ANA 610 Homework #4

Fortune Corp, a maker of specialized laboratory equipment for the pharmaceutical industry, began business in June 1980. Priding itself on employee job satisfaction, the company is seeking to understand why employees voluntarily leave the company.

Over the last 3 years, at the request of the SVP of Human Resources, the HR department has been conducting an employee survey. The SVP wants enough data collected so that a predictive model of employee voluntary attrition can be built and tested. The objective is to use such a model to find current employees who might be thinking of leaving, so proactive steps can be taken to retain them.

The SVP now thinks there has been enough data collected. So, she has requested that you, the lead data science team, take over and work your magic!

The qualifications for the target sample are having taken the survey. This sample is broken into two segments:

- 1. Employees who voluntarily attritioned (left the company)
- 2. Employees who are still with the company

Assume the analysis is taking place June 1, 2018.

The following 5 data files have been created for your use by the IT department:

- (csv) Credit Bureau file: fortune_credit.csv
 - FICO score (SVP thinks this might be predictive)
- (SAS) Accounting file: fortune_acct
 - Payroll data
- (SAS) Attrition file: fortune_attrition
 - Employees who have left the company over the 2015-2017 period
- (SAS) HR file fortune_hr
 - o Background employee data
- (SAS) Survey file fortune survey
 - Data collected from the employee survey

Unfortunately, there is no data-dictionary for these files. But most fields should be self-explanatory.

The data files are available online at SAS Studio.

Task #1 (100 pts): Generate a data audit report (using the audit report template) to be shared with both the HR and IT department; include a check of the available modeling sample size. Assemble all 5 data files into a single, modeling dataset.

Task #2 (20 pts):

- 1. Deduplicate your modeling dataset:
 - a. Show your SAS code

```
/* TASK 2, QUESTION 1 */
/* Check for duplicates */
/* check for duplicates */
/* ====> raw nobs;

proc sql; select count(*) into : nobs from ana610.fortune_master; quit;

proc sort data=ana610.fortune_master out=ana610.fortune_master_clean nodupkey; by employee_no; run;

proc sql; select count(*) into : nobs from ana610.fortune_master_clean; quit;
/* 25 duplicate employee_no identified */
```

b. Show the before and after observation (row) count **Before:**



After (25 duplicate observations identified):



2. Using your deduplicated dataset, create two variables, one for AGE, employee age (in years), and one for TENURE, the length of time the employee has been with the company (in years). Assume on average each year has 365.25 days. Create AGE and TENURE for all employees in the dataset. HINT: how should TENURE be defined for those who left the company? Show your SAS code.

```
123 /* TASK 2, QUESTION 2 */
124 data work.fortune master clean; set ana610.fortune master clean;
125
        /* Age variable */
126
        age day = mdy(6,1,2018) - birth dt;
127
        age = round(age day/365.25);
128
        /* Tenure variable */
        if missing(depart_dt) then tenure_day = mdy(6,1,2018)- hire_dt;
129
130
        else tenure day = depart dt - hire dt;
131
        tenure = round(tenure day/365.25);
132 run;
```

- 3. Using PROC UNIVARIATE, check AGE and TENURE for integrity issues. Specifically check for (a) missing values; (b) extreme values; and (c) extreme distribution. Discuss your findings. Show the relevant PROC UNIVARIATE charts and tables.
 - a) Missing values:

Age is missing 270 values. This is because the Age variable was created by using "birth_dt" in Task 2, Question 2. Since "birth_dt" already had 270 missing values, Age will also have 270 missing values.

