

Q3

Ch3, Q3

$$\hat{\beta}_0 = 50$$

$$\hat{\beta}_1 = 20 \quad X_1 = \text{GPA}$$

$$\hat{\beta}_2 = 0.07 \quad X_2 = \text{IQ}$$

$$\hat{\beta}_3 = 35 \quad X_3 = \text{Gender} = \{0 = \text{male}, 1 = \text{female}\}$$

$$\hat{\beta}_4 = 0.01 \quad X_4 = \text{Interaction between GPA \& IQ } X_1 X_2$$

$$\hat{\beta}_5 = -10 \quad X_5 = \text{Interaction between GPA \& Gender } X_1 X_3$$

Y = Starting salary after graduation (\$1000)

$$Y = 50 + 20 \times \text{GPA} + 0.07 \times \text{IQ} + 35 \times \text{Gender} + 0.01(\text{GPA} \times \text{IQ}) - 10(\text{GPA} \times \text{Gender})$$

3a

i. Males earn more? **False**ii. Females earn more? **True**

iii. Males earn more if GPA sufficiently large?

iv. Females earn more if GPA sufficiently large?

3b

$$\begin{aligned} Y &= 50 + 20 \times 4 + 0.07 \times 110 + 35 \times 1 + 0.01(4 \times 110) - 10(4 \times 1) \\ &= 137.1 \end{aligned}$$

3c. Since β_4 is so small (GPA/IQ) there's very little evidence of an interaction effect? T/F?

$$\beta_4$$