# ADSC Case 8 Report

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## Introduction

This report provides an analysis to (1) identify key factors influencing an individual's salary and (2) draw meaningful conclusions about how these factors impact salaries using regression modeling techniques. The Wages dataset has ten explanatory variables and one dependent variable, salary. The methodology section outlines the steps taken to build the regression models, including selecting relevant variables and handling potential multicollinearity. The results section presents the outcomes of the regression models and the findings from the diagnostic tests. Finally, the conclusion section provides insights into how salaries are influenced by these variables, highlights which variables significantly impact salary, and explains the potential interaction effects among these variables.

# Methodology

[TO-DO]: Write out the beginning section of the Methodology. Include the following points:

- 1. The metric we look at to determine this is the best-fitting regression model (Adjusted R-squared, P-value)
- 2. Whatever else you feel appropriate for this section feel free to write and include in this
- 3. Model development process Mint done

Our initial model with all numeric variables aim to observe their effects and assess the adjusted R-squared. The **Model 1 results** show an overall p-value of 2.2e-16, which is significantly less than 0.05, and an adjusted R-squared of 99%. This extremely high R-squared indicates that the included variables are highly effective at explaining an individual's salary. However, the p-value is mainly driven by the variable Salary.5, which is overpowering the other predictors and potentially causing the lack of statistical significance for other variables. As a result, we decided to remove Salary.5 from our next model.

#### Model 1 Results

```
##
## Call:
## lm(formula = Salary ~ Salary.5 + FatherEducation + MotherEducation +
## GPA + Age + Experience + Education, data = Wages)
##
## Residuals:
## Min 1Q Median 3Q Max
## -5.886 -1.529 -0.193 1.230 34.722
##
## Coefficients:
```

```
##
                    Estimate Std. Error t value Pr(>|t|)
                                          3.441 0.00066 ***
## (Intercept)
                    9.788205
                               2.844657
## Salary.5
                    0.992074
                               0.006335 156.594
                                                 < 2e-16 ***
## FatherEducation -0.262894
                               0.163080
                                         -1.612
                                                 0.10798
## MotherEducation 0.272293
                               0.141860
                                          1.919
                                                 0.05586
## GPA
                   -0.076393
                               0.436517
                                                 0.86119
                                         -0.175
## Age
                    0.061761
                               0.078806
                                          0.784
                                                 0.43382
## Experience
                   -0.075763
                               0.078486
                                         -0.965
                                                 0.33515
## Education
                    0.002663
                               0.087803
                                          0.030
                                                 0.97582
## ---
## Signif. codes:
                  0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 2.855 on 306 degrees of freedom
## Multiple R-squared: 0.9922, Adjusted R-squared: 0.992
## F-statistic: 5530 on 7 and 306 DF, p-value: < 2.2e-16
```

Additionally, we were interested to examine potential multicollinearity among Salary.5 and the other variables. The **Model 1 Variance Inflation Factor (VIF) test** reveals a strong correlation between the variables Age and Experience, with both having VIF values greater than the threshold of 5, indicating a high degree of multicollinearity with other predictors. To address this, we chose to remove Age from our next model.

#### Model 1 VIF Test

```
##
          Salary.5 FatherEducation MotherEducation
                                                                    GPA
                                                                                     Age
##
           1.585746
                            4.136541
                                             4.101660
                                                              1.007316
                                                                               10.241068
##
        Experience
                           Education
##
         10.718555
                            1.059702
```

After testing various combinations of variables and interaction terms, we finalized a model (**Model 2**) that includes *Experience*, *Education*, and three interaction terms: *Job\*Province*, *Job\*Experience*, and *Province\*Experience*. These variables were selected because they significantly contribute to explaining salary variations, and their inclusion results in a higher adjusted R-squared, indicating a better fit for the model.

