

# QUASI-LIKELIHOOD FUNCTIONS

By Peter McCullagh, 1983



Henrique Laureano ([.github.io](https://github.io))

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## QUASI-LIKELIHOOD FUNCTIONS

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The connection between quasi-likelihood functions, exponential family models and nonlinear weighted least squares is examined. Consistency and asymptotic normality of the parameter estimates are discussed under second moment assumptions. The parameter estimates are shown to satisfy a property of asymptotic optimality similar in spirit to, but more general than, the corresponding optimal property of Gauss-Markov estimators.



- 1 Distinguished Professor  
in the Department of Statistics @ University of Chicago;
- 2 Completed his PhD at Imperial College London,  
supervised by David Cox and Anthony Atkinson;
- 3 Also at Imperial College London,  
was the PhD supervisor of Gauss Cordeiro.

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- 1 Likelihood function with **exponential family form**
  - ↳ MLE through **weighted least squares**
    - **variance (assumed) constant**: we minimize a sum of squared residuals;
    - **variance not constant**:  
estimating equations can be thought as a generalization of the scoring method.
- 2 Likelihood function **without** exponential family form
  - ↳ In some cases: weighted least squares
    - ↳ Jorgensen, B. (1983). Maximum likelihood estimation and large sample inference for generalized linear and non-linear regression models. *Biometrika* 70

## Paper purposes

- 1 Maximize the likelihood function through weighted least squares
  - ↳ In which class of problems;
- 2 Weighted least squares under 2nd moment assumptions (**quasi-likelihood**).

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Log likelihood written in the form :  $\sigma^{-2}\{\mathbf{y}^\top \boldsymbol{\theta} - \mathbf{b}(\boldsymbol{\theta}) - \mathbf{c}(\mathbf{y}, \sigma)\}$

## The first two cumulants

By differentiating it and assuming that the support does not depend on  $\boldsymbol{\theta}$

$$\hookrightarrow E(\mathbf{Y}) = \boldsymbol{\mu} = \mathbf{b}'(\boldsymbol{\theta}) \text{ and } \text{Cov}(\mathbf{Y}) = \sigma^2 \mathbf{b}''(\boldsymbol{\theta}) = \sigma^2 \mathbf{V}(\boldsymbol{\mu}).$$

**In fact**, the  $r$ th order cumulants of  $\mathbf{Y}$  are given by  $\kappa_r = \sigma^{2r-2} \mathbf{b}^{(r)}(\boldsymbol{\theta})$ .

- 1 The first two cumulants describe the random component of the model;
- 2 However, in applications it is usually the systematic or nonrandom variation that is of primary importance  
 $\hookrightarrow E(\mathbf{Y}) = \boldsymbol{\mu} = \boldsymbol{\mu}(\boldsymbol{\beta})$  or  $E\{(\mathbf{h}(\mathbf{Y}))\} = \boldsymbol{\psi}(\boldsymbol{\beta})$  (implicitly involving  $\sigma^2$ ).

# A class of likelihood functions



**If  $\sigma^2$  is known,** log-likelihood is an exponential family

- ↳ variance and all higher order cumulants of  $\mathbf{Y}$  are functions of the mean vector alone
- ↳ exponential, Poisson, multinomial, noncentral hypergeometric and partial likelihoods (survival analysis)
- ↳ MLE of  $\beta$  through weighted least squares
  - ↳  $\mu$  and  $\sigma^2$  are orthogonal
  - ↳  $\beta$  and  $\sigma^2$  also orthogonal;

**If  $\sigma^2$  is unknown,** log-likelihood is **not generally** an exponential family

- ↳ However, MLE of  $\beta$  still through weighted least squares
  - ↳ **If**  $E(\mathbf{Y})$  does not involve  $\sigma^2$ .

# A class of likelihood functions



## Least square equations

$$\mathbf{D}^\top \mathbf{V}^- \{\mathbf{y} - \boldsymbol{\mu}(\hat{\boldsymbol{\beta}})\} = \mathbf{0}, \quad \text{for the parameters in } E(\mathbf{Y}) = \boldsymbol{\mu}(\boldsymbol{\beta})$$

- $\mathbf{D} = d\boldsymbol{\mu}/d\boldsymbol{\beta}$ ,  $N \times p$ ;
- $\mathbf{V}^-$  is a generalized inverse of  $\mathbf{V}$ .

Why its name?

- 1 **Geometrical interpretation:** projections of the residual vector  $\mathbf{y} - \boldsymbol{\mu}(\hat{\boldsymbol{\beta}}_0)$  on to the tangent space of the solution locus  $\boldsymbol{\mu}(\boldsymbol{\beta})$ ;
- 2 These equations **do not** depend on  $\sigma^2$ .

