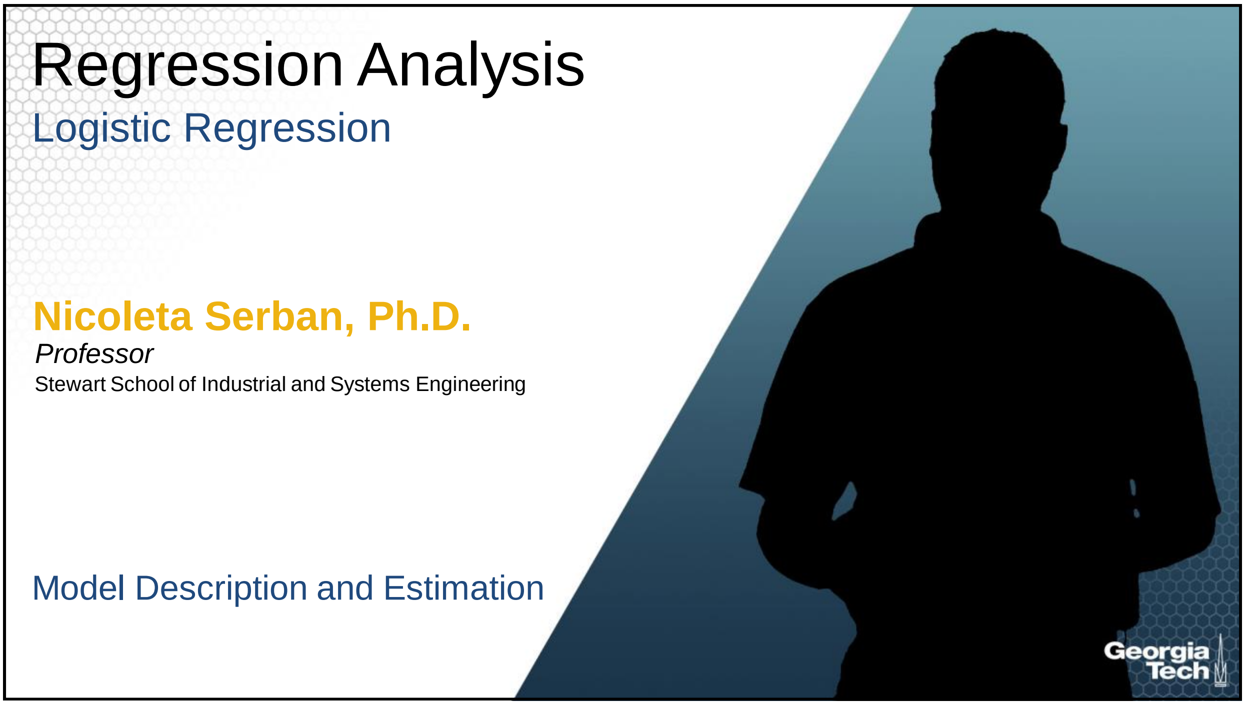

Regression Analysis

Logistic Regression

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Model Description and Estimation

About This Lesson

Logistic Regression Model

Data: $\{(\boldsymbol{X}_{1,1}, \boldsymbol{X}_{1,2}, \cdots, \boldsymbol{X}_{1,p}), \boldsymbol{Y}_1\}, \{(\boldsymbol{X}_{2,1}, \boldsymbol{X}_{2,2}, \cdots, \boldsymbol{X}_{2,p}), \boldsymbol{Y}_2\}, \cdots, \{(\boldsymbol{X}_{n,1}, \boldsymbol{X}_{n,2}, \cdots, \boldsymbol{X}_{n,p}), \boldsymbol{Y}_n\}$
where $\boldsymbol{Y}_1, \cdots, \boldsymbol{Y}_n$ are *binary* responses

Model: We model the *probability of success given the predictor(s)*

$$\mathrm{p} = \mathrm{p}(X_1, \cdots, X_p) = \Pr(Y = 1 \mid X_1, \cdots, X_p)$$

by linking p to the predicting variables through the ***logit*** *link function* g:

$$\mathrm{g}(\mathrm{p}) = \ln\left(\frac{\mathrm{p}}{1-\mathrm{p}}\right) = \beta_0 + \beta_1 X_1 + \cdots + \beta_p X_p$$

OR

$$\boxed{\mathrm{p}(X_1, \cdots, X_p) = \frac{\mathrm{e}^{\beta_0 + \beta_1 X_1 + \cdots + \beta_p X_p}}{1 + \mathrm{e}^{\beta_0 + \beta_1 X_1 + \cdots + \beta_p X_p}}}$$