# Results

[TO-DO]: Interpret the Model 2 results in details. Mention the coefficient estimates, their p-values and whatever details you feel appropriate/helpful

### Model 2 Results

```
##
## Call:
## lm(formula = Salary ~ Experience + Education + Job * Province +
##
       Job * Experience + Province * Experience, data = Wages)
##
##
  Residuals:
##
       Min
                10 Median
                                 3Q
                                        Max
  -36.336 -8.406
                    -0.312
                             7.699
                                     35,120
##
## Coefficients:
##
                                      Estimate Std. Error t value Pr(>|t|)
```

```
## (Intercept)
                                    -25.3131
                                                 7.7259 -3.276 0.00118 **
## Experience
                                      2.4202
                                                 0.2275 10.638 < 2e-16 ***
## Education
                                      2.3650
                                                 0.3841 6.157 2.39e-09 ***
## JobData Scientist
                                                 6.2230 7.737 1.58e-13 ***
                                     48.1453
## JobTeacher
                                     37.3222
                                                 6.6140
                                                        5.643 3.88e-08 ***
## ProvinceBC
                                                 6.4012 4.013 7.59e-05 ***
                                     25.6867
## ProvinceOntario
                                                 6.1146 -0.881 0.37916
                                     -5.3855
## JobData Scientist:ProvinceBC
                                    -45.4000
                                                 4.2798 -10.608 < 2e-16 ***
## JobTeacher:ProvinceBC
                                    -60.8748
                                                 4.3549 -13.979 < 2e-16 ***
## JobData Scientist:ProvinceOntario 22.4922
                                                 4.1392
                                                        5.434 1.14e-07 ***
## JobTeacher:ProvinceOntario
                                    -23.5570
                                                 4.6047 -5.116 5.59e-07 ***
## Experience: JobData Scientist
                                                 0.2515 -5.556 6.11e-08 ***
                                     -1.3974
## Experience: JobTeacher
                                     -1.3224
                                                 0.2702 -4.893 1.62e-06 ***
## Experience:ProvinceBC
                                      1.6769
                                                 0.2669 6.282 1.18e-09 ***
## Experience:ProvinceOntario
                                                 0.2506 5.029 8.53e-07 ***
                                      1.2601
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 12.57 on 299 degrees of freedom
## Multiple R-squared: 0.8516, Adjusted R-squared: 0.8446
## F-statistic: 122.5 on 14 and 299 DF, p-value: < 2.2e-16
```

## Conclusions

[TO-DO]: Sum up the results – provides insights into how salaries are influenced by these variables, highlights which variables significantly impact salary, and explains the potential interaction effects among these variables.

