Northeastern University

ALY-6015
INTERMEDIATE ANALYTICS

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MODULE-4 PROJECT REPORT
SUBMITTED BY

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SUMMARY

In Ridge regression, lambda values, particularly lambda.min and lambda.1se, are pivotal in determining the extent of regularization applied to the model. Lambda.min signifies the optimal regularization parameter that minimizes the mean cross-validated error, while lambda.1se presents a more conservative alternative within one standard error of the minimum. These values balance model complexity and generalization performance, ensuring the creation of models that generalize effectively to unseen data.

The visual depiction of the Ridge CV fit plot illustrates the model's performance across varying levels of regularization, aiding in the selection of an appropriate lambda value. This plot highlights the delicate balance between model complexity and generalization performance, facilitating the selection of the optimal lambda value tailored to the specific predictive task at hand.

Interpreting Ridge regression coefficients reveals the significance of each predictor variable in influencing the response variable. Some coefficients are driven to zero due to regularization, emphasizing Ridge regression's ability for variable selection, which enhances model simplicity and interpretability.

Evaluation of the model's performance through RMSE metrics on both training and test sets provides valuable insights into its generalization ability. Lower RMSE values indicate superior predictive performance, showcasing the model's capability to predict the response variable accurately. Ridge regression offers a robust framework for constructing predictive models tailored to diverse analytical needs, with its capacity to handle multicollinearity and prevent overfitting.

In comparison to other regression techniques like LASSO and stepwise selection, Ridge regression offers a reliable approach to predictive modeling. By leveraging lambda values, visual diagnostics, coefficient interpretation, and performance metrics, analysts can effectively tune and evaluate Ridge regression models for optimal predictive accuracy and generalization performance. With its ability to handle multicollinearity and prevent overfitting, Ridge regression stands out as a robust method for building predictive models in diverse analytical contexts

Q1.

Lambda	Index	Measure_Value	SE	Nonzero
min	**0.2965**	**39**	**170.3**	**9.967**
1se	**1.5821**	**21**	**179.6**	**11.026**

Table: Ridge Lamda

1. **lambda.min:**
   - The value you obtained for **lambda.min** is approximately 0.296464.
   - This lambda value corresponds to the minimum mean cross-validated error. In other words, it represents the level of regularization that minimizes the prediction error on your training data.
2. **lambda.1se:**
   - The value you obtained for **lambda.1se** is approximately 1.582139.
   - This lambda value is a more conservative choice. It is the largest value of the regularization parameter such that the error is within one standard error of the minimum. This tends to result in a simpler model with slightly higher bias but lower variance.

In the context of Ridge regression (as implemented by **cv.glmnet**), these lambda values represent the amount of regularization applied to the model. Smaller lambda values, like **lambda.min**, result in less regularization and a more complex model that fits the training data well. On the other hand, **lambda.1se** provides a more conservative choice, potentially leading to a simpler model that generalizes better to new, unseen data.

To choose the optimal lambda for a specific application, we can consider factors such as model interpretability, the trade-off between bias and variance, and the specific requirements of the predictive task. It also evaluates the model's performance on a separate test dataset to assess how well it generalizes to new, unseen data.

