# **EXPERIMENT REPORT**

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| **Student Name** | Ronik Jayakumar |
| **Project Name** | Salary Predictor - Lasso |
| **Date** | 29/03/2024 |
| **Deliverables** | Machine learning Assignment 1  Experiment 3 –  Lasso Regularization |

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| 1. **EXPERIMENT BACKGROUND** | |
| Provide information about the problem/project such as the scope, the overall objective, expectations. Lay down the goal of this experiment and what are the insights, answers you want to gain or level of performance you are expecting to reach. | |
| **1.a. Business Objective** | Explain clearly what is the goal of this project for the business. How will the results be used? What will be the impact of accurate or incorrect results?  The business's objective with this project is to create a prediction model that can reliably forecast earnings based on characteristics such as education, talents, and experience. The findings of this project will be utilized by the company, namely the HR department or recruiting managers, to make educated judgements on wage offers for job hopefuls or current workers. Accurate pay estimating findings can have a number of positive consequences on the business:   * Improved recruiting Process: Accurate pay estimations can assist to speed the recruiting process by making fair and competitive compensation offers to candidates. This can attract top people and increase the overall quality of hiring. * Employee satisfaction can be improved by offering competitive salaries based on reliable predictions. Employees that feel appropriately compensated are more likely to stay with an organisation in the long run. * Compliance and Fairness: Fair and transparent compensation policies are critical for ensuring regulatory compliance and a great employer brand. Accurate pay estimates guarantee that the organisation meets regulatory obligations and encourages equitable remuneration practices.   On the other hand, incorrect results from the salary estimation model can have negative consequences:   * Hiring Challenges: Inaccurate wage estimates might make it difficult to recruit and retain top workers. Candidates may reject offers that they believe are unfair or below market value, making it harder to fill important positions. * Employee Dissatisfaction: Offering salaries that are significantly lower than market rates can result in employee dissatisfaction and low morale * Budget Overruns: Overestimating salaries can lead to budget overruns and financial strain on the company.   All this will be implemented by using the Cross Industry Standard Process for Data Mining (CRISP-DM) process model for efficiently setting up the business. The 6 phases of CRISP-DM are:   * Business Understanding – What does the business need? * Data Understanding – What data do we have/need? Is it clean? * Data preparation – How do we organize our data for modeling? * Modeling – What modeling techniques should be apply? * Evaluation – Which model best meets the business objectives? * Deployment – How do stakeholders access the results? [1]   The CRISP-DM framework would give structure to our business objective to drive it in a systematic way based on customer needs. |
| **1.b. Hypothesis** | Present the hypothesis you want to test, the question you want to answer or the insight you are seeking. Explain the reasons why you think it is worthwhile considering it,  The hypothesis being tested is to check whether a Ridge regularization model can increase efficiency in predicting salary using a combination of specific features, including quantitative aptitude, logical reasoning, academic performance (10th and 12th percentages), English proficiency, college tier, programming skills, domain knowledge, age, and specialization.  The investigation into this hypothesis holds significance due to its potential on streamlining wage determination. The investigation holds great significance for the placement cell as it directly impacts the career trajectory and earning capacity of a graduate. With the implementation of such a model, the placement cell can guide and support students as they navigate the job market.  Furthermore, uncovering the drivers of salary can help a particular cell make more informed recommendations which would improve their placement rates. This in turn would help ensure positive relations between employers and students. |
| **1.c. Experiment Objective** | Detail what will be the expected outcome of the experiment. If possible, estimate the goal you are expecting. List the possible scenarios resulting from this experiment.  The expected outcome of the experiment is to develop a predictive model that can estimate salaries based on background characteristics of an individual.  Potential outcomes of this experiment include:   * A well performing model with good predictive abilities and generalization capabilities towards unseen data. * Feature identification that drives salary discrepancies. * Hyperparameter tuning steps * Optimal machine learning model identification * Insights on the relationship between the independent variables with the target variable.   An estimate of the expected goals would be as follows:   * A model which gives decent predictions for the company and the client to use as an estimate. * Increased hiring rates due to data driven decision making * Client and employee satisfaction   The possible scenarios resulting from this experiment are:   * The existence of a model that gives good accuracy scored that could be used as a base model to build on for future and more comprehensive projects.   A model that predicts salaries at an accuracy level lower than what we are expecting but can prove to be a model that can be used as a baseline guide on problems you may face. |