## Newton-Raphson method

We replace the second derivative matrix by its expected value,  $\mathbf{D}^\top \mathbf{V}^- \mathbf{D}$

$$\hat{\boldsymbol{\beta}}_1 - \hat{\boldsymbol{\beta}}_0 = (\mathbf{D}^\top \mathbf{V}^- \mathbf{D})^{-1} \mathbf{D}^\top \mathbf{V}^- (\mathbf{y} - \hat{\boldsymbol{\mu}}_0).$$



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## Reversing the natural order of assumptions

- 1 Instead of taking the log-likelihood to be of the exponential family form and then deriving its moments;
- 2 We begin with the moments and then attempt to reconstruct the log-likelihood.

The reconstituted function is called a **quasi-likelihood**.

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## Risk model

Latent effects only on the risk level  
i.e.,

$$\Sigma = \begin{bmatrix} \sigma_{u_1}^2 & \text{COV}_{u_1, u_2} \\ & \sigma_{u_2}^2 \end{bmatrix}.$$

## Time model

Latent effects only on the failure  
time trajectory level i.e.,

$$\Sigma = \begin{bmatrix} \sigma_{\eta_1}^2 & \text{COV}_{\eta_1, \eta_2} \\ & \sigma_{\eta_2}^2 \end{bmatrix}.$$

## Block-diag model

Latent effects on the risk and time levels  
without cross-correlations i.e.,

$$\Sigma = \begin{bmatrix} \sigma_{u_1}^2 & \text{COV}_{u_1, u_2} & 0 & 0 \\ & \sigma_{u_2}^2 & 0 & 0 \\ & & \sigma_{\eta_1}^2 & \text{COV}_{\eta_1, \eta_2} \\ & & & \sigma_{\eta_2}^2 \end{bmatrix}.$$

## Complete model

A *complete* latent effects structure  
i.e.,

$$\Sigma = \begin{bmatrix} \sigma_{u_1}^2 & \text{COV}_{u_1, u_2} & \text{COV}_{u_1, \eta_1} & \text{COV}_{u_1, \eta_2} \\ & \sigma_{u_2}^2 & \text{COV}_{u_2, \eta_1} & \text{COV}_{u_2, \eta_2} \\ & & \sigma_{\eta_1}^2 & \text{COV}_{\eta_1, \eta_2} \\ & & & \sigma_{\eta_2}^2 \end{bmatrix}.$$

# Simulation study setup



**Four** latent effects structures:

- 1** Risk model;
- 2** Time model;
- 3** Block-diag model;
- 4** Complete model.

**Two** CIF configurations:

**Low** max incidence  $\approx 0.15$ ;

**High** max incidence  $\approx 0.60$ .

For each of those  $4 \times 2 = 8$  scenarios, we vary the sample and cluster sizes:

## *5000 data points*

- 2500 clusters of **size 2**;
- 1000 clusters of **size 5**;
- 500 clusters of **size 10**.

## *30000 data points*

- 15000 clusters of **size 2**;
- 6000 clusters of **size 5**;
- 3000 clusters of **size 10**.

## *60000 data points*

- 30000 clusters of **size 2**;
- 12000 clusters of **size 5**;
- 6000 clusters of **size 10**.

Totalizing,  $8 \times 3 \times 3 = 72$  scenarios.

For each scenario, we simulate **500** samples, totalizing  $72 \times 500 = 36000$  model fittings.

First of all, the **time**.

- The *non-complete* models (2D Laplace aprox.) are kind of fast, taking always **less than 5 min**.
- In the most expensive scenarios (30K 4D Laplaces), **the complete model takes 30 min**.  
In a **full R** implementation with 10K 4D Laplaces, it **took 30hrs**. **TMB is fast**.
- We also did a Bayesian analysis via Stan/NUTS-HMC [@RStan].
  - **1 week of parallelized processing** for a 2500 size 2 clusters scenario with tuned NUTS.  
This just reinforces the MCMC impracticability for some complex models.

## Parameters estimation.

- The *non-complete* models fail to learn the data.  
They appear to be *not structured enough* to capture the data characteristics.

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# Take-home message



**The complete model works.** It's not magnificent, but it works.

- 1 It works better in the high CIF scenarios;
- 2 As expected, as the sample size increases the results get better;
- 3 We do not see any considerable performance difference between cluster/family sizes;
- 4 Satisfactory full likelihood analysis under the maximum likelihood estimation framework (the estimates bias-variance could be smaller).

What else can we do?

- 1 Instead of a conditional approach (latent effects model), we can try a marginal approach e.g., an McGLM [[@mcglm](#)];
- 2 We can also try a copula [[@copulas](#)], on maybe two fronts:  
1) for a full specification; 2) to accommodate the within-cluster dependence.



For more read [@laurence](#) master thesis.

# Thanks for watching and have a great day



Special thanks to

