

MODULE 2: REGRESSION AND PREDICTION

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**CASE STUDY ACTIVITY TUTORIAL**

CASE STUDY 1 – PREDICTING WAGES

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# Contents of Case Study 1:

The video that covers this case study is given in Module 2, Segment 1.4.

1. Codebook.rtf contains the description of worker job-relevant characteristics.
2. pay.discrimination.Rdata: the CPS (2012) data on wages and job-relevant worker characteristics, such as experience exp, gender, education.
3. Regression1.4.CaseStudy.R predicts expected wage given worker characteristics using linear model with linear and quadratic specifications. In addition, it evaluates the performance of the predictor by:
4. r.squared and mean squared error, with and without sample splitting.
5. Regression.1.4.pdf is the set of slides describing the wage prediction model.