# Appendix

```
#import data
Wages <- read.csv("Wages.csv")
#data cleaning, change categorical variables into factors

Wages$Job <- factor(Wages$Job)
levels(Wages$Job) #three type of jobs: Biologist, Data Scientist, Teacher

Wages$Location <- factor(Wages$Location)
levels(Wages$Location) #two locations: Metro, Rural

Wages$Province <- factor(Wages$Province)
levels(Wages$Province) #three provinces: Alberta, BC, Ontario
head(Wages)

library(dplyr)
library(car)
library(knitr)</pre>
```

```
all_num_model <- lm(Salary ~ Salary.5 + FatherEducation + MotherEducation + GPA + Age + Experience + Ed
summary(all_num_model)
vif(all_num_model) #threholds of 5 -- age, experience
#add interactions (job*province + job*experience + province*experience)
model_8 <- lm(Salary ~ Experience + Education + Job*Province + Job*Experience + Province*Experience, da
summary(model_8) #up to 84%, almost everything is significant
#all numeric variables
library(car)
all_num_model <- lm(Salary ~ Salary.5 + FatherEducation + MotherEducation + GPA + Age + Experience + Ed
summary(all_num_model)
vif(all_num_model) #threholds of 5 -- age, experience
#Age: VIF = 10.24 - This is relatively high, suggesting that Age might be highly correlated with other
#Experience: VIF = 10.72 - Similar to Age, this suggests that Experience is highly correlated with othe
all_num_model_excl_age <- lm(Salary ~ Salary.5 + FatherEducation + MotherEducation + GPA + Experience +
summary(all num model excl age)
vif(all_num_model_excl_age)
##Multicollinearity: Since Salary.5 is such a strong predictor, it might be causing the lack of statist
#salary and 5 other numeric variables (excluding Salary.5)
model_1 <- lm(Salary ~ FatherEducation + MotherEducation + GPA + Experience + Education, data = Wages)</pre>
summary(model_1) #only 35% explanatory power, momedu, dadedu, qpa aren't significant
vif(model_1) #removing age, because multicorrilation with experience
#experience and education only
model_2 <- lm(Salary ~ Experience + Education, data = Wages)</pre>
summary(model_2) #down to 31%
vif(model_2)
#numeric (exp, edu on salary) add job in
model_3 <- lm(Salary ~ Experience + Education + Job, data = Wages)</pre>
summary(model_3) #up 46%
vif(model_3)
#numeric (exp, edu on salary) add job and location in -- no change
model_4 <- lm(Salary ~ Experience + Education + Job + relevel(Location, "Metro"), data = Wages)</pre>
summary(model_4) #up 46%
vif(model_4)
#numeric (exp, edu on salary) add job in, no location, add province
model_5 <- lm(Salary ~ Experience + Education + Job + Province, data = Wages)</pre>
summary(model_5) #up 60%, all significant
vif(model_5)
```

```
#add interactions
model_6<- lm(Salary ~ Experience + Education + Job + Province + Job*Province, data = Wages)
summary(model_6) #up to 80%, almost everything is significant
#add interactions (job*province + job*experience)
model_7 <- lm(Salary ~ Experience + Education + Job + Province + Job*Province + Job*Experience, data = '
summary(model_7) #up to 82%, almost everything is significant
#add interactions (job*province + job*experience + province*experience)
model_8 <- lm(Salary ~ Experience + Education + Job + Province + Job*Province + Job*Experience + Provin
summary(model_8) #up to 84%, almost everything is significant
#all numeric variables
library(car)
all_num_model <- lm(Salary ~ Salary.5 + FatherEducation + MotherEducation + GPA + Age + Experience + Ed
summary(all_num_model)
##
## Call:
## lm(formula = Salary ~ Salary.5 + FatherEducation + MotherEducation +
##
      GPA + Age + Experience + Education, data = Wages)
##
## Residuals:
    Min
             10 Median
                          30
## -5.886 -1.529 -0.193 1.230 34.722
## Coefficients:
##
                  Estimate Std. Error t value Pr(>|t|)
                  9.788205 2.844657 3.441 0.00066 ***
## (Intercept)
                  ## Salary.5
## FatherEducation -0.262894 0.163080 -1.612 0.10798
## MotherEducation 0.272293 0.141860
                                       1.919 0.05586 .
## GPA
                0.078806
