# Likelihood ratio test for a gamma distribution

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8th October 2021

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# Definitions

Let $Y_{ij}$ denote the $j$th observation from the $i$th treatment group, $i = 1, 2, 3, ..., m$ and $j = 1, 2, 3, ..., n_i$.

$$n = \sum_{i=1}^{m} n_i$$

$$\overline{Y} = \frac{1}{n} \sum_{i=1}^{m} \sum_{j=1}^{n_i} Y_{ij}$$

$$\overline{Y}_i = \frac{1}{n_i} \sum_{j=1}^{n_i} Y_{ij}$$

# Hypotheses

$H_0$: $Y_{ij} \sim \text{Gamma}(\alpha, \beta)$

$H_A$: $Y_{ij} \sim \text{Gamma}(\alpha_i, \beta_i)$, where $\alpha_i \neq \alpha_k$ or $\beta_i \neq \beta_k$ for some combination of $i$ and $k$ values.

Let us denote the parameter space under the null hypothesis as $\Omega_0 = \{(\alpha, \beta) : 0 < \alpha, \beta < \infty\}$ and the parameter

space under the alternative hypothesis as

$\Omega_a = \{(\alpha_i, \beta_i) : 0 < \alpha_i, \beta_i < \infty, \alpha_i \neq \alpha_k$ or $\beta_i \neq \beta_k$ for at least one pair of $i$ and $j$ values$\}$. The unrestricted para-

meter space, $\Omega = \Omega_0 \cup \Omega_a$.

# Derivation of the maximum likelihood under the null

$$L(\Omega_0) = \prod_{i=1}^{m} \prod_{j=1}^{n_i} \frac{1}{\Gamma(\alpha)\beta^\alpha} Y_{ij}^{\alpha-1} \exp\left(-\frac{Y_{ij}}{\beta}\right)$$

$$= (\Gamma(\alpha)\beta^\alpha)^{-n} \left(\prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}\right)^{\alpha-1} \exp\left(-\frac{n\overline{Y}}{\beta}\right)$$

$$= \left(\Gamma(\alpha)\beta^\alpha \exp\left(\frac{\overline{Y}}{\beta}\right)\right)^{-n} \left(\prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}\right)^{\alpha-1}. \tag{1}$$

Taking the natural logarithm yields:

$$\ln L(\Omega_0) = -n \ln \left( \Gamma(\alpha)\beta^\alpha \exp\left(\frac{\overline{Y}}{\beta}\right) \right) + (\alpha - 1) \sum_{i=1}^{m} \sum_{j=1}^{n_i} \ln Y_{ij}.$$

Next we will take the partial derivative with respect to $\alpha$ and set it to zero:

$$\frac{\partial \ln L(\Omega_0)}{\partial \alpha} \bigg|_{\alpha=\widehat{\alpha}, \beta=\widehat{\beta}} = -n \left( \frac{\Gamma'(\widehat{\alpha})\widehat{\beta}^{\widehat{\alpha}} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right) + \Gamma(\widehat{\alpha})(\ln \widehat{\beta})\widehat{\beta}^{\widehat{\alpha}} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right)}{\Gamma(\widehat{\alpha})\widehat{\beta}^{\widehat{\alpha}} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right)} \right) + \sum_{i=1}^{m} \sum_{j=1}^{n_i} \ln Y_{ij} = 0$$

$$\therefore \quad 0 = -n(\psi^{(0)}(\widehat{\alpha}) + \ln \widehat{\beta}) + \sum_{i=1}^{m} \sum_{j=1}^{n_i} \ln Y_{ij}. \tag{2}$$

Where $\psi^{(0)}(\widehat{\alpha})$ is the digamma function. Next we will take the partial derivative with respect to $\beta$ and set it to

zero:

$$\frac{\partial \ln L(\Omega_0)}{\partial \beta} \bigg|_{\alpha=\widehat{\alpha}, \beta=\widehat{\beta}} = -n \left( \frac{\Gamma(\widehat{\alpha})\widehat{\beta}^{\widehat{\alpha}-1}\widehat{\alpha} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right) - \Gamma(\widehat{\alpha})\widehat{\beta}^{\widehat{\alpha}} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right)\frac{\overline{Y}}{\widehat{\beta}^2}}{\Gamma(\widehat{\alpha})\widehat{\beta}^{\widehat{\alpha}} \exp\left(\frac{\overline{Y}}{\widehat{\beta}}\right)} \right) = 0$$

$$\therefore \quad 0 = -n \left( \frac{\widehat{\alpha}}{\widehat{\beta}} - \frac{\overline{Y}}{\widehat{\beta}^2} \right). \tag{3}$$