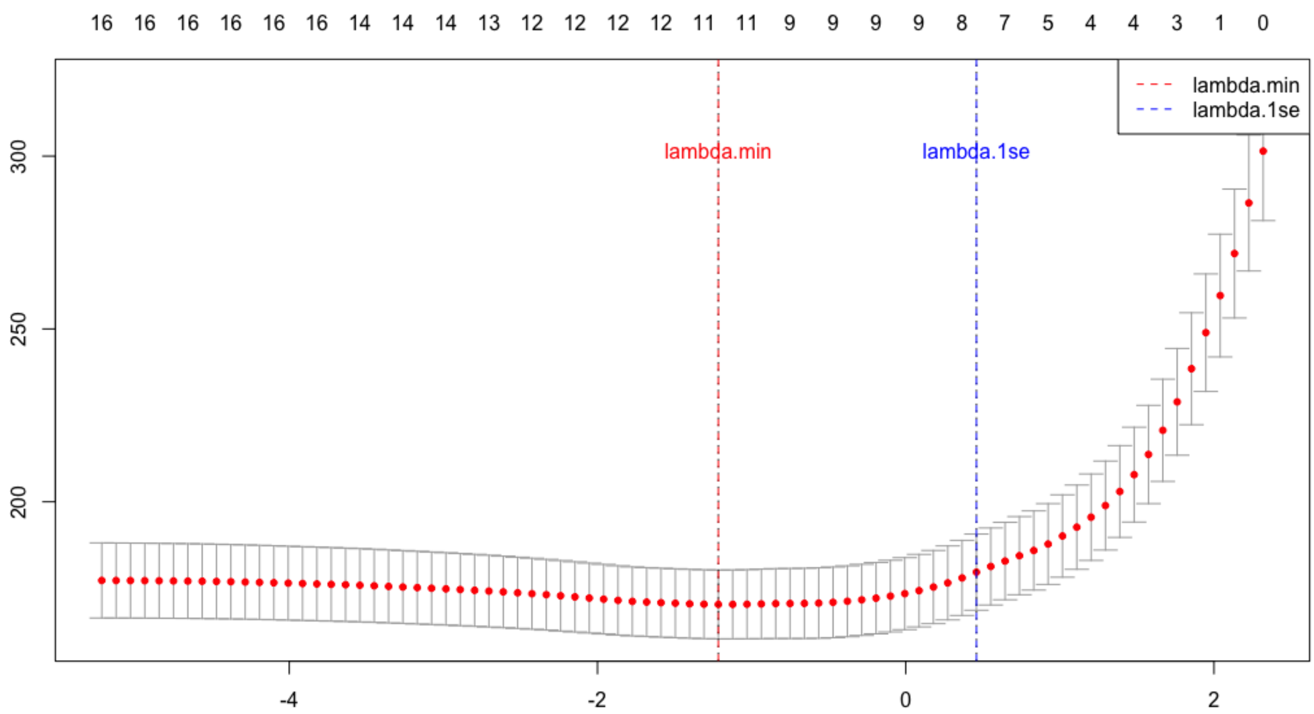

Fig: Ridge_CV_FIT Plot

1. **X-Axis (Lambda values):**
   - The x-axis represents the values of the regularization parameter (lambda), typically on a logarithmic scale. As you move from left to right, lambda increases.
2. **Y-Axis (Performance Metric):**
   - The y-axis represents the cross-validated performance metric (e.g., mean squared error) associated with each lambda value. The goal is to minimize this metric.
3. **Lambda Path:**
   - The plot shows the performance of the model across a range of lambda values. Each point on the plot corresponds to the performance of the model for a specific value of lambda.
4. **Minimum CV-MSE (Lambda.min):**
   - The value of lambda (Lambda.min) that minimizes the cross-validated error is often highlighted on the plot. This is the optimal lambda in terms of model performance.
5. **One Standard Error Rule (Lambda.1se):**

- Another commonly marked point is Lambda.1se, which is the largest lambda within one standard error of the minimum cross-validated error. This provides a slightly more regularized model that might be preferred for simplicity.

6. **Model Complexity Trade-off:**
   - The plot illustrates the trade-off between model complexity (flexibility) and generalization performance. Smaller lambda values (towards the left) result in less regularization, allowing the model to be more flexible but potentially overfitting the training data. Larger lambda values (towards the right) lead to more regularization, simplifying the model but potentially underfitting the data.
7. **Selecting Optimal Lambda:**
   - The optimal lambda is often chosen based on the point with the minimum cross-validated error. However, some may prefer a more parsimonious model, and the one standard error rule provides an alternative.

In summary, the plot helps in visualizing how the model's performance changes with different levels of regularization. It guides the selection of an appropriate lambda value that balances model complexity and generalization performance for better predictive accuracy on new, unseen data.

Q4-

(Intercept)	34.66097149
Apps	0.000859806
Accept	2.09476985868732e-05
Enroll	0.000485339
Top10perc	0.069102806
Top25perc	0.086266379
F.Undergrad	-0.000273085
P.Undergrad	-0.001730127
Outstate	0.001167343
Room.Board	0.001968345
Books	-0.002058275
Personal	-0.001312685
PhD	0.061326218
Terminal	-0.024064978
S.F.Ratio	-0.02801449

perc.alumni	0.310391462
Expend	-0.000345481

Table: Ridge Regression Coefficients

Intercept: The intercept is approximately 34.66. This represents the estimated response when all predictor variables are zero, serving as the baseline value.