## Age
                 0.061761
                                      0.784 0.43382
## Experience
                 -0.075763 0.078486 -0.965 0.33515
## Education
                  0.002663
                           0.087803
                                       0.030 0.97582
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 2.855 on 306 degrees of freedom
## Multiple R-squared: 0.9922, Adjusted R-squared: 0.992
## F-statistic: 5530 on 7 and 306 DF, p-value: < 2.2e-16
vif(all_num_model) #threholds of 5 -- age, experience
##
         Salary.5 FatherEducation MotherEducation
                                                            GPA
                                                                           Age
##
         1.585746
                        4.136541
                                       4.101660
                                                       1.007316
                                                                     10.241068
##
       Experience
                       Education
        10.718555
                        1.059702
##
```

```
#Age: VIF = 10.24 - This is relatively high, suggesting that Age might be highly correlated with other
#Experience: VIF = 10.72 - Similar to Age, this suggests that Experience is highly correlated with othe
all_num_model_excl_age <- lm(Salary ~ Salary.5 + FatherEducation + MotherEducation + GPA + Experience +
summary(all_num_model_excl_age)
##
## Call:
## lm(formula = Salary ~ Salary.5 + FatherEducation + MotherEducation +
       GPA + Experience + Education, data = Wages)
##
## Residuals:
##
     Min
              1Q Median
                            3Q
                                  Max
## -6.102 -1.504 -0.121 1.181 34.717
##
## Coefficients:
##
                     Estimate Std. Error t value Pr(>|t|)
                   11.1401313 2.2605131
                                         4.928 1.36e-06 ***
## (Intercept)
## Salary.5
                   0.9921119  0.0063311  156.703  < 2e-16 ***
                                                   0.1050
## FatherEducation -0.2649528 0.1629565 -1.626
## MotherEducation 0.2746646 0.1417381
                                                   0.0536 .
                                          1.938
## GPA
                   -0.0767821 0.4362424
                                         -0.176
                                                   0.8604
## Experience
                   -0.0186643 0.0291681
                                         -0.640
                                                   0.5227
## Education
                   0.0004256 0.0877015
                                           0.005
                                                   0.9961
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 2.853 on 307 degrees of freedom
## Multiple R-squared: 0.9921, Adjusted R-squared: 0.992
## F-statistic: 6460 on 6 and 307 DF, p-value: < 2.2e-16
vif(all_num_model_excl_age)
##
          Salary.5 FatherEducation MotherEducation
                                                               GPA
                                                                        Experience
##
          1.585652
                          4.135467
                                          4.099793
                                                          1.007315
                                                                          1.482231
##
         Education
         1.058581
##
##Multicollinearity: Since Salary.5 is such a strong predictor, it might be causing the lack of statist
#salary and 5 other numeric variables (excluding Salary.5)
model_1 <- lm(Salary ~ FatherEducation + MotherEducation + GPA + Experience + Education, data = Wages)
summary(model_1) #only 35% explanatory power, momedu, dadedu, gpa aren't significant
##
## Call:
## lm(formula = Salary ~ FatherEducation + MotherEducation + GPA +
##
       Experience + Education, data = Wages)
##
## Residuals:
      Min
                1Q Median
                                3Q
                                       Max
```