Multiplying both sides of Equation 3 by $-\dfrac{\widehat{\beta}^2}{n}$ yields:

$$0 = \widehat{\alpha}\widehat{\beta} - \overline{Y}$$

$$\therefore \quad \widehat{\beta} = \frac{\overline{Y}}{\widehat{\alpha}}. \tag{4}$$

Re-writing Equation 2 using Equation 4 yields:

$$0 = -n \left( \psi^{(0)}(\widehat{\alpha}) + \ln \frac{\overline{Y}}{\widehat{\alpha}} \right) + \sum_{i=1}^{m} \sum_{j=1}^{n_i} \ln Y_{ij}. \tag{5}$$

This equation cannot be analytically solved, so $\widehat{\alpha}$ must be numerically approximated using Newton's method and $\widehat{\beta}$ must be estimated from our approximation of $\widehat{\alpha}$ using Equation 4.

Before we apply Newton's method to get an algorithm for estimating $\widehat{\alpha}$, let us use our MLEs to find our expression for maximum likelihood under the null. Substituting Equation 4 into Equation 1 yields:

$$
\begin{aligned}
L(\widehat{\Omega_0}) &= \left( \Gamma(\widehat{\alpha}) \left( \frac{\overline{Y}}{\widehat{\alpha}} \right)^{\widehat{\alpha}} \exp(\widehat{\alpha}) \right)^{-n} \left( \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij} \right)^{\widehat{\alpha}-1} \\
&= \left( \Gamma(\widehat{\alpha}) \left( \frac{\overline{Y}e}{\widehat{\alpha}} \right)^{\widehat{\alpha}} \right)^{-n} \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}-1}.
\end{aligned}
\tag{6}
$$

## Using Newton's method to obtain $\widehat{\alpha}$

To use Newton's method, we must find the Jacobian for our problem, which should in this case be a scalar as we have only one equation to solve (Equation 5). Labelling the right-hand side of Equation 5 as $f(\widehat{\alpha})$, and differentiating it with respect to $\widehat{\alpha}$ yields:

$$
\begin{aligned}
\frac{\partial f}{\partial \widehat{\alpha}} &= -n \left( \psi^{(1)}(\widehat{\alpha}) - \frac{1}{\widehat{\alpha}} \right) \\
&= n \left( \frac{1}{\widehat{\alpha}} - \psi^{(1)}(\widehat{\alpha}) \right).
\end{aligned}
$$

Therefore we can refine our estimate of $\widehat{\alpha}$ from an initial guess $\widehat{\alpha}^{(0)}$ using:

$$
\begin{aligned}
\widehat{\alpha}^{(k+1)} &= \widehat{\alpha}^{(k)} - \frac{f(\widehat{\alpha}^{(k)})}{\frac{\partial f}{\partial \widehat{\alpha}} \Big|_{\widehat{\alpha}=\widehat{\alpha}^{(k)}}} \\
&= \widehat{\alpha}^{(k)} - \frac{-n \left( \psi^{(0)}(\widehat{\alpha}^{(k)}) + \ln \frac{\overline{Y}}{\widehat{\alpha}^{(k)}} \right) + \sum_{i=1}^{m} \sum_{j=1}^{n_i} \ln Y_{ij}}{n \left( \frac{1}{\widehat{\alpha}^{(k)}} - \psi^{(1)}(\widehat{\alpha}^{(k)}) \right)}.
\end{aligned}
$$

Where $\psi^{(1)}(\widehat{\alpha}^{(k)})$ is the derivative of the digamma function, also known as the trigamma function.

