1	+1	-1	+1	14.56
15	+1	+1	+1	-1	14.11
16	+1	+1	+1	+1	14.30

- ☐ Treatments in standard order
- ☐  $\bar{y}$  - average response from the six wafers

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## Regression model

Regression model and least squares

$$Y_{n \times 1} = X_{n \times p} \beta_{p \times 1} + \varepsilon_{n \times 1}, \quad \varepsilon \sim \mathcal{N}_n(0, \sigma^2 I_n)$$

$$\hat{\beta} = (X^T X)^{-1} X^T Y$$

- ☐  $n = 16, p = 16$
- ☐ Model matrix  $X$  contains intercept, linear and cross-product terms (up to 4th order)
- ☐ Information matrix  $X^T X = nI$ 
  - $\hat{\beta} = \frac{1}{n} X^T Y$
  - Regression coefficients are estimated by independent contrasts in the data

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## Main effects and interactions

- ☐ Main effect of  $x_i$  = 



 –
- ☐ Interaction between  $x_i$  and  $x_j$  = 

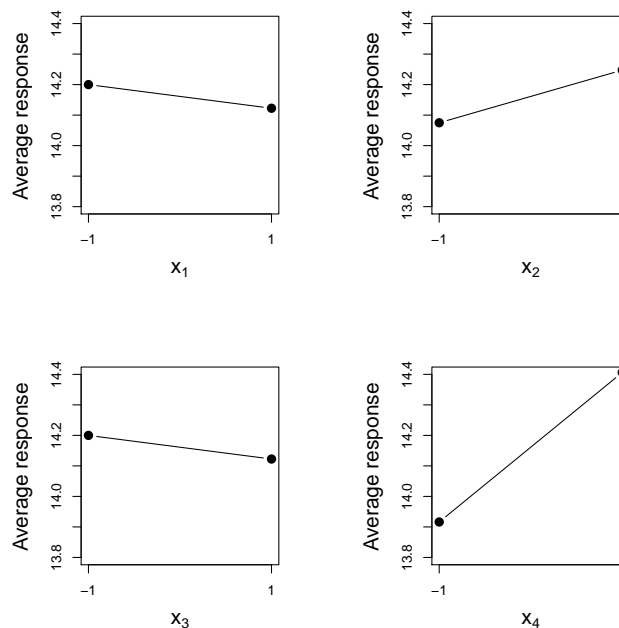


 –
- ☐ Main effect of  $x_i = 2\beta_i$
- ☐ Interaction between  $x_i$  and  $x_j = 2\beta_{ij}$
- ☐ Higher order interactions defined similarly

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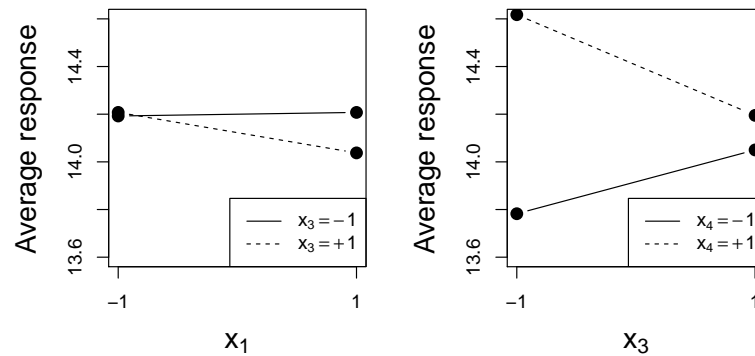
## Main effects