## -46.357 -19.226 -5.267 20.784 89.673

```
##
## Coefficients:
##
                  Estimate Std. Error t value Pr(>|t|)
                  -60.3988
                           19.8914 -3.036 0.002599 **
## (Intercept)
## FatherEducation 2.7195
                               1.4541
                                      1.870 0.062391 .
## MotherEducation 0.7091
                               1.2732 0.557 0.577991
                    1.9648
                               3.9177 0.502 0.616366
                               0.2170 11.730 < 2e-16 ***
                    2.5449
## Experience
## Education
                    2.5811
                               0.7739
                                      3.335 0.000957 ***
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 25.64 on 308 degrees of freedom
## Multiple R-squared: 0.3636, Adjusted R-squared: 0.3532
## F-statistic: 35.19 on 5 and 308 DF, p-value: < 2.2e-16
vif(model_1) #removing age, because multicorrilation with experience
## FatherEducation MotherEducation
                                                      Experience
                                                                       Education
                                             GPA
         4.078978
                       4.098224
                                         1.006417
                                                        1.015966
                                                                        1.021254
#experience and education only
model_2 <- lm(Salary ~ Experience + Education, data = Wages)</pre>
summary(model_2) #down to 31%
##
## Call:
## lm(formula = Salary ~ Experience + Education, data = Wages)
## Residuals:
##
      Min
               1Q Median
                               3Q
## -47.996 -19.902 -5.492 19.290 89.813
##
## Coefficients:
              Estimate Std. Error t value Pr(>|t|)
## (Intercept) -1.3078
                        12.4049 -0.105 0.91611
## Experience
                2.4980
                          0.2233 11.186 < 2e-16 ***
                                  3.108 0.00206 **
## Education
                2.4693
                           0.7945
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 26.46 on 311 degrees of freedom
## Multiple R-squared: 0.3156, Adjusted R-squared: 0.3112
## F-statistic: 71.7 on 2 and 311 DF, p-value: < 2.2e-16
vif(model_2)
## Experience Education
## 1.010562
              1.010562
```

```
#numeric (exp, edu on salary) add job in
model_3 <- lm(Salary ~ Experience + Education + Job, data = Wages)</pre>
summary(model_3) #up 46%
##
## Call:
## lm(formula = Salary ~ Experience + Education + Job, data = Wages)
## Residuals:
      Min
                1Q Median
                                3Q
                                       Max
## -56.596 -15.342 -1.243 13.769 89.123
## Coefficients:
##
                    Estimate Std. Error t value Pr(>|t|)
## (Intercept)
                     5.8319
                               10.9687 0.532 0.595329
## Experience
                      2.3739
                                 0.1973 12.030 < 2e-16 ***
## Education
                      2.2979
                                 0.7053
                                           3.258 0.001245 **
## JobData Scientist 10.6608
                                  3.1457
                                           3.389 0.000792 ***
## JobTeacher
                    -20.5361
                                  3.3370 -6.154 2.34e-09 ***
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
##
## Residual standard error: 23.32 on 309 degrees of freedom
## Multiple R-squared: 0.4718, Adjusted R-squared: 0.465
## F-statistic:
                  69 on 4 and 309 DF, p-value: < 2.2e-16
vif(model_3)
                  GVIF Df GVIF<sup>(1/(2*Df))</sup>
## Experience 1.015799 1
                                 1.007868
## Education 1.025062 1
                                 1.012453
## Job
              1.020830 2
                                 1.005167
#numeric (exp, edu on salary) add job and location in -- no change
model_4 <- lm(Salary ~ Experience + Education + Job + relevel(Location, "Metro"), data = Wages)</pre>
summary(model_4) #up 46%
##
## Call:
## lm(formula = Salary ~ Experience + Education + Job + relevel(Location,
       "Metro"), data = Wages)
##
##
## Residuals:
##
      Min
                1Q Median
                                ЗQ
                                       Max
## -57.175 -15.270 -1.348 13.434 89.966
##
## Coefficients:
                                   Estimate Std. Error t value Pr(>|t|)
##
## (Intercept)
                                     4.9661
                                               11.1092 0.447 0.655173
## Experience
                                     2.3663
                                                0.1981 11.945 < 2e-16 ***
## Education
                                    2.3195
                                                0.7073 3.279 0.001160 **
                                                3.1501 3.395 0.000777 ***
## JobData Scientist
                                    10.6935
```

```
## JobTeacher
                                 -20.4438
                                              3.3457 -6.110
## relevel(Location, "Metro")Rural 1.3680
                                              2.6511 0.516 0.606203
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 23.34 on 308 degrees of freedom