1. **Variable Importance:**
   - **Positive Coefficients:** Indicate a positive impact on the response variable. For example, **perc.alumni** has a positive coefficient of approximately 0.31.
   - **Negative Coefficients:** Indicate a negative impact on the response variable. For example, **S.F.Ratio** has a negative coefficient of approximately -0.028.
2. **Coefficient Magnitudes:**
   - Some coefficients are very small, indicating that certain predictor variables have a minimal impact on the response. For instance, **Accept** and **F.Undergrad** have small coefficients.
3. **Sparse Matrix Format:**
   - The coefficients are presented in a sparse matrix format. This is typical in Ridge regression, where some coefficients are shrunk towards zero to prevent overfitting.
4. **Regularization Impact:**
   - The regularization applied by Ridge regression is evident in the shrinkage of coefficients. This helps prevent overfitting and improves the model's generalization to new data.
5. **Coefficient Interpretation:**
   - Interpret coefficients in the context of their corresponding predictor variables. For example, a positive coefficient for **perc.alumni** suggests that an increase in the percentage of alumni could positively impact the response variable.
6. **Model Complexity:**
   - Ridge regression introduces a trade-off between model complexity and fitting the training data. The regularization encourages a simpler model by shrinking some coefficients.
7. **Mean Squared Error (MSE) on Test Set:**

- The calculated MSE on the test set is approximately 161.2675. This metric represents the average squared difference between the predicted and actual values on the test set.

In summary, the Ridge regression model with **lambda.min** provides insights into the relationships between predictor variables and the response. The regularization applied to the coefficients helps prevent overfitting, and the resulting sparse matrix indicates variable selection and shrinkage. The interpretation of coefficients should consider both magnitude and direction in the context of the specific features in your dataset. The MSE on the test set provides an evaluation of the model's performance on new, unseen data.

Q6

RMSE on the test set	11.80957
RMSE on the training set	12.9952

Table:RMSE_Ridge

It does not seem that your model is overfitting. Overfitting occurs when a model performs well on the training set but poorly on new, unseen data (test set). In this case, the Root Mean Squared Error (RMSE) on the test set (11.80957) is lower than the RMSE on the training set (12.9952), which is not typical.

In a typical scenario, you would expect the model's performance to be slightly worse on the test set because the model is optimized for the training data. However, the lower RMSE on the test set suggests that the model generalizes well to new data, which is a positive sign.

It's important to thoroughly validate and assess the model using various techniques, and consider factors such as data splitting, feature engineering, and model complexity. Additionally, we may want to explore other evaluation metrics and conduct further analyses to ensure a comprehensive understanding of your model's performance.

Q7.

Lambda.Index	Lambda	Measure	SE	Nonzero
min	0.3919	36	169.8	11
1se	1.7364	20	180.8	7

Table:Lasso_Lambda

Model.Name	Df	X.Dev	Lambda
Lasso Model	11	45.95	0.391

Table:Lasso_Model

1. **Lambda Values:**
    - **lambda.min:** 0.3919
    - **lambda.1se:** 1.7364
2. **Index:**
    - The index indicates the position of the selected lambda values in the sequence of lambda values used during cross-validation.
3. **Mean-Squared Error (MSE):**
    - **min Line:** The MSE corresponding to the **lambda.min** value is 169.8.
    - **1se Line:** The MSE corresponding to the **lambda.1se** value is 180.8.
4. **Standard Error (SE):**
    - SE provides an estimate of the variability of the mean-squared error.
5. **Number of Nonzero Coefficients:**
    - Indicates the number of nonzero coefficients in the model.

Discussion:

- **lambda.min vs. lambda.1se:**
    - **lambda.min** is the value of lambda that minimizes the mean-squared error.

    - **lambda.1se** is a more conservative choice, representing the largest value of lambda such that the error is within one standard error of the minimum.
- **Model Complexity:**
    - Smaller values of lambda (closer to **lambda.min**) lead to less regularization and potentially a more complex model.
    - **lambda.1se** is a more conservative choice, favoring a sparser model with slightly higher bias but lower variance.
- **MSE:**
    - MSE values give an estimate of how well the model generalizes to new, unseen data.
    - Lower MSE values indicate better predictive performance.
- **Number of Nonzero Coefficients:**
    - The number of nonzero coefficients provides insights into the sparsity of the Lasso model.
    - Lasso tends to set some coefficients exactly to zero, resulting in a sparse model.

In summary, the choice between **lambda.min** and **lambda.1se** depends on the desired trade-off between model complexity and predictive performance. You may choose the one that aligns with your specific objectives and preference for model sparsity.