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## Interactions

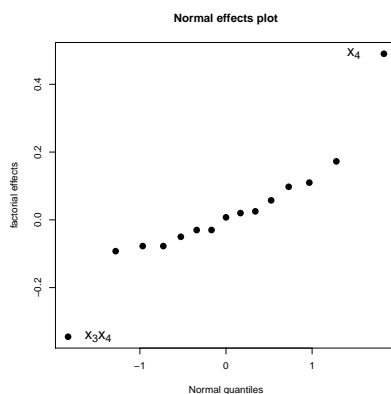


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## Orthogonality

- ☐  $X^T X = nI \Rightarrow \hat{\beta}$  are independently normally distributed with equal variance
- ☐ Hence, can treat the identification of important effects (e.g. non-zero  $\beta$ ) as an outlier identification problem



- ☐ Plot ordered factorial effects against quantiles from a standard normal
- ☐ Outlying effects are identified as important

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## Replication

- ☐ An unreplicated factorial design provides no model-independent estimate of  $\sigma^2$  (Gilmour & Trinca, 2012, JRSSC)
  - Any unsaturated model does provide an estimate, but it may be biased by ignored (significant) model terms
  - This is one reason why graphical (or associated) analysis methods are popular
- ☐ Replication increases the power of the design
  - Common to replicate a centre point
    - ▷ Provides a portmanteau test of curvature
    - ▷ Allows unbiased estimation of  $\sigma^2$

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## Principles of factorial experimentation

- ☐ Effect sparsity
  - The number of important effects in a factorial experiment is small relative to the total number of effects investigated (cf Box & Meyer, 1986, Technometrics)
- ☐ Effect hierarchy
  - Lower-order effects are more likely to be important than higher-order effects
  - Effects of the same order are equally likely to be important
- ☐ Effect heredity
  - Interactions where at least one parent main effect is important are more likely to be important themselves

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## Regular fractional factorial designs

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### Example

Production of bacteriocin (Morris, 2011, p.231)

- ☐ Bacteriocin is a natural food preservative grown from bacteria
- ☐ Unit
  - A single bio-reaction
- ☐ Treatment
  - A combination of settings of the factors:
    - ▷ A: amount of glucose ( $x_1$ )
    - ▷ B: initial inoculum size ( $x_2$ )
    - ▷ C: level of aeration ( $x_3$ )
    - ▷ D: temperature ( $x_4$ )
    - ▷ E: amount of sodium ( $x_5$ )
- ☐ Assume each factor has two-levels, coded -1 and +1

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## Choosing subsets of treatments

- ☐ Factorial designs can require a large number of runs for only a moderate number of factors ( $2^5 = 32$ )
- ☐ Resource constraints (e.g. cost) may mean not all  $2^m$  combinations can be run
- ☐ Lots of degrees of freedom are devoted to estimating higher-order interactions
  - e.g. in a  $2^5$  experiment, 16 d.f. are used to estimate 3 factor and higher-order interactions
  - Principles of effect hierarchy and sparsity suggest this is wasteful
- ☐ Need to trade-off **what you want to estimate** against the **number of runs** you can afford

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## Example

Run	$x_1$	$x_2$	$x_3$	$x_4$	$x_5$
1	-1	-1	-1	+1	+1
2	-1	-1	+1	-1	-1
3	-1	+1	-1	+1	-1
4	-1	+1	+1	-1	+1
5	+1	-1	-1	-1	+1
6	+1	-1	+1	+1	-1
7	+1	+1	-1	-1	-1
8	+1	+1	+1	+1	+1

- ☐  $8 = 32/4 = 2^5/2^2 = 2^{5-2}$
- ☐ Need a principled way of choosing one-quarter of the runs from the factorial design that leads to clarity in the analysis

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## Example

	$x_1$	$x_2$	$x_3$		$x_4$	$x_5$	
Run	A	B	C	AB	AC	BC	ABC
1	-1	-1	-1	+1	+1	+1	-1
2	-1	-1	+1	+1	-1	-1	+1
3	-1	+1	-1	-1	+1	-1	+1
4	-1	+1	+1	-1	-1	+1	-1
5	+1	-1	-1	-1	-1	+1	+1
6	+1	-1	+1	-1	+1	-1	-1
7	+1	+1	-1	+1	-1	-1	-1
8	+1	+1	+1	+1	+1	+1	+1