# Derivation of the unrestricted maximum likelihood

$$L(\Omega) = \prod_{i=1}^{m} \prod_{j=1}^{n_i} \frac{1}{\Gamma(\alpha_i)\beta_i^{\alpha_i}} Y_{ij}^{\alpha_i - 1} \exp\left(-\frac{Y_{ij}}{\beta_i}\right)$$

$$= \left(\prod_{i=1}^{m} (\Gamma(\alpha_i)\beta_i^{\alpha_i})^{-n_i}\right) \left(\prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\alpha_i - 1}\right) \exp\left(-\sum_{i=1}^{m} \frac{n_i \overline{Y}_i}{\beta_i}\right). \tag{7}$$

Taking the natural logarithm yields:

$$\ln L(\Omega) = -\sum_{i=1}^{m} n_i \ln\left(\Gamma(\alpha_i)\beta_i^{\alpha_i}\right) + \sum_{i=1}^{m} (\alpha_i - 1) \sum_{j=1}^{n_i} \ln Y_{ij} - \sum_{i=1}^{m} \frac{n_i \overline{Y}_i}{\beta_i}.$$

Differentiating our log-likelihood with respect to $\alpha_k$ and setting the derivative to zero:

$$\frac{\partial \ln L(\Omega)}{\partial \alpha_k}\bigg|_{\alpha_i = \widehat{\alpha}_i, \beta_i = \widehat{\beta}_i} = -\sum_{i=1}^{m} n_i \left(\frac{\Gamma'(\widehat{\alpha}_i)\widehat{\beta}_i^{\widehat{\alpha}_i} + \Gamma(\widehat{\alpha}_i)(\ln \widehat{\beta}_i)\widehat{\beta}_i^{\widehat{\alpha}_i}}{\Gamma(\widehat{\alpha}_i)\widehat{\beta}_i^{\widehat{\alpha}_i}}\right) \delta_{ik} + \sum_{i=1}^{m} \delta_{ik} \sum_{j=1}^{n_i} \ln Y_{ij} = 0$$

$$\therefore \quad 0 = -n_k(\psi^{(0)}(\widehat{\alpha}_k) + \ln \widehat{\beta}_k) + \sum_{j=1}^{n_k} \ln Y_{kj}. \tag{8}$$

Where $\delta_{ik}$ is the Kronecker delta.

Differentiating our log-likelihood with respect to $\beta_k$ and setting the derivative to zero:

$$\frac{\partial \ln L(\Omega)}{\partial \beta_k}\bigg|_{\alpha_i = \widehat{\alpha}_i, \beta_i = \widehat{\beta}_i} = -\sum_{i=1}^{m} n_i \left(\frac{\Gamma(\widehat{\alpha}_i)\widehat{\beta}_i^{\widehat{\alpha}_i - 1}\widehat{\alpha}_i}{\Gamma(\widehat{\alpha}_i)\widehat{\beta}_i^{\widehat{\alpha}_i}}\right) \delta_{ik} + \sum_{i=1}^{m} \frac{n_i \overline{Y}_i}{\widehat{\beta}_i^2} \delta_{ik} = 0$$

$$\therefore \quad 0 = -\frac{n_k \widehat{\alpha}_k}{\widehat{\beta}_k} + \frac{n_k \overline{Y}_k}{\widehat{\beta}_k^2}. \tag{9}$$

Multiplying Equation 9 by $\dfrac{\widehat{\beta}_k^2}{n_k}$ yields:

$$-\widehat{\alpha}_k \widehat{\beta}_k + \overline{Y}_k = 0$$

$$\widehat{\beta}_k = \frac{\overline{Y}_k}{\widehat{\alpha}_k}. \tag{10}$$

Substituting Equation 10 into Equation 8 yields:

$$0 = -n_k \left( \psi^{(0)}(\widehat{\alpha}_k) + \ln\left( \frac{\overline{Y}_k}{\widehat{\alpha}_k} \right) \right) + \sum_{j=1}^{n_k} \ln Y_{kj}. \tag{11}$$

