RMW4

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24/11/2021

Load and Preprocess the data:

```
library(ggplot2)
data(mtcars)
head(mtcars, n=3)
dim(mtcars)
mtcars$cyl <- as.factor(mtcars$cyl)
mtcars$vs <- as.factor(mtcars$vs)
mtcars$am <- factor(mtcars$am)
mtcars$gear <- factor(mtcars$gear)
mtcars$carb <- factor(mtcars$carb)
attach(mtcars)
```

Exploratory Analysis **See Appendix Figure I** Exploratory Box graph that compares Automatic and Manual transmission MPG. From the graph we can infer that there is a significant increase in MPG when for vehicles with a manual transmission vs automatic.

Statistical Inference T-Test transmission type and MPG

```
tResults <- t.test(mpg ~ am)
tResults$p.value
```

```
## [1] 0.001373638
```

The T-Test rejects the null hypothesis that the difference between transmission types is 0.

```
tResults$estimate
```

```
## mean in group 0 mean in group 1
##        17.14737        24.39231
```

The difference estimate between the 2 transmissions is 7.24494 MPG which is similar to whats there in the manual.

Regression Analysis Fit the full model of the data

```r
fullModelFit <- lm(mpg ~ ., data = mtcars)
summary(fullModelFit)  # results hidden
summary(fullModelFit)$coeff  # results hidden
```

Since none of the coefficients have a p-value less than 0.05 we cannot conclude which variables are more statistically significant.

Backward selection to determine which variables are most statistically significant

```r
stepFit <- step(fullModelFit)
summary(stepFit) # results hidden
summary(stepFit)$coeff # results hidden
```

The new model has 4 variables, namely cylinders, horsepower, weight and transmission. The R-squared value of 0.8659 confirms that this model explains about 87% of the variance in MPG. The p-values also are statistically significantly because they have a p-value less than 0.05. The coefficients conclude that increasing the number of cylinders from 4 to 6 with decrease the MPG by 3.03.Further increasing the cylinders to 8 with decrease the MPG by 2.16. Increasing the horsepower is decreases MPG 3.21 for every 100 horsepower. Weight decreases the MPG by 2.5 for each 1000 lbs increase. A Manual transmission improves the MPG by 1.81.

Residuals & Diagnostics Residual Plot **See Appendix Figure II**

The plots conclude:

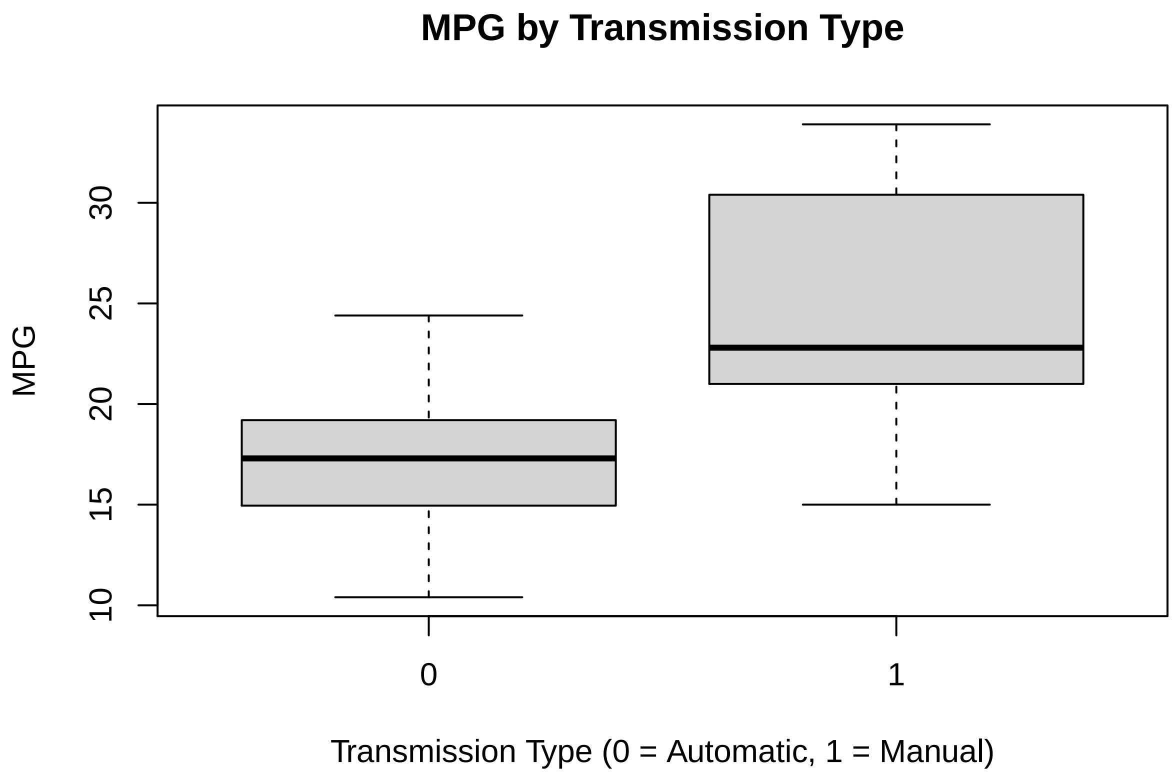
1. The randomness of the Residuals vs. Fitted plot supports the assumption of independence
2. The points of the Normal Q-Q plot following closely to the line conclude that the distribution of residuals is normal
3. The Scale-Location plot random distribution confirms the constant variance assumption
4. Since all points are within the 0.05 lines, the Residuals vs. Leverage concludes that there are no outliers

```r
sum((abs(dfbetas(stepFit)))>1)
```

```
## [1] 0
```