- ☐ Seven orthogonal columns in 8 runs
- ☐ Assign factors to columns
- ☐  $x_4 = x_1x_3$ ,  $x_5 = x_2x_3 \Rightarrow x_4x_5 = x_1x_2$

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### The defining relation and alias scheme

- ☐ If two columns are equal, their product must be the constant column (the identity)
- ☐ This gives us the defining relation ...
  - $I = x_1x_3x_4 = x_2x_3x_5 = x_1x_2x_4x_5$
- ☐ ... from which we can obtain the aliasing scheme
  - $x_1 = x_3x_4 = x_1x_2x_3x_5 = x_2x_4x_5$
  - $x_2 = x_1x_2x_3x_4 = x_3x_5 = x_1x_4x_5$
  - $x_3 = x_1x_4 = x_2x_5 = x_1x_2x_3x_4x_5$
  - $x_4 = x_1x_3 = x_2x_3x_4x_5 = x_1x_2x_5$
  - $x_5 = x_1x_3x_4x_5 = x_2x_3 = x_1x_2x_4$
  - $x_1x_2 = x_2x_3x_4 = x_1x_3x_5 = x_4x_5$
  - $x_1x_5 = x_3x_4x_5 = x_1x_2x_3 = x_2x_4$

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### The alias matrix

- ☐ If more than one effect in each alias string is non-zero, the least squares estimators will be biased
  - Assume model  $Y = X_1\beta_1 + \varepsilon$
  - True model  $Y = X_1\beta_1 + X_2\beta_2 + \varepsilon$

$$\begin{aligned}
 E(\hat{\beta}_1) &= (X_1^T X_1)^{-1} X_1^T E(Y) \\
 &= (X_1^T X_1)^{-1} X_1^T (X_1\beta + X_2\beta_2) \\
 &= \beta + (X_1^T X_1)^{-1} X_1^T X_2\beta_2 \\
 &= \beta + A\beta_2
 \end{aligned}$$

- ☐  $A$  is the alias matrix
  - If the columns of  $X_1$  and  $X_2$  are not orthogonal,  $\hat{\beta}_1$  is biased

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### The alias matrix

- ☐ For the  $2^{5-2}$  example:
  - $X_1$  -  $8 \times 6$  matrix with columns for the intercept and 5 linear terms (“main effects”)
  - $X_2$  -  $8 \times 10$  matrix with columns for the 10 product terms (“two factor interactions”)

$$A = \begin{matrix} & \begin{matrix} 12 & 13 & 14 & 15 & 23 & 24 & 25 & 34 & 35 & 45 \end{matrix} \\ \begin{pmatrix} 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 1 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 \end{pmatrix} \end{matrix}$$

- ☐ Regular designs have entries in  $A$  only equal to 0,  $\pm 1$

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### The role of fractional factorial designs in a sequential strategy

- Typically, in a first experiment, fractional factorial designs are used in screening
  - Investigate which of many factors have a substantive effect on the response
  - Main effects and interactions
  - Centre points to check for curvature
- At second and later stages, augment the design
  - To resolve ambiguities due to the aliasing of factorial effects (“break the alias strings”)
  - To allow estimation of curvature and prediction from a more complex model

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### D-optimality and non-regular designs

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#### Introduction

- Regular fractional factorial designs have to have  $N$  equal to a power of the number of levels
  - E.g.  $2^{5-2}$ ,  $3^{3-1} \times 2$
  - This inflexibility in run sizes can be a problem in practical experiments
- Non-regular designs can have any number of runs (usually  $N \geq p$ )
  - Often the clarity provided by the regular designs is lost
    - ▷ No defining relation or straightforward aliasing scheme
    - ▷ Partial aliasing and fractional entries in  $A$
- One approach to finding non-regular designs is via a design optimality criterion

