Bookmarks

- Module 1: The Basics of R and Introduction to the Course
- Entrance Survey
- Module 2: Fundamentals of Probability, Random Variables, Distributions, and Joint Distributions
- Module 3: Gathering and Collecting Data, Ethics, and Kernel Density Estimates
- Module 4: Joint, Marginal, and Conditional Distributions & Functions of Random Variable

Introduction to Local Linear Regression - Quiz

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Question 1

1/1 point (graded)

Why might defining piece-wise linear variables perform better than approximation using dummy variables?

- a. Coefficients become easier to interpret
- b. Accounts for omitted variable bias
- c. Less concern about multicollinearity
- d. More accurately modeling complex/flexible functional forms ✔

Explanation

Simply approximating with the dummies creates artificial discrete steps. Piece-wise linear variables will estimate lines at each interval, which can better reflect smooth complex functional forms.

Submit You have used 1 of 2 attempts

✔ Correct (1/1 point)

Discussion
Topic: Module 10 / Introduction to Local Linear Regression - Quiz

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