

# Linear Regression (Review)

assumptions

1. Linearity:  $E[y] = x\beta$  linear combination of the predictors

2. independence:  $\text{cov}(\varepsilon_i, \varepsilon_j) = 0$   
 $i \neq j$

3. Homoscedasticity:  $\text{var}(y_j) = \text{var}(\varepsilon_j) = 0$

4. Normality:  $\varepsilon_j \stackrel{iid}{\sim} N(0, \sigma^2)$

What if assumptions are not met? We can't use linear regression

Case study: • response is not Normal  
• constant variance (homoscedasticity) is not met

If the response is Binomial

$$Y_i \sim \text{Bin}(n, p_i) \quad i = 1, \dots, n$$

1. PMF  $P(Y_i = y_i) = \binom{n}{y_i} p_i^y (1-p_i)^{n-y}$

2. mean  $E[Y_i] = \mu_i = np_i$  from definition of expectation and variance

3. variance  $\text{var}(Y_i) = \sigma^2 = np_i(1-p_i)$  for discrete r.v. 1

This variance can change for each  $y_i$ , so assumption 3 is not met.

On residuals vs fitted values we can see if assumptions are met. Here, not the case.

## GLM (Generalized Linear Models)

if there is a correlation structure, mixed models can be used.

### ACF of the AR(p)

$$\rho(h) - \phi_1 \rho(h-1) - \dots - \phi_p \rho(h-p) = 0$$

$\alpha_1, \dots, \alpha_r$  : reciprocal roots

$\downarrow$   
 $m_1, \dots, m_r$  : multiplicity

$$\sum_{i=1}^r m_i = p$$

in this case

$$\rho(h) = \alpha_1^h p_1(h) + \dots + \alpha_r^h p_r(h)$$

$p_j(h)$  polynomial of order  $m$

## Exponential Family

$Y$  is from exponential family if it can be written as :

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

$\theta$  : the location (or natural) parameter

$\phi$  : the dispersion parameter

example : Binomial

$$Y \sim \text{Bin}(n, p)$$

$$\begin{aligned} f(y; n, p) &= P(Y=y; n, p) = \binom{n}{y} p^y (1-p)^{n-y} \\ &= \exp \left\{ \log \binom{n}{y} p^y (1-p)^{n-y} \right\} \\ &= \exp \left\{ \log \binom{n}{y} + y \log(p) + (n-y) \log(1-p) \right\} \\ &= \exp \left\{ \underbrace{\log \binom{n}{y}}_{\theta} + \underbrace{y \log(p)}_{b(\theta)} - \underbrace{y \log(1-p)}_{b(\theta)} + n \log(1-p) \right\} \\ &= \exp \left\{ y \underbrace{\log \left( \frac{p}{1-p} \right)}_{\theta} + n \log(1-p) + \underbrace{\log \binom{n}{y}}_{c(y, \phi)} \right\} \end{aligned}$$

Note that  $\theta = \log\left(\frac{p}{1-p}\right)$ ,  $\phi = 1$

$$\Leftrightarrow p = \frac{e^\theta}{1+e^\theta}$$

So the Binomial distribution is a member of the Exponential family.

$$\mu = E[Y] = b'(\theta)$$

$$\sigma^2 = \text{var}(Y) = b''(\theta) \phi$$

## Introduction to Binomial Regression

Each  $y_i$  is a realization from a  $Y_i$ , Binomial

$$Y_i \sim \text{Bin}(1, p_i) \quad p_i \in [0, 1]$$

Binary Logistic Regression

$$Y_i \sim \text{Bin}(n_i, p_i)$$

assumption:  
 $Y_i$  are independent

Goal: predict or explain  $p_i$  using covariates

$$X_{i,1}, \dots, X_{i,p}$$

Then predict  $E[Y_i] = \mu_i = n_i p_i$

Systematic component:

$$\eta_i = \beta_0 + \beta_1 x_{i,1} + \beta_2 x_{i,2} + \dots + \beta_p x_{i,p}$$

how to link the linear predictor to the probability of success?