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#### D-optimality

- Notation: Let  $\zeta$  denote a design; that is, the treatments to be applied in the experiment and their replications
- Assuming the model  $Y = X\beta + \varepsilon$ , a **D-optimal design**  $\zeta^*$  maximises

$$\phi(\zeta) = \det(X^T X)$$

- That is, a D-optimal design maximises the determinant of the Fisher information matrix
  - Equivalent to minimising the volume of the joint confidence ellipsoid for  $\beta$
- Also useful to define a Bayesian version, with  $R$  a prior precision matrix

$$\phi_B(\zeta) = \det(X^T X + R)$$

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## Comments

- ☐ D-optimal designs are model dependent
  - If the model (i.e. the columns of  $X$ ) changes, the optimal design may change
  - Model robust design is an active area of research
- ☐ D-optimality promotes orthogonality in the  $X$  matrix
  - If there are sufficient runs, the D-optimal design will be orthogonal
  - For particular models and choices of  $N$ , regular fractional factorial designs are D-optimal
- ☐ There are many other optimality criteria, tailored to other experimental goals
  - Prediction, model discrimination, space-filling, ...

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## Example: Plackett-Burman design

- ☐  $m = 11$  factors in  $N = 12$  runs, first-order (main effects) model
- ☐ A particular  $D$ -optimal design is the following orthogonal array

	$x_1$	$x_2$	$x_3$	$x_4$	$x_5$	$x_6$	$x_7$	$x_8$	$x_9$	$x_{10}$	$x_{11}$
1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
2	-1	-1	-1	-1	-1	1	1	1	1	1	1
3	-1	-1	1	1	1	-1	-1	-1	1	1	1
4	-1	1	-1	1	1	-1	1	1	-1	-1	1
5	-1	1	1	-1	1	1	-1	1	-1	1	-1
6	-1	1	1	1	-1	1	1	-1	1	-1	-1
7	1	-1	1	1	-1	-1	1	1	-1	1	-1
8	1	-1	1	-1	1	1	1	-1	-1	-1	1
9	1	-1	-1	1	1	1	-1	1	1	-1	-1
10	1	1	1	-1	-1	-1	-1	1	1	-1	1
11	1	1	-1	1	-1	1	-1	-1	-1	1	1
12	1	1	-1	-1	1	-1	1	-1	1	1	-1

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### Example: Plackett-Burman design

- This 12-run PB design is probably the most studied non-regular design
- Orthogonal columns
- Complex aliasing between main effects and two factor interactions
  - The alias matrix  $A$  has entries  $0, \pm\frac{1}{3}$ , e.g.

$$\begin{aligned}
 E(\hat{\beta}_1) = & \beta_1 + \frac{1}{3}(-\beta_{23} - \beta_{24} - \beta_{25} + \beta_{26} - \beta_{27} - \beta_{28} + \beta_{29} + \beta_{2(10)} - \beta_{2(11)} \\
 & + \beta_{34} - \beta_{35} - \beta_{36} + \beta_{37} - \beta_{38} + \beta_{39} - \beta_{3(10)} - \beta_{3(11)} \\
 & + \beta_{45} + \beta_{46} - \beta_{47} - \beta_{48} - \beta_{49} - \beta_{4(10)} - \beta_{4(11)} \\
 & - \beta_{56} - \beta_{57} - \beta_{58} - \beta_{59} + \beta_{5(10)} + \beta_{5(11)} \\
 & - \beta_{67} + \beta_{68} - \beta_{69} - \beta_{6(10)} - \beta_{6(11)} \\
 & + \beta_{78} - \beta_{79} + \beta_{7(10)} - \beta_{7(11)} \\
 & - \beta_{89} - \beta_{8(10)} + \beta_{8(11)} \\
 & - \beta_{9(10)} + \beta_{9(11)} \\
 & - \beta_{(10)(11)}) .
 \end{aligned}$$

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### Example: supersaturated design

