1 Robust Regression

Robust regression is an alternative to ordinary least squares regression (OLS , the type of regression we have discussed thus far) when data is contaminated with outliers or influential observations and it can also be used for the purpose of detecting influential observations.

1.1 The stackloss data set

Brownlee's Stack Loss Plant Data contains operational data of a plant for the oxidation of ammonia to nitric acid.

The variables are:

- Air Flow Flow of cooling air
- Water Temp Cooling Water Inlet Temperature
- Acid Conc. Concentration of acid [per 1000, minus 500]
- stack.loss Stack loss

1.2 Fitting a robust model (`rlm`

```
summary(rlm(stack.loss ~ ., data = stackloss))
```

```
> summary(rlm(stack.loss ~ ., stackloss))

Call: rlm(formula = stack.loss ~ ., data = stackloss)
Residuals:
     Min       1Q   Median       3Q      Max
-8.91753 -1.73127  0.06187  1.54306  6.50163

Coefficients:
            Value    Std. Error t value
(Intercept) -41.0265   9.8073    -4.1832
Air.Flow      0.8294   0.1112     7.4597
Water.Temp    0.9261   0.3034     3.0524
Acid.Conc.   -0.1278   0.1289    -0.9922

Residual standard error: 2.441 on 17 degrees of freedom
```

```
rlm(stack.loss ~ ., stackloss, psi = psi.hampel, init = "lts")
```

```
> rlm(stack.loss ~ ., stackloss, psi = psi.hampel, init = "lts")
Call:
rlm(formula = stack.loss ~ ., data = stackloss, psi = psi.hampel,
    init = "lts")
Converged in 10 iterations

Coefficients:
(Intercept)    Air.Flow  Water.Temp  Acid.Conc.
-40.4748037   0.7410863   1.2250703  -0.1455242

Degrees of freedom: 21 total; 17 residual
Scale estimate: 3.09
```

1.3 Using Other *Psi* Operators

Fitting is done by ***iterated re-weighted least squares (IWLS).***

Psi functions are supplied for the Huber, Hampel and Tukey bisquare proposals as psi.huber, `psi.hampel` and **psi.bisquare**. Huber's corresponds to a convex optimization problem and gives a unique solution (up to collinearity). The other two will have multiple local minima, and a good starting point is desirable.

- huber
- bisquare
- hampel

```
rlm(stack.loss ~ ., stackloss, psi = psi.bisquare)
```

```
Call:
rlm(formula = stack.loss ~ ., data = stackloss, psi = psi.bisquare)
Converged in 11 iterations

Coefficients:
(Intercept)    Air.Flow  Water.Temp  Acid.Conc.
-42.2852537   0.9275471   0.6507322  -0.1123310

Degrees of freedom: 21 total; 17 residual
Scale estimate: 2.28
```

1.4 Implementation of Robust Regression

- When fitting a least squares regression, we might find some outliers or high leverage data points. We have decided that these data points are not data entry errors, neither they are from a different population than most of our data. So we have no proper reason to exclude them from the analysis.

- Robust regression might be a good strategy since it is a compromise between excluding these points entirely from the analysis and including all the data points and treating all them equally in OLS regression. The idea of robust regression is to weigh the observations differently based on how well behaved these observations are.
- The idea of robust regression is to weigh the observations differently based on how well behaved these observations are. Roughly speaking, it is a form of weighted and reweighted least squares regression (i.e. a two step process , first fitting a linear model, then a robust model to correct for the influence of outliers).
- Robust regression is done by iterated re-weighted least squares (IRLS). The rlm command in the MASS package command implements several versions of robust regression.
- There are several weighting functions that can be used for IRLS. We are going to first use the Huber weights in this example. We will then look at the final weights created by the IRLS process. This can be very useful.
- Also we will look at an alternative weighting approach to Hubers weighting called **Bisquare weighting**.

1.4.1 Huber Weighting

In Huber weighting, observations with small residuals get a weight of 1 and the larger the residual, the smaller the weight. This is defined by the weight function

$$w(e) = 1 for|e| \leq k \quad (1)$$

$$w(e) = \frac{k}{|e|} for|e| > k \quad (2)$$

The value k for the Huber method is called a ***tuning constant***; smaller values of k produce more resistance to outliers, but at the expense of lower efficiency when the errors are normally distributed.