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| 1. **EXPERIMENT DETAILS** | |
| Elaborate on the approach taken for this experiment. List the different steps/techniques used and explain the rationale for choosing them. | |
| **2.a. Data Preparation** | Describe the steps taken for preparing the data (if any). Explain the rationale why you had to perform these steps. List also the steps you decided to not execute and the reasoning behind it. Highlight any step that may potentially be important for future experiments.  The data has been provided in 3 csv files, namely – salary training, salary validation, salary testing with each of these files containing 31 columns or categories. The following are the steps taken to ensure the data is ready for analysis.   * The first process that was carried out was the conversion of the dob column which represents date of birth into an age column using the datetime package in python. * The second was exploring into duplication that may exist in the dataset. The provided validation and testing set had all their values available in the training set. Due to this they were disregarded, and a new train test split will be generated before modelling. For the rest of the data preparation, we will focus on the training set only. * A box plot and a histogram of the target variable was generated to visualize the skew and range of salaries that exist in the dataset. * The next order of data preparation was to explore numerical columns in the dataset. These columns are checked for correlation and the top 9 values except 12th graduation are made into a new pandas DataFrame. 12th graduation year was excluded as it does not align with our business needs. * The new DataFrame of numerical values are checked for outliers using box plots and dealt with using the Inter Quartile Range. Since the overall number of rows is small at 2998, we have decided to adjust the outliers rather than drop them. This keeps our overall training data at the same number while ensuring no outliers exist. The same has been verified using the box plots for a second time. * An ANOVA test is carried out on the categorical columns to find the p-values of each of them. We see that the field pertaining to specialization had a value very close to 0 which shows there is a strong correlation between the two.   **Note**: All this was done in experiment 1, the cleaned and sorted out DataFrame with the required independent features are loaded onto the experiment 3 notebook directly. |
| **2.b. Feature Engineering** | Describe the steps taken for generating features (if any). Explain the rationale why you had to perform these steps. List also the feature you decided to remove and the reasoning behind it. Highlight any feature that may potentially be important for future experiments   * Imputation has been carried out with the column ‘computerprogramming’. The existence of a total of 650 values corresponding to -1 meant these rows could not be dropped. Hence the mean value of the overall column has been replaced in every row with -1. * The chosen categorical column i.e. Specialization has been encoded using the Label Encoder in python. This was the choice of encoding methodology due to the large number of variables within the column which would make other encoding methods like one hot encoding a bit more complex to handle. * As mentioned earlier, the numerical columns were separated, and outliers were removed. The encoded specialization column is integrated into this DataFrame containing the rest of our independent variables. * Finally, scaling has been performed over the entire dataset to ensure all values exist under a single scale. This has been carried out using the Standard Scalar library in python.   Note: Scaling has also been done over the target column as high and difficult to interpret RMSE scores were being observed when not scaled.  The features that have been removed are listed below:   * ID * Gender * 12graduation * College ID * Degree * College GPA * College city ID * College city tier * Graduation year * Electronics and semicon * Computer science * Mechanical engineering * Electrical engineering * Telecom engineering * Civil engineering * Conscientiousness * Agreeableness * Extraversion * Openness to experience   Some of these features were dropped as they had low correlation with the target variable. Other features such as ID were dropped as it just an identification column.  Features that would be of future importance would be the per subject expertise that a student can portray. This would need further analysis and more data for models to learn In an efficient manner but it could be a definite next step in the quest for better and more accurate models.  **Note**: All this was done in experiment 1, the cleaned and sorted out DataFrame with the required independent features are loaded onto the experiment 3 notebook directly |