$$g(\mu_i) ?$$

Binomial Regression: link functions

1. Logit (logistic link):

$$\eta_i \stackrel{\text{set}}{=} g(p_i) = \log\left(\frac{p_i}{1-p_i}\right) = \theta \quad \text{natural parameter}$$

2. Probit:

$$g(p_i) = \bar{\Phi}^{-1}(p_i)$$

$\bar{\Phi}^{-1}$ : inverse  $N(0,1)$  CDF

# Binomial Regression Parameter Estimation

maximum likelihood estimation

$n_i$  = number of trials

1. marginal p.m.f. :

$$P(Y_i = y_i) = \binom{n_i}{y_i} p_i^{y_i} (1-p_i)^{n_i - y_i}$$

$$\begin{aligned} p_i &= \frac{e^{\theta_i}}{1 + e^{\theta_i}}, \quad \theta_i = \log\left(\frac{p_i}{1-p_i}\right) = \eta_i \\ &= \beta_0 + \beta_1 x_{i,1} + \dots + \beta_p x_{i,p} \end{aligned}$$

2. joint p.m.f. :

because we have independence

$$\begin{aligned} P(Y_i; n_i, p_i) &= \prod_{i=1}^n \binom{n_i}{p_i} p_i^{y_i} (1-p_i)^{n_i - y_i} \\ &= \prod_{i=1}^n \binom{n_i}{p_i} \left( \frac{e^{\eta_i}}{1 + e^{\eta_i}} \right)^{y_i} \left( 1 - \frac{e^{\eta_i}}{1 + e^{\eta_i}} \right)^{n_i - y_i} \end{aligned}$$

3. Likelihood function :

$$L(\beta) = \prod_{i=1}^n \binom{n_i}{y_i} \left( \frac{e^{\eta_i}}{1 + e^{\eta_i}} \right)^{y_i} \left( 1 - \frac{e^{\eta_i}}{1 + e^{\eta_i}} \right)^{n_i - y_i}$$

4. log-likelihood function:

$$l(\beta) = \sum_{i=1}^n \left( y_i \eta_i - n \log(1 + e^{\eta_i}) + \log(n!) \right)$$

not linear. We use iterative technique to maximize the log-likelihood function.

5. maximize!

## Interpretation of Binomial Regression

$$\eta_i = \hat{\beta}_0 + \hat{\beta}_1 x_{i,1} + \hat{\beta}_2 x_{i,2} = \log\left(\frac{\hat{p}_i}{1-\hat{p}_i}\right)$$

2 predictors:  $x_{i,1}$  and  $x_{i,2}$

we have ml estimates  $\hat{\beta}_0$ ,  $\hat{\beta}_1$  and  $\hat{\beta}_2$

Definition: Let event  $E$  have probability  $p$  of occurrence.  
Then the odds in favor of  $E$  is:

$$O_E = \frac{p}{1-p}$$

biased coin:  $P(H) = 3/4$  and  $P(T) = 1/4$

$$O_E = \frac{p}{1-p} = \frac{(3/4)^2}{1-(3/4)^2} = \frac{0.5625}{0.375} \approx \frac{1.29}{7}$$

that we get H twice in arrow.

It only holds for the logit link function.

$\beta_0$  : log odds of success when all predictors are equal to 0.

$\beta_j$  :  $X_{i,j}$  increase by 1 unit and all other predictors are held constant, the log-odds of success increases by  $\beta_j$ .

Odds of success increases by  $e^{\beta_j}$

## Binomial Regression in R

Occupancy : 0: not occupied  
1: occupied

Temperature : in Celsius

Relative Humidity :

Light :

$CO_2$  measurement :

use "RCurl" package

"glm" function , family = "binomial"

format of the response : factor or  
as a two-column matrix  
(factor here)

Estimates computed using maximum likelihood estimation  
us IRLS.

$\hat{\beta}_0 = -29.31$  : . on the scale of the linear predictor  
(not exponentiated)

. average log-odds of an app.  
being occupied, everything else  
is 0, is about 29,3%.