Model Interpretation

- The probability of success given one predicting variable $X = x$ is
  $\mathrm{p} = \mathrm{p}(x) = \Pr(Y = 1 \mid x)$
- The logit function $\ln\left(\frac{\mathrm{p}}{1-\mathrm{p}}\right) = \beta_0 + \beta_1 x$ is the ***log odds*** function.
- The exponential of the logit function $\frac{\mathrm{p}(X)}{1-\mathrm{p}(X)} = \mathrm{e}^{\beta_0 + \beta_1 x}$ is the ***odds*** of $Y = 1$ at $X = x$
- The odds at $X = a$ versus $X = b$ is equal to the ***odds ratio***:

$$\frac{\mathrm{e}^{\beta_0 + \beta_1 a}}{\mathrm{e}^{\beta_0 + \beta_1 b}} = \mathrm{e}^{\beta_1 (a-b)}$$

Model Interpretation

If we calculate the odds ratio of the odds at $X = b + 1$ versus $X = b$, we have

$$\frac{\mathrm{e}^{\beta_0+\beta_1(b+1)}}{\mathrm{e}^{\beta_0+\beta_1 b}} = \mathrm{e}^{\beta_1}$$

- The regression coefficient β_1 can be interpreted as the log of the odds ratio for an increase of one unit in the predicting variable.
- If X a dummy variable of a categorical factor, interpret as the log of odds ratio of one category versus baseline.
- Interpret β with respect to the odds of success, not directly with respect to the response variable.

Model Estimation

Model the probability of success given predictor(s):

$$\text{Logit}\big(\Pr(Y = 1 \mid X_1, \cdots, X_p)\big) = \text{Logit}\big(\mathrm{p}(X_1, \cdots, X_p)\big) = \beta_0 + \beta_1 X_1 + \cdots + \beta_p X_p$$

Parameters: $\beta_0, \beta_1, \cdots, \beta_p$

Approach: Maximum Likelihood Estimation

$$\max_{\beta_0,\beta_1,\cdots,\beta_p} \mathcal{L}(\beta_0, \beta_1, \cdots, \beta_p) = \prod_{i=1}^{n} \mathrm{p}\big(\boldsymbol{X}_{i,1}, \boldsymbol{X}_{i,2}, \cdots, \boldsymbol{X}_{i,p}\big)^{\boldsymbol{Y}_i} \Big(1 - \mathrm{p}\big(\boldsymbol{X}_{i,1}, \boldsymbol{X}_{i,2}, \cdots, \boldsymbol{X}_{i,p}\big)\Big)^{1-\boldsymbol{Y}_i}$$

or

$$\max_{\beta_0,\beta_1,\cdots,\beta_p} \ell\big(\beta_0, \beta_1, \cdots, \beta_p\big) = \max_{\beta_0,\beta_1,\cdots,\beta_p} \log\big(\mathcal{L}(\beta_0, \beta_1, \cdots, \beta_p)\big)$$

$$= \max_{\beta_0,\beta_1,\cdots,\beta_p} \sum_{i=1}^{n} \left(\boldsymbol{Y}_i \log\left(\frac{\mathrm{e}^{\beta_0+\beta_1 X_1+\cdots+\beta_p X_p}}{1 + \mathrm{e}^{\beta_0+\beta_1 X_1+\cdots+\beta_p X_p}}\right) + (1 - \boldsymbol{Y}_i) \log\left(\frac{1}{1 + \mathrm{e}^{\beta_0+\beta_1 X_1+\cdots+\beta_p X_p}}\right)\right)$$

Model Estimation (cont'd)

Approach: Maximum Likelihood Estimation

$$\max_{\beta_0,\beta_1,\cdots,\beta_p} \sum_{i=1}^{n}\left(\boldsymbol{Y}_i\log\left(\frac{e^{\beta_0+\beta_1X_1+\cdots+\beta_pX_p}}{1+e^{\beta_0+\beta_1X_1+\cdots+\beta_pX_p}}\right)+(1-\boldsymbol{Y}_i)\log\left(\frac{1}{1+e^{\beta_0+\beta_1X_1+\cdots+\beta_pX_p}}\right)\right)$$

- Maximizing the (log-)likelihood function with respect to $\beta_0, \beta_1, \cdots, \beta_p$ in closed form expression is not possible because the (log-)likelihood function is a non-linear function in the model parameters.

- Use numerical algorithm to estimate $\beta_0, \beta_1, \cdots, \beta_p \Rightarrow \hat{\beta}_0, \hat{\beta}_1, \cdots, \hat{\beta}_p$

Upshot: The estimated parameters and their standard errors are approximate estimates. Do not attempt to do it yourself! Use statistical software to derive the estimated regression coefficients.

Summary