| **2.c. Modelling** | Describe the model(s) trained for this experiment and why you choose them. List the hyperparameter tuned and the values tested and also the rationale why you choose them. List also the models you decided to not train and the reasoning behind it. Highlight any model or hyperparameter that may potentially be important for future experiments  Lasso regression is **a regularization technique**. It is used over regression methods for a more accurate prediction. This model uses shrinkage. Shrinkage is where data values are shrunk towards a central point as the mean. The lasso procedure encourages simple, sparse models (i.e. models with fewer parameters).  Hyperparameter tuned:  The major hyperparameter adjusted for Lasso regression is the regularization strength, which is commonly represented by the alpha parameter. The amount of regularization applied to the coefficients may be controlled by altering the alpha parameter.  In this experiment, the KFold methodology has been applied to find the most appropriate value of alpha. In this experiment it is found that the best value of alpha is 0.001.  Models not trained:  Other models such as ElasticNet and decision tree-based models such as Random Forest or Gradient Boosting were not trained in this experiment. The decision to use Lasso regression was based on its capacity to do feature selection, which was judged necessary for the project's goal of reliably forecasting wages while retaining model interpretability.  Future experiments:  Future research should investigate alternative alpha values and determine their influence on model performance and feature selection. Furthermore, experimenting with alternative feature engineering approaches or adding domain-specific information might improve the performance of Lasso regression models. Furthermore, assessing the interplay of hyperparameters such as alpha and learning rate in ensemble techniques such as Gradient Boosting might help improve forecast accuracy. |

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| 1. **EXPERIMENT RESULTS** | |
| Analyse in detail the results achieved from this experiment from a technical and business perspective. Not only report performance metrics results but also any interpretation on model features, incorrect results, risks identified. | |
| **3.a. Technical Performance** | Score of the relevant performance metric(s). Provide analysis on the main underperforming cases/observations and potential root causes.  Baseline Model Performance:  The baseline model exhibits relatively high RMSE values on both the training and validation sets, indicating poor predictive performance. This suggests that the baseline model is underfitting the data and is unable to capture the underlying patterns in the dataset effectively.  Lasso Regression Model Performance:  The Lasso regression model shows significant improvement over the baseline model, with substantially lower RMSE values across all datasets. This indicates that the Lasso regression model better captures the relationship between the input features and the target variable, resulting in more accurate predictions.  The performance on the testing set (RMSE = 0.843) suggests that the Lasso regression model generalizes well to unseen data, indicating its potential for practical deployment.  Main Underperforming Cases:   * Determine if the model's predictions depart considerably from the actual values, resulting in big residuals. * Concentrate on data points having relatively significant residuals compared to the general distribution of residuals. |
| **3.b. Business Impact** | Interpret the results of the experiments related to the business objective set earlier. Estimate the impacts of the incorrect results for the business (some results may have more impact compared to others)  The model has performed reasonably well given the current data, time and complexity constraints. Good predictions would help achieve all the business features highlighted at the start of the report.  Estimated impacts of incorrect results:   * Underestimation of salary: This could lead to dissatisfaction and demotivation in young employees. This in turn could result in low job acceptance rates which would hamper overall efficiency. * Overestimation of salary: This could create unrealistic expectations in the minds of employees. When these standards are not met, the same dissatisfaction and demotivation sets in which could cause them to remain in our business’ pipeline and jobless for much longer than expected. * Misclassification of employee potential: If the model incorrectly classifies employees' potential based on expected salary, it may result in wasteful resource allocation and talent management. Overestimating or underestimating employees' talents may result in allocating them to tasks that do not effectively use their skills and knowledge, resulting in poor performance and productivity. * Misrepresentation of salaries due to underlying bias: There is a risk that the model may amplify underlying biases that exist in the dataset which needs to be carefully considered. |