.  $e^{\hat{\beta}_0} \approx 0$  (odd)

.  $e^{\hat{\beta}_3} \approx 1.02$  (odd)

. increase is multiplicative

$$\begin{aligned}\hat{e}^{x+1} &= e^{\hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \hat{\beta}_3 (X_3+1) + \hat{\beta}_4 x_4} \\ &= e^{\hat{\beta}_3} \underbrace{e^{\hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \hat{\beta}_3 X_3 + \hat{\beta}_4 x_4}}_{e^{\hat{x}}} \\ &= e^{\hat{\beta}_3} e^{\hat{x}} \quad e^{\hat{\beta}_3} \approx 1.02\end{aligned}$$

# Poisson Regression : model for count data

$y_i, i=1, \dots, n$

response variable, Poisson

$x_{ij}, j=1, \dots, p$

systematic component

$y_i \sim \text{Poi}(\lambda_i)$

$y_i = 0, 1, 2, \dots$

$$P(y_i = y_i) = \frac{e^{-\lambda_i} \lambda_i^{y_i}}{y_i!}$$

$\lambda_i > 0$  potentially different for d.f.p. measurement

mean :  $\mu_i = E[y_i] = \lambda_i$

Variance :  $\sigma_i^2 = \text{var}(y_i) = \lambda_i$

canonical parameter :  $\theta_i = \log(\mu_i) = \log(\lambda_i)$

canonical link function :  $\log(\lambda)$

systematic component :

$$\eta = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p$$

has to be positive. The mean (positive) should be linked to the linear predictor by a link function

$$g(\lambda_i) = \log(\lambda_i) \quad \text{mean in a rate}$$

$$\Rightarrow \eta_i \stackrel{\text{set}}{=} g(\lambda_i) = \log(\lambda_i) = \theta \quad (\text{canonical parameter})$$

$$\lambda_i = e^{\eta_i}$$

estimation by maximum likelihood.

$$\underline{\text{Rate response}} : \mu_i = \lambda_i = \frac{\text{count}}{\text{exposure time}} = \frac{y_i}{e_i}$$

offset term : (log link)

$e_i$  : Known period of time

$$g(\lambda_i) = \log(\lambda_i) = \log\left(\frac{y_i}{e_i}\right) = \log(y_i) - \log(e_i)$$

offset in glm formula. For different period of time of exposure.

Family = "poisson"

# Poisson Regression : parameter estimation

maximum likelihood estimation

1. marginal pmf :

$$P(Y_i = y_i) = \frac{e^{-\lambda_i} \lambda_i^{y_i}}{y_i!}, y_i = 0, 1, 2, \dots$$

2. joint pmf :

$$f(y_i; \lambda_i) = \prod_{i=1}^n \left( \frac{e^{-\lambda_i} \lambda_i^{y_i}}{y_i!} \right)$$

3. likelihood function

$$L(\beta) = \prod_{i=1}^n \left( \frac{e^{\lambda_i} \lambda_i^{y_i}}{y_i!} \right)$$

$$\eta_i = \log(\lambda_i)$$

$$e^{\eta_i} = e^{\beta_0 + \beta_1 x_i + \dots}$$

$$= \prod_{i=1}^n \left( \frac{e^{e^{-\eta_i}} e^{y_i \eta_i}}{y_i!} \right)$$

$$= \prod_{i=1}^n \left( \frac{e^{y_i \eta_i - e^{\eta_i}}}{y_i!} \right)$$

4. log-likelihood function

$$l(\beta) = \sum_{i=1}^n \left( y_i \eta_i - e^{\eta_i} - \log(y_i!) \right)$$

5. maximize ! using iterative techniques.