Tenure has 0 missing values. This is because I created the Tenure variable using the "depart_dt" and "hire_dt" variables in Task 2, Question 2. Tenure, for an active employee, is defined as the period of time between our analysis date (6/1/2018) and their hire date. Tenure for an inactive employee is defined as the period of time between their depart date and their hire date. Since all employees are



b) Extreme values:

Age:

Using a Top/Bottom approach, the 1-99% of the data falls between 21-60. PROC UNIVARIATE identifies 19 as a low extreme and 61-62 high extreme. Comparing these values to the range of this dataset (19-62), I do not think there are extreme values for the Age variable. This is because the distribution of values are representative of the data.

finition 5	Quantiles (De	Extreme Observations					
Quanti	Level	est	Highest		Lowes		
e	100% Max	Obs	Value	Obs	Value		
e	99%	4491	61	4601	19		
5	95%	4726	61	4404	19		
5	90%	4819	61	3806	19		
4	75% Q3	189	62	3201	19		
3	50% Median	2739	62	2319	19		
3	25% Q1	2980	62	2123	19		
2	10%	3579	62	1806	19		
2	5%	3843	62	1315	19		
2	1%	4080	62	1095	19		
1	0% Min	4750	62	850	19		

Tenure

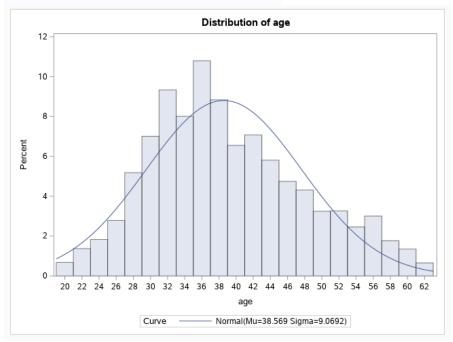
Using a Top/Bottom approach, the 1-99% of the data falls between 1-31. PROC UNIVARIATE identifies 0 as a low extreme and 38-42 high extreme. The company started in June 1, 1980, so the highest amount of Tenure an employee could have is 38 years (analysis date June 1, 2018). Since the tenure variable was created using hire_dt, any employee data that was hired before June 1, 1980 should be considered outliers (Count: 6 obs).

finition !	Quantiles (De	ns	servatio	reme Ob	Ext
Quantil	Level	Highest		est	Low
4	100% Max	Obs	Value	Obs	Value
3	99%	351	38	4848	0
2	95%	924	38	4644	0
1	90%	2322	38	4429	0
1	75% Q3	2725	38	4212	0
	50% Median	2915	38	4073	0
	25% Q1	4127	38	3356	0
	10%	1149	39	3054	0
	5%	2933	39	2944	0
	1%	706	40	2653	0
	0% Min	992	42	2123	0

c) Extreme distribution:

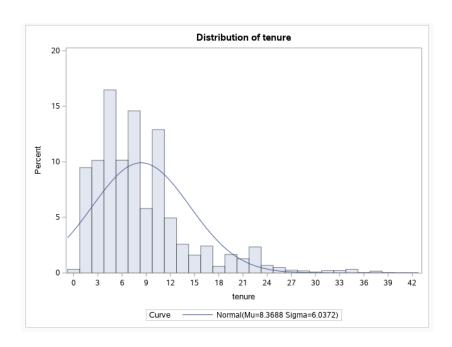
Age: The distribution for Age appears to be normal with a low, positive skewness value (0.421). Since this skewness value is lower than 5, this distribution is not considered extreme.

		IATE Procedure ble: age					
Moments							
N	4597	Sum Weights	4597				
Mean	38.5688492	Sum Observations	177301				
Std Deviation	9.06923206	Variance	82.2509702				
Skewness	0.42097246	Kurtosis	-0.3956512				
Uncorrected SS	7216321	Corrected SS	378025.459				
Coeff Variation	23.5143963	Std Error Mean	0.13376216				



Tenure: The distribution for Tenure appears to be skewed right with a skewness value of (1.682). Since this skewness value is lower than 5, this distribution is not considered extreme.