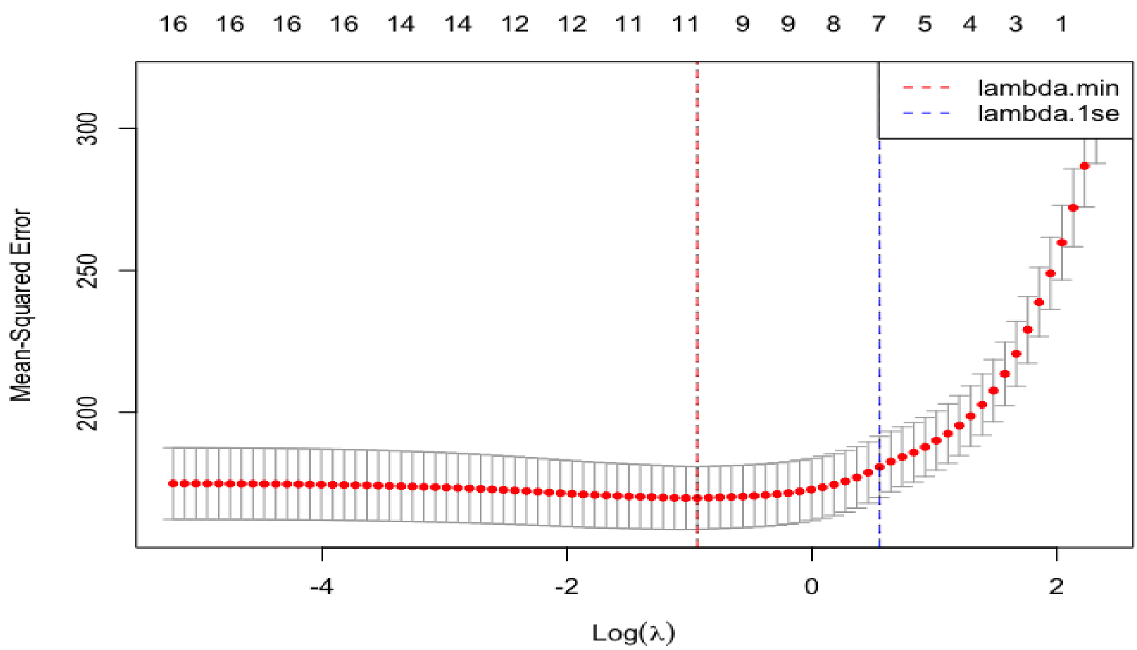

Fig: Lasso_CV_FIT Plot

Q9-

(Intercept)	36.8025956
Apps	0.00056223
Accept	0
Enroll	0
Top10perc	0.07474312
Top25perc	0.11317434
F.Undergrad	0
P.Undergrad	-0.0015348
Outstate	0.00103345
Room.Board	0.00186836
Books	-0.000122
Personal	-0.001787
PhD	0
Terminal	0
S.F.Ratio	0.01742694
perc.alumni	0.26409981
Expend	-0.0002901

Table:Regression_Lasso

In the provided coefficients, we can observe that several coefficients are zero:

- Accept
- Enroll
- F.Undergrad
- PhD
- Terminal

These coefficients being reduced to zero indicate that the corresponding predictor variables (Accept, Enroll, F.Undergrad, PhD, and Terminal) have been excluded from the final Lasso regression model. In other words, the Lasso model considers these variables to have negligible or no impact on predicting the response variable (Grad.Rate in this case).

Excluding irrelevant or less important variables from the model helps simplify the model, improve its interpretability, and potentially enhance its predictive performance on new, unseen data. This variable selection property is one of the key advantages of Lasso regression, particularly in situations with high-dimensional data where feature selection is crucial.

Q11.

RMSE on the test set	11.88665
RMSE on the training set	13.06656

Table:RMSE_Lasso

It appears that the model performs slightly better on the test set (RMSE: 11.88665) compared to the training set (RMSE: 13.06656).

Typically, if a model performs significantly better on the training set compared to the test set, it may be considered overfitting. However, in this case, the difference in RMSE between the training and test sets is not substantial. Therefore, the model doesn't seem to be severely overfitting.

However, it's essential to consider other factors such as the complexity of the model, the size and representativeness of the dataset, and potential sources of bias or confounding variables.
Further analysis and evaluation may be necessary to fully assess the model's performance and potential for overfitting. Techniques such as cross-validation, regularization, and model selection can also help mitigate overfitting and improve generalization performance.