## Multiple R-squared: 0.4722, Adjusted R-squared: 0.4637
## F-statistic: 55.12 on 5 and 308 DF, p-value: < 2.2e-16
vif(model_4)
                                GVIF Df GVIF^(1/(2*Df))
##
## Experience
                            1.021392 1
                                               1.010640
## Education
                            1.028633 1
                                               1.014215
## Job
                            1.023806 2
                                               1.005899
## relevel(Location, "Metro") 1.011738 1
                                               1.005852
#numeric (exp, edu on salary) add job in, no location, add province
model_5 <- lm(Salary ~ Experience + Education + Job + Province, data = Wages)
summary(model_5) #up 60%, all significant
##
## Call:
## lm(formula = Salary ~ Experience + Education + Job + Province,
##
      data = Wages)
##
## Residuals:
      Min
               1Q Median
                              ЗQ
                                     Max
## -51.042 -14.069 -2.611 13.605 79.889
##
## Coefficients:
##
                   Estimate Std. Error t value Pr(>|t|)
## (Intercept)
                  -12.9905 9.7149 -1.337 0.182156
                               0.1716 14.050 < 2e-16 ***
## Experience
                     2.4108
                             0.6133
## Education
                     2.3181
                                        3.780 0.000188 ***
## JobData Scientist 12.0062 2.7390 4.383 1.61e-05 ***
## JobTeacher -18.8827 2.9133 -6.482 3.61e-10 ***
                             2.8192 9.414 < 2e-16 ***
## ProvinceBC
                  26.5397
## ProvinceOntario
                  22.6319
                               2.8383 7.974 3.06e-14 ***
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 20.27 on 307 degrees of freedom
## Multiple R-squared: 0.6035, Adjusted R-squared: 0.5957
## F-statistic: 77.88 on 6 and 307 DF, p-value: < 2.2e-16
vif(model_5)
                 GVIF Df GVIF<sup>(1/(2*Df))</sup>
## Experience 1.016636 1
                               1.008284
## Education 1.025887 1
                               1.012861
             1.036786 2
                               1.009072
## Province 1.018069 2
                               1.004487
```

```
#add interactions
model_6<- lm(Salary ~ Experience + Education + Job + Province + Job*Province, data = Wages)
summary (model 6) #up to 80%, almost everything is significant
##
## lm(formula = Salary ~ Experience + Education + Job + Province +
      Job * Province, data = Wages)
##
## Residuals:
##
      Min
               1Q Median
                               3Q
## -40.469 -8.570 -0.399 8.822 57.950
## Coefficients:
##
                                    Estimate Std. Error t value Pr(>|t|)
                                                 7.1756 -3.697 0.000259 ***
## (Intercept)
                                    -26.5247
## Experience
                                      2.4040
                                                 0.1207 19.916 < 2e-16 ***
## Education
                                                        5.687 3.04e-08 ***
                                      2.4713
                                                 0.4345
## JobData Scientist
                                     18.2811
                                                 3.4769
                                                        5.258 2.76e-07 ***
## JobTeacher
                                      9.2548
                                                 3.6192 2.557 0.011041 *
                                                 3.4564 17.432 < 2e-16 ***
## ProvinceBC
                                     60.2515
                                                        5.956 7.18e-09 ***
## ProvinceOntario
                                     20.5843
                                                 3.4563
## JobData Scientist:ProvinceBC
                                                4.8297 -9.094 < 2e-16 ***
                                    -43.9220
## JobTeacher:ProvinceBC
                                                4.9075 -12.310 < 2e-16 ***
                                    -60.4098
## JobData Scientist:ProvinceOntario 23.3342
                                                 4.6790 4.987 1.03e-06 ***
## JobTeacher:ProvinceOntario
                                                 5.2082 -4.396 1.53e-05 ***
                                    -22.8935
## Signif. codes: 0 '***' 0.001 '**' 0.05 '.' 0.1 ' ' 1
##
## Residual standard error: 14.22 on 303 degrees of freedom
## Multiple R-squared: 0.8073, Adjusted R-squared: 0.8009
## F-statistic: 126.9 on 10 and 303 DF, p-value: < 2.2e-16
#add interactions (job*province + job*experience)
model_7 <- lm(Salary ~ Experience + Education + Job + Province + Job*Province + Job*Experience, data = '
summary(model_7) #up to 82%, almost everything is significant
##
## Call:
## lm(formula = Salary ~ Experience + Education + Job + Province +
      Job * Province + Job * Experience, data = Wages)
##
## Residuals:
      Min
               1Q Median
                               ЗQ
                                      Max
## -35.079 -8.332 0.111 8.206 45.279
##
## Coefficients:
                                    Estimate Std. Error t value Pr(>|t|)
## (Intercept)
                                                 7.5392 -6.173 2.17e-09 ***
                                    -46.5380
## Experience
                                     3.3473