The UNIVARIATE Procedure Variable: tenure							
	Мо	ments					
N	4867	Sum Weights	4867				
Mean	8.36881036	Sum Observations	40731				
Std Deviation	6.03716714	Variance	36.4473871				
Skewness (1.68192383	Kurtosis	3.69610767				
Uncorrected SS	518223	Corrected SS	177352.985				
Coeff Variation	72.1388929	Std Error Mean	0.08653714				



4. **Using your deduplicated dataset**, create a target variable, ATT_Q, which takes on a value of 1 if an employee took the survey and voluntarily attritioned; or 0 if the employee took the survey and did not attrition. Show the relevant SAS output from PROC FREQ which shows how many employees fall in each segment.

1233	83.88	4000	
	00.00	1233	83.88
237	16.12	1470	100.00
		201	237 16.12 1470 Frequency Missing = 3397

Task #3 (80 pts):

Note: Use the deduplicated modeling dataset you created in Task #2.

Using PROC HPBIN and target-based enumeration,

1. Fill in the following table template to analyze how many bins are appropriate for AGE and TENURE. Start with 10 bins. Then, using a threshold of 20 for <u>each segment</u> of the target variable, determine how many bins should be created (HINT: 10 is too many). If there are missing values, ignore the bin that captures these in your final bin count.

For each final bin count, I chose the bin size that yielded the most of number of bins that passed the threshold and also the best Information Value (IV). Ideally, I want my IV value to be between 0.3-0.5 to indicate a strong predictor power. I chose the bolded items in the table below for my final bin count.

< 0.1 = Weak 0.1 - 0.3 = Medium 0.3 - 0.5 = Strong

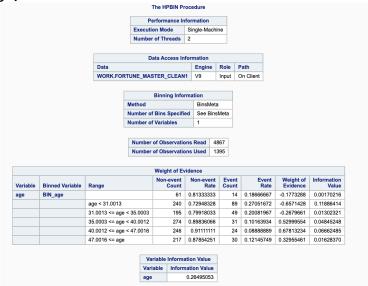
0.5+ = Suspicious

For the Tenure variable, using the Equal Width binning type, Bins 1-10 were tested to see if all bins could meet the 20 segment threshold. However, after testing Bins 1-10, no bin size was able to have all the bins meet the 20 segment threshold. A bin size of 6 yielded the most number of bins that passed the threshold and also had the best IV value.

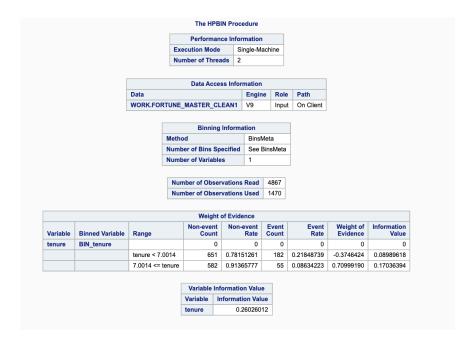
Binning Type		Number of Bins	Number of Bins which Pass Threshold	Variable-level Information Value (IV)
Equal Height	Starting bin count	Age: 10	Age: 4	Age: 0.283
		Tenure: 10	Tenure: 3	Tenure: 0.946
	Final bin count	Age: 6	Age: 6	Age: 0.262
		Age: 5	Age: 5	Age: 0.265
		Age: 4	Age: 4	Age: 0.250
		Tenure: 3	Tenure: 3	Tenure: 0.567
		Tenure: 2	Tenure: 2	Tenure: 0.260
Equal Width	Starting bin count	Age: 10	Age: 5	Age: 0.309
		Tenure: 10	Tenure: 3	Tenure: 0.591
	Final bin count	Age: 3	Age: 3	Age: 0.217
		Age: 2	Age: 2	Age: 0.105
		Tenure: 9	Tenure: 3	Tenure: 0.581
		Tenure: 6	Tenure: 2	Tenure: 0.388
		Tenure: 4	Tenure: 1	Tenure: 0.340

2. For each variable AGE and Tenure, support your final bin count by showing the relevant PROC HPBIN output which displays the counts by bin/segment.