Conclusion There is a difference in MPG based on transmission type. A manual transmission will have a slight MPG boost. However, it seems that weight, horsepower, & number of cylinders are more statistically significant when determining MPG.

Appendix Figures to be Referred to



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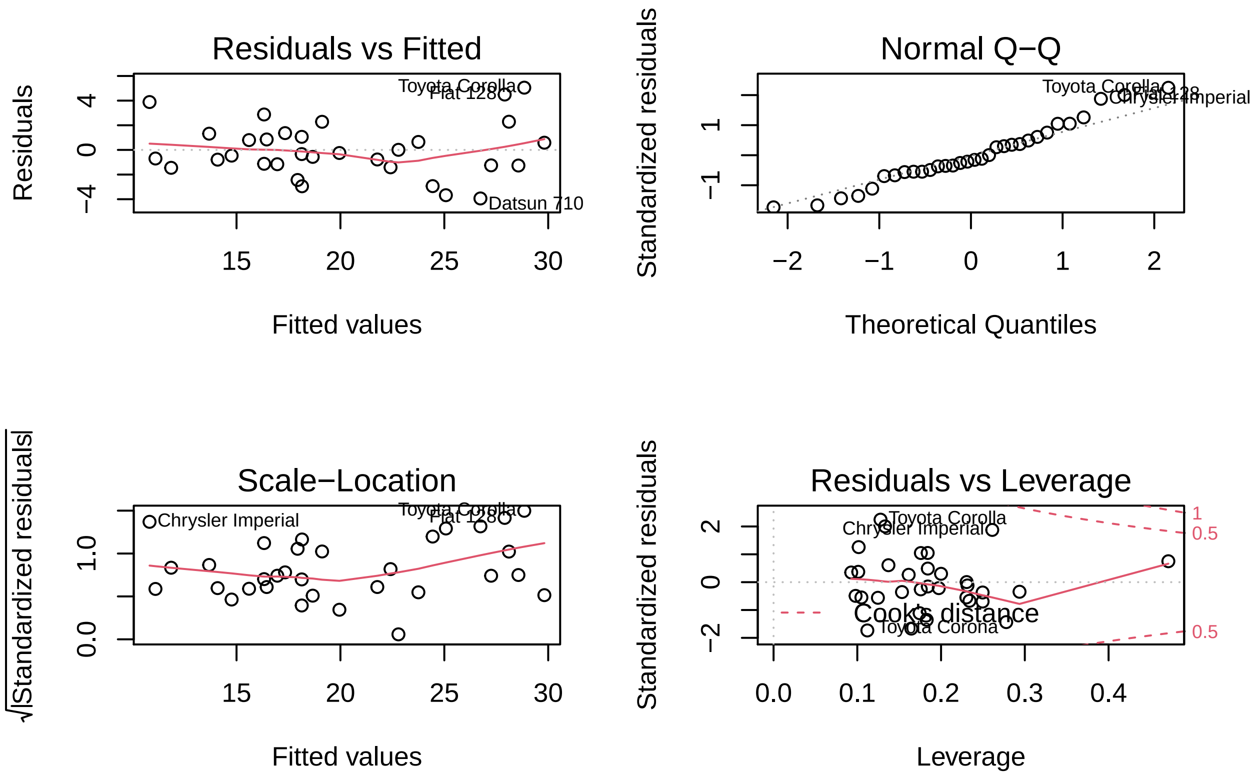

II

Executive Summary The key finding of this analysis is that manual transmission on average has a better miles per gallon (mpg) than its counterpart i.e. automatic transmission.