The tuning constant is generally picked to give reasonably high efficiency in the normal case; in particular,$k = 1.345\sigma$ for the Hubers method, where σ is the standard deviation of the errors) produce 95-percent efficiency when the errors are normal, and still offer protection against outliers.

```
library(MASS)
FitAll.rr = rlm(Taste ~ Acetic + H2S + Lactic)
```

```
> summary(FitAll.rr)

Call: rlm(formula = Taste ~ Acetic + H2S + Lactic)
Residuals:
    Min      1Q  Median      3Q     Max
-16.163  -5.612  -1.153   5.487  27.106
```

```
Coefficients:
            Value    Std. Error t value
(Intercept) -20.7529  20.1001    -1.0325
Acetic       -1.5331   4.5422    -0.3375
H2S           4.0515   1.2715     3.1864
Lactic       20.1459   8.7885     2.2923

Residual standard error: 8.471 on 26 degrees of freedom
```

Regression Equation:

$$\hat{Taste} = -20.75 - 1.53 Acetic + 4.05 H2S + 20.14 Lactic$$

From before, we noticed that observations 15 , 12 and 8 were influential in the determination of the coefficients. The following table indicates the weight given to each observation when using robust regression.

We can see that roughly, as the absolute residual goes down, the weight goes up. In other words, cases with a large residuals tend to be down-weighted.

```
> hweights <- data.frame(Taste = Taste, resid = FitAll.rr$resid,
+     weight = FitAll.rr$w)
> hweights2 <- hweights[order(FitAll.rr$w), ]
>
```

```
> hweights2[1:15, ]
   Taste      resid    weight
15  54.9  27.105636 0.4203556
12  57.2  17.518919 0.6504044
8   21.9 -16.162753 0.7049043
3   39.0  14.318512 0.7957592
18   6.4 -13.609277 0.8371707
28   0.7 -11.410452 0.9985018
1   12.3   9.990965 1.0000000
2   20.9  -1.692664 1.0000000
4   47.9  10.648009 1.0000000
5    5.6  -1.866642 1.0000000
6   25.9   2.632602 1.0000000
7   37.3   5.744433 1.0000000
9   18.1   4.775657 1.0000000
10  21.0   1.048052 1.0000000
11  34.9   5.723592 1.0000000
```

1.4.2 Implementation with Bisquare Weighting

Implementing with bisquare weighting simply requires the specification of the additional argument, as per the code below, highlighted in green)

```
> FitAll.rr.2 = rlm(Taste ~ Acetic + H2S + Lactic, psi = psi.bisquare)
```

```
> summary(FitAll.rr.2)

Call: rlm(formula = Taste ~ Acetic + H2S + Lactic, psi = psi.bisquare)
Residuals:
     Min       1Q   Median       3Q      Max
-15.7034  -5.1552  -0.9793   5.6933  27.7661

Coefficients:
            Value    Std. Error t value
(Intercept) -17.7730  20.7031    -0.8585
Acetic       -2.2650   4.6784    -0.4841
H2S           4.0569   1.3096     3.0977
Lactic       20.6885   9.0522     2.2855

Residual standard error: 7.878 on 26 degrees of freedom
```

Weights using Bisquare estimator.

```
> hweights2[1:15, ]
   Taste      resid    weight
15  54.9  27.766087 0.1884633
12  57.2  18.182810 0.5735669
8   21.9 -15.703388 0.6707319
3   39.0  14.384429 0.7193235
18   6.4 -13.462286 0.7516310
28   0.7 -11.190438 0.8246092
19  18.0 -11.112316 0.8269297
4   47.9  10.860173 0.8343637
1   12.3   9.852297 0.8625704
20  38.9  -8.952091 0.8858015
14  25.9   8.588121 0.8946576
30   5.5  -8.019522 0.9078077
7   37.3   6.329446 0.9420556
11  34.9   5.999726 0.9478611
13   0.7  -5.470990 0.9565447
```

1.4.3 Conclusion

We can see that the weight given to some observations is dramatically lower using the bisquare weighting function than the Huber weighting function and the coefficient estimates from these two different weighting methods differ. When comparing the results of a regular OLS regression and a robust regression, if the results are very different, you will most likely want to use the results from the robust regression. Large differences suggest that the model parameters are being highly influenced by outliers. Different functions have advantages and drawbacks. Huber weights can have difficulties with severe outliers, and bisquare weights can have difficulties converging or may yield multiple solutions.