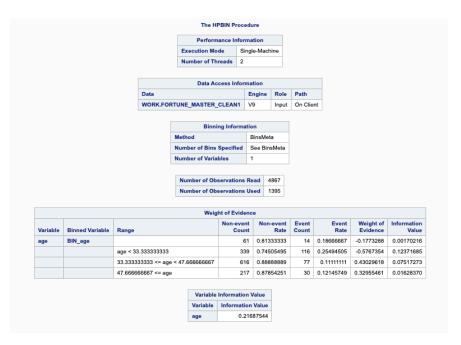
Equal Height / Age / Final Bin Count: 5



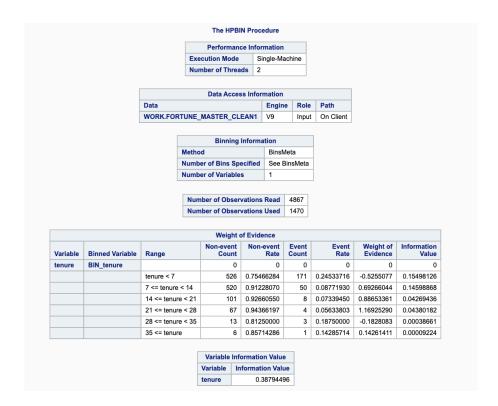
Equal Height / Tenure / Final Bin Count: 2



Equal Width / Age / Final Bin Count: 3



Equal Width / Tenure / Final Bin Count: 6



3. For each variable AGE and TENURE, explain, if you had to pick one type of binning, which binning type (equal height or equal width) should be selected for your predictive model of attrition. Focus on the variable-level IV to support your selection.

I would choose equal height as my binning type for both variables, Age and Tenure. In the final bin count, the variable-level IV for Age and Tenure is 0.265 and 0.260, respectively. Both of these IV values are considered a "Medium" predictive power. Equal height's "Medium" predictive powers were also on the higher side of the "Medium" tier (closer to 0.3, which is the beginning of the "Strong" predictive tier).

< 0.1 = Weak 0.1 - 0.3 = Medium 0.3 - 0.5 = Strong 0.5+ = Suspicious

Equal width, in comparison, has a similar predictive power for Age and Tenure, and it produced a variable-level IV for Age and Tenure is 0.217 and 0.388, respectively. The Age IV value would be a considered a "Medium" predictive power and the "Tenure" predictive power would be considered a "Strong" predictive power. However, in the final bin count for Tenure, all the bins could not cohesively meet the 20 segment threshold.

4. For each variable AGE and TENURE, create dummy variables for each bin for your selected binning type. The dummy variable names should show the relevant bin ranges. Using PROC MEANS and PROC TRANSPOSE, produce a "tall and skinny" output table for each variable which shows the bin dummy variables as rows with the sum for each bin by target variable segment as columns (so, N rows by 3 columns). Check that for each bin/segment the threshold is met and that the sum for each bin matches the output from your final PROC HPBIN run.

Dummy variables for Age and Tenure was created using equal height binning type. Age (5 bins) and Tenure (2 bins).

```
229 /* TASK 3, QUESTION 4 */
230 /* Dummy variables - Age */
data work.fortune_master_dummy; set ana610.fortune_master_clean1;
232
       if age < 31.0013
                                         then age_1to31_dum = 1; else age_1to31_dum = 0;
        if age ge 31.0013 and age < 35.0003 then age_31to35_dum = 1; else age_31to35_dum = 0;
233
234
       if age ge 35.0003 and age < 40.0012 then age 35to40 dum = 1; else age 35to40 dum = 0;
235
       if age ge 40.0012 and age < 47.0016 then age_40to47_dum = 1; else age_40to47_dum = 0;
236
       if age ge 47.0016
                                         then age_47plus_dum = 1; else age_47plus_dum = 0;
237
       if age in(.)
                                          then age miss dum = 1; else age miss dum = 0;
238 run;
239 8let age_dums = age_1to31_dum age_31to35_dum age_35to40_dum age_40to47_dum age_47plus_dum age_miss_dum;
240 proc means data=work.fortune master dummy n nmiss min mean max sum; var &age dums; run;
241
242 /* Dummy variables - Tenure */
data work.fortune_master_dummy; set work.fortune_master_dummy;
244
       if tenure ge 0 and tenure < 7.0014 then tenure_0to7_dum = 1; else tenure_0to7_dum = 0;
                                         then tenure_7plus_dum = 1; else tenure_7plus_dum = 0;
245
        if tenure ge 7.0014
246
       if tenure in(.)
                                          then tenure miss dum = 1; else tenure miss dum = 0;
247 run;
249 proc means data=work.fortune master dummy n nmiss min mean max sum; var &tenure dums; run;
250 data ana610.fortune_master_dummy; set work.fortune_master_dummy;
```