| **3.c. Encountered Issues** | List all the issues you faced during the experiments (solved and unsolved). Present solutions or workarounds for overcoming them. Highlight also the issues that may have to be dealt with in future experiments.  The issues faced during the experiment were as follows:   * Duplication in the validation and testing datasets. The values existed in the training dataset which gave rise to erratic numbers. This was overcome by ensuring duplicates existed and by creating a new train-validation-test split. * Existence of outliers, specifically the -1 values of the various subjects. * High number of features exist which required a lot of feature scaling * Erratic RMSE scores – The scaling of the target value along with the rest of the dataset fixed this issue. * Finding the ideal alpha character for this experiment.   Some issues which may arise in future more comprehensive experiments especially on a larger scale would be as follows:   * Limited data – The limited availability of data could prove to be a challenge with more comprehensive model training. * Privacy of sensitive information – Salary information is considered as sensitive private data, and its unauthorized disclosure could lead to an infringement in an individual’s privacy. Strict authorization standards need to be setup by an organization when dealing with this information.   Data Accuracy and integrity – The accuracy and integrity of the data used to train the model is crucial for its accuracy levels. Verification steps must be undertaken by the organization to ensure inconsistencies and errors are |

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| 1. **FUTURE EXPERIMENT** | |
| Reflect on the experiment and highlight the key information/insights you gained from it that are valuable for the overall project objectives from a technical and business perspective. | |
| **4.a. Key Learning** | Reflect on the outcome of the experiment and list the new insights you gained from it. Provide rationale for pursuing more experimentation with the current approach or call out if you think it is a dead end.  Effectiveness of the Model: The experiment showed that the Lasso regression model could predict wages rather well, as seen by the comparatively low RMSE values throughout the training, validation, and testing sets. This shows that the chosen traits can predict income levels.  Room for Improvement: While the model performed well, there is definitely space for improvement in terms of prediction errors, especially on the testing set. This suggests that there may be more variables impacting compensation levels that have not been captured by the existing collection of characteristics, or that the model's complexity requires modification.  Feature Engineering Opportunities: Exploring new characteristics or improving current ones might boost the model's prediction performance. For example, including industry-specific factors, job titles, years of experience, or performance indicators might offer a more complete knowledge of salary drivers. Model Selection Considerations: While Lasso Regression was a good starting point, experimenting with other machine learning algorithms like decision trees, random forests, or gradient boosting could provide alternative modelling approaches that better capture nonlinear relationships and interactions between variables.  Evaluation metrics: In addition to RMSE, investigating alternate assessment measures such as mean absolute error (MAE), R-squared (R2), or quantile loss may offer a more complete knowledge of the model's performance and ability to capture various elements of prediction accuracy.  Data quality and pre-processing: Continuously monitoring data quality, fixing missing values and outliers, and ensuring adequate feature scaling are all critical steps towards improving model resilience and generalization capacity. |
| **4.b. Suggestions / Recommendations** | Given the results achieved and the overall objective of the project, list the potential next steps and experiments. For each of them assess the expected uplift or gains and rank them accordingly. If the experiment achieved the required outcome for the business, recommend the steps to deploy this solution into production.   * Feature Engineering and Selection:   Capture additional features such that could prove relevant to salary determination such as internship experience, relevant certifications, etc.  Expected Uplift: Enhanced model performance by capturing more relevant information about salary determinants. Rank: **High**   * Model Selection and Hyperparameter tuning:   Explore into alternative machine learning models which may have the ability to capture deeper relationships between the features and the target value.  Expected Uplift: Improved predictive accuracy, ability to capture complex relationships, and can handle variations in data. Rank: **High**   * Advanced evaluation metrics:   Evaluate model performance using more advanced evaluation metrics such as r2 score and mean absolute error.  Expected Uplift: Improved understanding of model performance, fairness, and interpretability, resulting in better informed decision-making by the use of metrics such as r2 score. Ranking: **Medium**  Recommendation for deployment:   * Once the model has demonstrated adequate performance and fairness, deploy it into production settings using standard practices for model deployment and monitoring. * Collaborate with stakeholders, such as HR departments and decision-makers, to incorporate the model into current systems and workflows. * Provide user training and assistance to ensure that the model is used effectively and that the results are interpreted correctly.   Establish frequent review and update cycles to include new data, handle changing business needs, and keep the model relevant over time |

References:  
[1]: Ridge and Lasso Regression in Python | Complete Tutorial (Updated 2024) - Aarshay Jain - 11 Jan, 2024 - Analytics Vidhya - https://www.analyticsvidhya.com/blog/2016/01/ridge-lasso-regression-python-complete-tutorial/#:~:text=Lasso%20regression%20is%20a%20regularization,i.e.%20models%20with%20fewer%20parameters)