                                                 0.1922 17.417 < 2e-16 ***
## Education
                                     2.4425
                                                 0.4113 5.939 7.91e-09 ***
## JobData Scientist
                                     50.5031
                                                6.6488 7.596 3.89e-13 ***
```

```
## JobTeacher
                                      39.4177
                                                 7.0485
                                                         5.592 5.03e-08 ***
## ProvinceBC
                                                 3.2748 18.700 < 2e-16 ***
                                     61.2399
## ProvinceOntario
                                     21.5735
                                                 3.2748
                                                         6.588 1.99e-10 ***
## JobData Scientist:ProvinceBC
                                    -44.3220
                                                 4.5726 -9.693 < 2e-16 ***
## JobTeacher:ProvinceBC
                                    -62.1183
                                                 4.6600 -13.330 < 2e-16 ***
## JobData Scientist:ProvinceOntario 22.7086
                                                 4.4298
                                                         5.126 5.30e-07 ***
## JobTeacher:ProvinceOntario
                                                 4.9306 -4.810 2.39e-06 ***
                                    -23.7159
## Experience: JobData Scientist
                                                 0.2686 -5.566 5.77e-08 ***
                                     -1.4950
## Experience:JobTeacher
                                     -1.4018
                                                 0.2877 -4.872 1.79e-06 ***
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' ' 1
## Residual standard error: 13.46 on 301 degrees of freedom
## Multiple R-squared: 0.8286, Adjusted R-squared: 0.8217
## F-statistic: 121.2 on 12 and 301 DF, p-value: < 2.2e-16
#add interactions (job*province + job*experience + province*experience)
model_8 <- lm(Salary ~ Experience + Education + Job + Province + Job*Province + Job*Experience + Provin
summary(model_8) #up to 84%, almost everything is significant
##
## lm(formula = Salary ~ Experience + Education + Job + Province +
       Job * Province + Job * Experience + Province * Experience,
       data = Wages)
##
##
## Residuals:
      Min
               10 Median
                               30
                                      Max
## -36.336 -8.406 -0.312
                            7.699
                                   35.120
## Coefficients:
##
                                    Estimate Std. Error t value Pr(>|t|)
                                                 7.7259 -3.276 0.00118 **
## (Intercept)
                                    -25.3131
## Experience
                                      2.4202
                                                 0.2275 10.638 < 2e-16 ***
## Education
                                      2.3650
                                                 0.3841
                                                         6.157 2.39e-09 ***
## JobData Scientist
                                                 6.2230
                                                         7.737 1.58e-13 ***
                                     48.1453
## JobTeacher
                                     37.3222
                                                 6.6140
                                                         5.643 3.88e-08 ***
## ProvinceBC
                                                          4.013 7.59e-05 ***
                                     25.6867
                                                 6.4012
## ProvinceOntario
                                     -5.3855
                                                 6.1146 -0.881 0.37916
## JobData Scientist:ProvinceBC
                                                 4.2798 -10.608 < 2e-16 ***
                                    -45.4000
                                                 4.3549 -13.979 < 2e-16 ***
## JobTeacher:ProvinceBC
                                     -60.8748
## JobData Scientist:ProvinceOntario 22.4922
                                                 4.1392
                                                         5.434 1.14e-07 ***
## JobTeacher:ProvinceOntario
                                    -23.5570
                                                 4.6047 -5.116 5.59e-07 ***
## Experience: JobData Scientist
                                                 0.2515 -5.556 6.11e-08 ***
                                     -1.3974
## Experience:JobTeacher
                                                 0.2702 -4.893 1.62e-06 ***
                                     -1.3224
## Experience:ProvinceBC
                                      1.6769
                                                 0.2669
                                                         6.282 1.18e-09 ***
## Experience:ProvinceOntario
                                      1.2601
                                                 0.2506 5.029 8.53e-07 ***
## ---
## Signif. codes: 0 '*** 0.001 '** 0.01 '* 0.05 '.' 0.1 ' 1
## Residual standard error: 12.57 on 299 degrees of freedom
## Multiple R-squared: 0.8516, Adjusted R-squared: 0.8446
## F-statistic: 122.5 on 14 and 299 DF, p-value: < 2.2e-16
```