The MEANS Procedure

Variable	N	N Miss	Minimum	Mean	Maximum	Sum
age_1to31_dum	4867	0	0	0.2765564	1.0000000	1346.00
age_31to35_dum	4867	0	0	0.1631395	1.0000000	794.0000000
age_35to40_dum	4867	0	0	0.2046435	1.0000000	996.0000000
age_40to47_dum	4867	0	0	0.1886172	1.0000000	918.0000000
age_47plus_dum	4867	0	0	0.1670434	1.0000000	813.0000000
age_miss_dum	4867	0	0	0.0554757	1.0000000	270.0000000

The MEANS Procedure

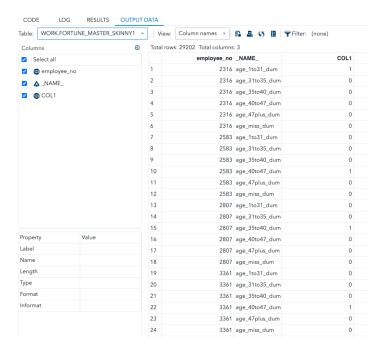
Variable	N	N Miss	Minimum	Mean	Maximum	Sum
tenure_0to7_dum	4867	0	0	0.5557839	1.0000000	2705.00
tenure_7plus_dum	4867	0	0	0.4442161	1.0000000	2162.00
tenure_miss_dum	4867	0	0	0	0	0

Transpose - "Tall and skinny":

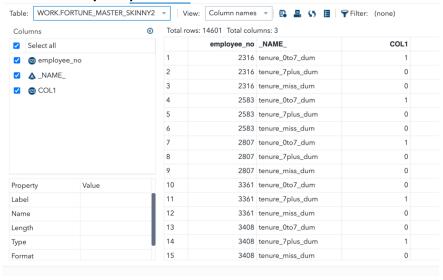
```
/* Transpose - Age */
proc transpose data=work.fortune_master_dummy out=work.fortune_master_skinny1; by employee_no;
var &age_dums;
run;

/* Transpose - Age */
proc transpose data=work.fortune_master_dummy out=work.fortune_master_skinny1; by employee_no;
var &age_dums;
/* Transpose - Age */
proc transpose data=work.fortune_master_dummy out=work.fortune_master_skinny2; by employee_no;
var &tenure_dums;
run;
```

"Tall and skinny" output - Age

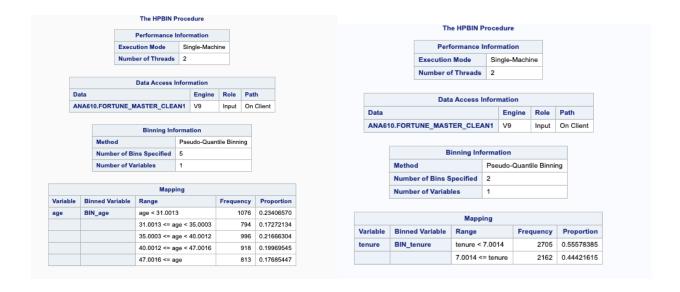


"Tall and skinny" output - Tenure



Check - The frequency of PROC HPBIN matches the sums for each dummy variable bin for Age and Tenure. The left side shows the side-by-side comparison for Age. The right side shows the side-by-side comparison for Tenure.