- Screening designs with fewer runs than factors
  - Can't use ordinary least squares as  $X$  does not have full column rank
  - Bayesian D-optimality with  $R = (0|\tau I)$ , i.e. a first column of zeros and then a diagonal matrix
- Supersaturated experiment used by GlaxoSmithKline in the development of a new oncology drug
  - 16 factors: e.g. Temperature, solvent amount, reaction time
  - $N = 10$  runs
  - Bayesian D-optimal design with  $\tau = 0.2$

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### Example: supersaturated design

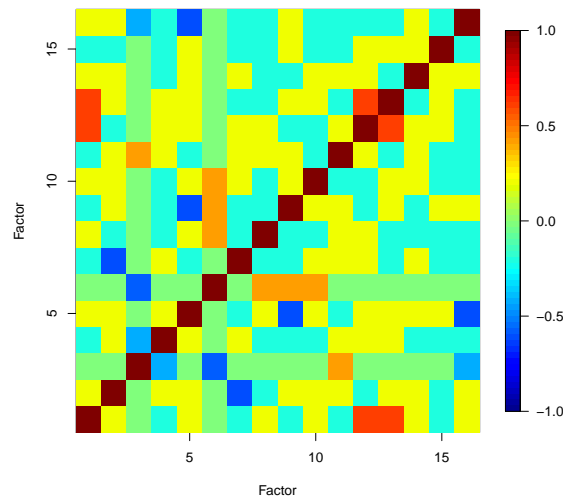
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	-1	1	1	1	1	-1	-1	1	-1	-1	1	-1	-1	-1	-1	-1
2	1	1	-1	1	1	-1	-1	-1	-1	-1	-1	1	1	1	1	1
3	-1	-1	-1	-1	-1	1	-1	1	1	-1	-1	-1	-1	-1	1	1
4	1	1	1	-1	1	1	-1	1	1	1	1	1	1	1	1	-1
5	-1	-1	1	-1	1	-1	1	-1	-1	1	-1	-1	-1	1	1	-1
6	-1	-1	1	1	-1	-1	1	-1	1	-1	1	1	1	-1	1	-1
7	1	-1	-1	1	1	1	1	1	-1	1	-1	1	1	-1	-1	-1
8	-1	1	-1	1	-1	1	1	-1	1	1	1	-1	-1	1	-1	1
9	1	1	1	-1	-1	-1	-1	-1	1	1	-1	-1	1	-1	-1	1
10	1	-1	1	-1	-1	-1	1	1	-1	-1	1	1	-1	1	-1	1

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### Example: supersaturated design

- ☐ Partial aliasing between main effects
- ☐ Heatmap of column correlations

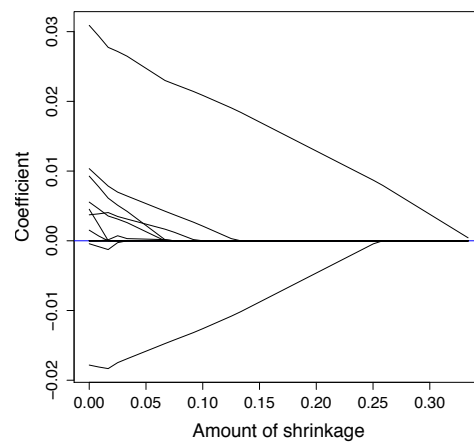


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### Example: supersaturated design

- ☐ Analysis via regularised (penalised) methods (Dantzig selector, Candes & Tao, 2007, Annals of Statistics)
- ☐ Shrink small coefficients to zero



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### A generalised definition of a design

Exact design

$$\zeta = \left\{ \begin{array}{cccc} \mathbf{x}_1 & \mathbf{x}_2 & \cdots & \mathbf{x}_s \\ r_1 & r_2 & \cdots & r_s \end{array} \right\}, \quad \sum_{i=1}^s r_i = n, \\ 0 < r_i \leq n \text{ integer.}$$