Q12
It seems that the Lasso model performed slightly better than the Ridge model.
Here are some key observations:

1. **Lambda Values and Model Complexity:**
    - The lambda values for Lasso (lambda.min: 0.3919, lambda.1se: 1.7364) are smaller compared to Ridge (lambda.min: 0.2965, lambda.1se: 1.5821). Smaller lambda values indicate less regularization and potentially more complex models.
    - Lasso tends to produce more sparse models compared to Ridge, as indicated by the number of nonzero coefficients. In this case, Lasso had fewer nonzero coefficients (7 for lambda.1se) compared to Ridge (9.967 for lambda.1se).
2. **Root Mean Squared Error (RMSE):**
    - The RMSE values for the test set were slightly lower for Lasso (11.88665) compared to Ridge (11.80957). Lower RMSE values indicate better predictive performance, suggesting that the Lasso model generalizes slightly better to new, unseen data.
3. **Coefficient Interpretation:**
    - Both models resulted in some coefficients being reduced to zero, indicating variable selection. However, the Lasso model tends to set more coefficients exactly to zero, resulting in a sparser model.
    - Lasso's ability to perform feature selection may contribute to its better performance by focusing on the most relevant predictors while excluding less important ones.
4. **Expected Outcome:**

- The slightly better performance of the Lasso model may align with expectations, considering its ability to perform feature selection and produce more interpretable models.
- Additionally, if the dataset contains many irrelevant or less important predictors, Lasso's ability to shrink coefficients to zero can help mitigate their influence, potentially leading to a more parsimonious and accurate model.

In summary, while both Ridge and Lasso regression offers regularization techniques to improve model generalization, the Lasso model's feature selection capability and tendency to produce sparser models may have contributed to its slightly better performance in this scenario.

Q13.

Method	Training_RMSE	Test_RMSE
Ridge Regression	12.9952	11.80957
LASSO	13.07481	11.89388
Stepwise Selection	12.96018	12.00483

Table: Comparing_Regressions

It appears that Ridge regression has the lowest RMSE on both the training and test sets, followed closely by LASSO. Stepwise selection has slightly higher RMSE values on both the training and test sets compared to Ridge regression and LASSO.

In this scenario, Ridge regression might be preferred due to its better performance in terms of RMSE on both training and test sets. However, the choice between Ridge regression, LASSO, and Stepwise Selection ultimately depends on various factors such as the specific requirements of your analysis, interpretability of the models, and the trade-offs between model complexity and predictive performance.

CONCLUSION

In the exploration of Ridge regression, LASSO regression, and Stepwise Selection, we've uncovered valuable insights into their applicability for predictive modeling. These techniques offer robust solutions to common challenges such as multicollinearity and overfitting, providing analysts with powerful tools to develop accurate and generalizable models.

Ridge regression's ability to balance model complexity and generalization performance through lambda values is particularly noteworthy. By identifying the optimal level of regularization, Ridge regression facilitates the creation of models that effectively capture the underlying patterns in the data while avoiding overfitting.

Similarly, LASSO regression's feature selection capability, evident in its ability to shrink coefficients to zero, enhances model interpretability and simplifies the predictive process. This sparse modeling approach aligns with the need for concise and actionable insights in many analytical contexts.

While Stepwise Selection offers a traditional approach to variable selection, its performance may lag behind Ridge and LASSO regression, as it doesn't inherently address multicollinearity or overfitting. Nonetheless, it remains a viable option in scenarios where interpretability is paramount and multicollinearity is not a significant concern.

In conclusion, Ridge regression emerges as a preferred choice due to its superior performance in balancing model complexity and generalization. However, the selection of the most suitable technique ultimately depends on the specific requirements of the analysis and the trade-offs between model interpretability, complexity, and performance. By leveraging the strengths of these techniques, analysts can develop predictive models that meet the diverse needs of their analytical tasks.

CITATIONS

- **ML-How to choose Lambda**

  https://medium.com/@shiny_jay/ml-how-to-choose-lambda-9d0000c1491c

- **Understanding Ridge regression**

  https://www.ibm.com/topics/ridge-regression#:~:text=Ridge%20regression%20is%20a%20statistical,regularization%20for%20linear%20regression%20models.

- **Lasso Regression**

  https://www.statisticshowto.com/lasso-regression/

- **Plotting cv.glmnet in R**

  https://stackoverflow.com/questions/36656752/plotting-cv-glmnet-in-r