Equation 11 has no closed-form solution and hence $\widehat{\alpha}_k$ must be numerically approximated using a technique like Newton's method. Before we obtain an iterative formula based on Newton's method to approximate $\widehat{\alpha}_k$, we will use Equation 10 to obtain the unrestricted maximum likelihood by substituting it into Equation 7:

$$
\begin{aligned}
L(\widehat{\Omega}) &= \left( \prod_{i=1}^{m} \left( \Gamma(\widehat{\alpha}_i) \left( \frac{\overline{Y}_i}{\widehat{\alpha}_i} \right)^{\widehat{\alpha}_i} \right)^{-n_i} \right) \left( \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}_i - 1} \right) \exp\left( -\sum_{i=1}^{m} \frac{n_i \overline{Y}_i}{\frac{\overline{Y}_i}{\widehat{\alpha}_i}} \right) \\
&= \left( \prod_{i=1}^{m} \left( \Gamma(\widehat{\alpha}_i) \left( \frac{\overline{Y}_i}{\widehat{\alpha}_i} \right)^{\widehat{\alpha}_i} \right)^{-n_i} \right) \left( \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}_i - 1} \right) \exp\left( -\sum_{i=1}^{m} n_i \widehat{\alpha}_i \right) \\
&= \left( \prod_{i=1}^{m} \left( \Gamma(\widehat{\alpha}_i) \left( \frac{\overline{Y}_i e}{\widehat{\alpha}_i} \right)^{\widehat{\alpha}_i} \right)^{-n_i} \right) \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}_i - 1}. \tag{12}
\end{aligned}
$$

## Using Newton's method to obtain $\widehat{\alpha}_k$

Calling the right-hand side of Equation 11, $g_k(\{\widehat{\alpha}_j\})$, and taking its partial derivative with respect to $\widehat{\alpha}_i$ so as to create the Jacobian matrix:

$$
\begin{aligned}
\frac{\partial g_k(\{\widehat{\alpha}_j\})}{\partial \widehat{\alpha}_i} &= -n_k \left( \psi^{(1)}(\widehat{\alpha}_k) - \frac{1}{\widehat{\alpha}_k} \right) \delta_{ik} \\
&= n_k \delta_{ik} \left( \frac{1}{\widehat{\alpha}_k} - \psi^{(1)}(\widehat{\alpha}_k) \right).
\end{aligned}
$$

Which means our Jacobian $J = \left( \frac{\partial g_k(\{\widehat{\alpha}_j\})}{\partial \widehat{\alpha}_i} \right)$ will be a diagonal matrix. Hence $J^{-1} = \left( \left( \frac{\partial g_k(\{\widehat{\alpha}_j\})}{\partial \widehat{\alpha}_i} \right)^{-1} \right)$. If we let $\widehat{\boldsymbol{\alpha}} = (\widehat{\alpha}_i)$ and $\mathbf{F} = (g_k(\{\widehat{\alpha}_j\}))$, then:

$$\widehat{\boldsymbol{\alpha}}^{(l+1)} = \widehat{\boldsymbol{\alpha}}^{(l)} - J^{-1}\mathbf{F}.$$

# Likelihood ratio

Therefore the likelihood ratio is:

$$\lambda = \frac{L(\widehat{\Omega_0})}{L(\widehat{\Omega})}$$

$$= \frac{\left( \Gamma(\widehat{\alpha}) \left( \frac{\overline{Y} e}{\widehat{\alpha}} \right)^{\widehat{\alpha}} \right)^{-n} \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}-1}}{\left( \prod_{i=1}^{m} \left( \Gamma(\widehat{\alpha}_i) \left( \frac{\overline{Y}_i e}{\widehat{\alpha}_i} \right)^{\widehat{\alpha}_i} \right)^{-n_i} \right) \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}_i-1}}$$

$$= \left( \Gamma(\widehat{\alpha}) \left( \frac{\overline{Y}}{\widehat{\alpha}} \right)^{\widehat{\alpha}} \right)^{-n} \left( \prod_{i=1}^{m} \left( \Gamma(\widehat{\alpha}_i) \left( \frac{\overline{Y}_i}{\widehat{\alpha}_i} \right)^{\widehat{\alpha}_i} \right)^{n_i} \right) \prod_{i=1}^{m} \prod_{j=1}^{n_i} Y_{ij}^{\widehat{\alpha}-\widehat{\alpha}_i}$$

And we know that asymptotically: $-2 \ln \lambda \sim \chi^2_{2m-2}$.