# Interpreting the Poisson Regression model

remember : we use the log link  $\log(\lambda_i) = \eta_i$

- $\beta_0$  :  $e^{\beta_0}$  can be interpreted as the mean of the response when each predictor is set to 0.
- $\beta_j$  :  $e^{\beta_j}$  can be interpreted as the multiplicative increase in the mean of the response for a one unit increase in  $x_{i,j}$ , holding all other predictors constant.

$$\begin{aligned}y_i^{+1} &= \hat{\lambda}_i^{+1} = e^{\{\hat{\beta}_0 + \hat{\beta}_1 x_{i,1} + \dots + \hat{\beta}_j (x_{i,j} + 1) + \\&\quad \dots + \hat{\beta}_p x_{i,p}\}} \\&= \exp\{\hat{\beta}_j\} \exp\{\hat{\beta}_0 + \hat{\beta}_1 x_{i,1} + \dots + \hat{\beta}_j (x_{i,j}) + \dots + \hat{\beta}_p x_{i,p}\} \\&= \exp\{\hat{\beta}_j\} \hat{\lambda}_i\end{aligned}$$

# Poisson Regression : Goodness of fit

Deviance:  $D$   $\xrightarrow{\text{mle}}$

$$D = -2 \underbrace{\ell(\hat{\beta})}_{\sum_{i=1}^n (y_i \eta_i - e^{\hat{\eta}_i} - \log(y_i!))}$$

a small deviance means a better fit.

The null deviance (deviance for the null model)

$$D_{\text{null}} = -2 \sum_{i=1}^n (y_i \hat{\eta}_i - e^{\hat{\eta}_i} - \log(y_i!))$$

if  $\eta_i = \beta_0 \Leftrightarrow \hat{\lambda}_i = \bar{y}$

$$= -2 \sum_{i=1}^n (y_i \log(\hat{\lambda}_i) - \hat{\lambda}_i - \log(y_i!))$$

$$= -2 \sum_{i=1}^n (y_i \log(\bar{y}) - \bar{y} - \log(y_i!))$$

The saturated deviance (deviance for the saturated model)

A parameter for each data point.

$$D_{\text{sat}} = -2 \sum_{i=1}^n (\gamma_i \log(\gamma_i) - \gamma_i - \log(\gamma_i!))$$

The residual deviance

$$D_{\text{resid}} = D_p - D_{\text{sat}}$$

$D_p$  is the model that we are interested

$$= -2 \sum_{i=1}^n (\gamma_i \log(\hat{\lambda}_i) - \hat{\lambda}_i - \log(\gamma_i!))$$

$$+ 2 \sum_{i=1}^n (\gamma_i \log(\gamma_i) - \gamma_i - \log(\gamma_i!))$$

$$= \dots$$
$$= 2 \sum_{i=1}^n (\gamma_i \log(\gamma_i/\hat{\lambda}_i) - (\gamma_i - \hat{\lambda}_i))$$

This quantity has a  $\text{Chi-2}$  distribution ( $n-(p+1)$ ) degrees of freedom

$$\chi^2_{n-(p+1)}$$

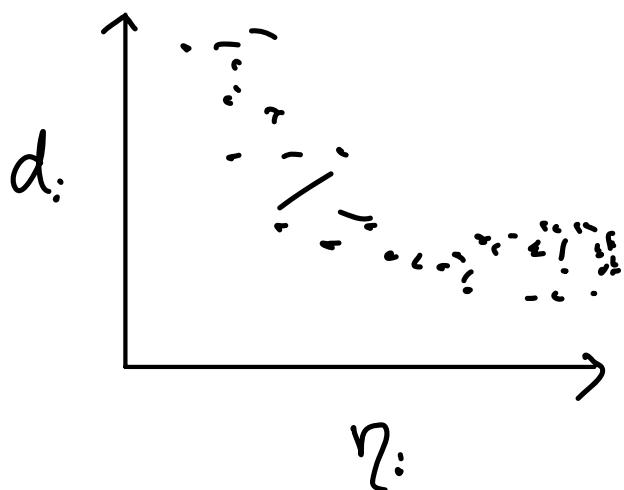
## Goodness of fit test

$H_0$  : The model with  $p$  parameters fits the data well

## Deviance residuals

$$d_i = \text{sign}(y_i - \hat{\lambda}_i) \sqrt{\varepsilon \left( y_i (\log(y_i/\hat{\lambda}_i)) - (y_i - \hat{\lambda}_i) \right)}$$

$d_i \sim N(0, 1)$  under  $H_0$  and with a high number of counts.



if we see a nonlinear trend, this could indicate lack of fit