For the Age variable, during my dummy variable creation, I created a bin for the missing Age values (age_miss_dum) (270 values). PROC HPBIN did not separate a bin for the missing values and it added the 270 missing values to the "age < 31.0013" bin. This explains why "age < 13.0013" in PROC HPBIN has a frequency of 1076, compared to the dummy "age < 13.0013" with a sum of 1346. The 270 value difference is the missing values that PROC HPBIN did not have a separate bin for.



		The	MEANS Pro	ocedure					The M	EANS Proce	dure		
Variable	N	N Miss	Minimum	Mean	Maximum	Sum							
age_1to31_dum	4867	0	0	0.2765564	1.0000000	1346.00	Variable	N	N Miss	Minimum	Mean	Maximum	Sum
age_31to35_dum	4867	0	0	0.1631395	1.0000000	794.0000000	tenure 0to7 dum	4867	0	0	0.5557839	1.0000000	2705.00
age_35to40_dum	4867	0	0	0.2046435	1.0000000	996.0000000				0			
age 40to47 dum	4867	0	0	0.1886172	1.0000000	918.0000000	tenure_7plus_dum	4867	0	0	0.4442161	1.0000000	2162.00
age_47plus_dum	4867	0	0	0.1670434	1.0000000	813.0000000	tenure_miss_dum	4867	0	0	0	0	0
age_miss_dum	4867	0	0	0.0554757	1.0000000	270.0000000							

Task #4 (20 pts):

Using PROC CORR and the bin dummy variables your created above for AGE and TENURE:

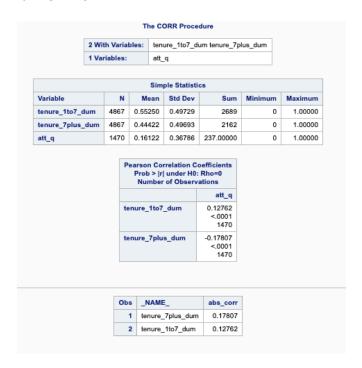
1. Identify which employee AGE range is most likely to attrition. Support your answer with output from PROC CORR.

Ages 1-31 are more likely to attrition. The correlation coefficient for the Age 1-31 bin was calculated to be 0.15690, which is the highest in comparison to the other bins. However, 0.15690 is still considered to be a weak, positive correlation because it's far from 1.0.



2. Identify which employee TENURE range is most likely to attrition. Support your answer with output from PROC CORR.

Employees with a Tenure of 7+ years are more likely to attrition. The correlation coefficient for the Tenure 7+ bin was calculated to be 0.17807, which is the highest in comparison to the other bins. However, 0.17807 is still considered to be a weak, positive correlation because it's far from 1.0.



There are 6 obvious extreme values in the variable hire_dt. Can you find them? Explain your logic and provide a table showing employee_number and hire_dt for these 6 "outliers."

Fortune Corp. started its business in June 1980; therefore any hire date before when the company started are obvious outliers. There are 6 "hire_dt" dates that are prior to when the company existed. Employee_no 153573, 211407, 605506, 239944, 601229, and 51481 are the 6 outliers.

Total rows: 4867 Total columns: 2

	employee_no	hire_dt
1	153573	10/10/75
2	211407	08/03/76
3	605506	10/06/79
4	239944	10/27/79
5	601229	12/07/79
6	51481	02/10/80
7	475097	06/05/80
8	53364	07/04/80

Homework deliverables:

Task #1

- Neatly formatted, data audit report (see template) Word doc
- Merged SAS datafile (download from SAS Studio)

Task #2

- An additional Word doc with your analysis and discussion, including all tables and charts
- A SAS program with all code used for this assignment (both Task 1 and 2)