Approximate design

$$\zeta = \left\{ \begin{array}{cccc} \mathbf{x}_1 & \mathbf{x}_2 & \cdots & \mathbf{x}_s \\ \omega_1 & \omega_2 & \cdots & \omega_s \end{array} \right\}, \quad \sum_{i=1}^s \omega_i = 1, \\ 0 < \omega_i \leq 1.$$

Vector  $\mathbf{x}_i$  is a **support** (or distinct) point

Converts a discrete problem (choice of  $r_i$ ) into a continuous problem (choice of  $\omega_i$ )

### Information matrix

We can define the Fisher information for an approximate design  $\zeta$

$$M_{\beta}(\zeta) = - \sum_{i=1}^s \omega_i \frac{\partial^2 \log f(y_i; \beta)}{\partial \beta \partial \beta^T} \\ \left( = \sum_{i=1}^s \omega_i \mathbf{x}_i \mathbf{x}_i^T \text{ for the linear model} \right)$$

□  $\mathbf{x}_i^T$  is the  $i$ th row of  $X$

Now, an approximate D-optimal maximises  $\phi(\zeta) = \det(M_{\beta}(\zeta))$

### Example: logistic regression

One-variable logistic regression,  $Y(x) \sim \text{Bin}\{m, \pi(x)\}$

$$\log \left\{ \frac{\pi(x)}{1-\pi(x)} \right\} = \eta(x) = \beta_0 + \beta_1 x$$

$$M_{\beta}(\zeta) = \sum_{i=1}^s \omega_i \pi(x_i) \{1 - \pi(x_i)\} \mathbf{x}_i \mathbf{x}_i^T \\ = \sum_{i=1}^s \omega_i \frac{e^{\eta}}{(1+e^{\eta})^2} \mathbf{x}_i \mathbf{x}_i^T$$



### Example: logistic regression

D-optimal design **in terms of  $\eta$**

$$\zeta^* = \left\{ \begin{array}{cc} \eta = -1.5434 & \eta = 1.5434 \\ 0.5 & 0.5 \end{array} \right\}$$

- ☐ Clearly, the choice of  $x$  that will achieve these values of  $\eta$  depends on  $\beta$ 
  - $\beta_0 = 0, \beta_1 = 1, x = \pm 1.5434$
- ☐ **Locally** D-optimal, i.e. optimal design depends on the values of the model parameters
  - This is common for nonlinear models

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### General equivalence theorem

Approximate designs allow powerful theory, including the general equivalence theorem

The key result of this theorem is a **necessary and sufficient condition for D-optimality**; namely, that a D-optimal design  $\zeta^*$  must satisfy

$$\psi(\mathbf{x}, \zeta^*) = \pi(\mathbf{x})\{1 - \pi(\mathbf{x})\}\mathbf{x}^T M_{\beta}^{-1}(\zeta^*)\mathbf{x} \leq p \quad \text{for all } \mathbf{x}$$

- ☐  $p$  is the number of parameters in  $\beta$
- ☐  $\psi(\mathbf{x}, \zeta^*)$  is the derivative of objective function  $\phi(\zeta)$  in the direction of  $\mathbf{x}$ , i.e. it tells us how quickly the function is increasing/decreasing

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### Example: logistic regression

Check on necessary and sufficient conditions

$$\begin{aligned} \psi(\mathbf{x}, \zeta) = & \pi(\mathbf{x})\{1 - \pi(\mathbf{x})\} \left\{ \sum_{i=1}^s \omega_i \frac{e^{\eta}}{(1+e^{\eta})^2} x_i^2 \right. \\ & \left. - 2x \sum_{i=1}^s \omega_i \frac{e^{\eta}}{(1+e^{\eta})^2} x_i + x^2 \sum_{i=1}^s \omega_i \frac{e^{\eta}}{(1+e^{\eta})^2} \right\} \end{aligned}$$

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### Example: logistic regression

