Congratulations! You passed!

Grade received 100% **To pass** 80% or higher

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1. Which of the following statements is true? Select all that apply. **1 / 1 point**

- [ ] One hot encoding allows data professionals to turn several categorical variables into one binary variable.
- [ ] One hot encoding is for ordinal variables.
- [x] One hot encoding allows data professionals to turn one categorical variable into several binary variables.

Correct
One hot encoding is a data transformation technique that allows data professionals to turn one categorical variable into several binary variables.

- [x] One hot encoding is a data transformation technique.

Correct
One hot encoding is a data transformation technique that allows data professionals to turn one categorical variable into several binary variables.

2. What is the definition of the no multicollinearity assumption? **1 / 1 point**

- (•) No two independent variables can be highly correlated with each other.
- ( ) No observation in the dataset can be independent.
- ( ) No predictor variable can be linearly related to the outcome variable.
- ( ) Variation of the residual must be constant or similar across the model.

Correct
Multicollinearity states that no two independent variables can be highly correlated with each other. This means that X_i and X_j cannot be linearly related.

3. In what ways might a data professional handle data with multicollinearity? Select all that apply. **1 / 1 point**

- [x] Create new variables using existing data.

Correct
A data professional might handle data with multicollinearity by dropping one or more variables that have high multicollinearity. They might also create new variables using existing data.

- [ ] Turn one categorical variable into several binary variables.
- [ ] Square the variables that have high multicollinearity.
- [x] Drop one or more variables that have high multicollinearity.

Correct
A data professional might handle data with multicollinearity by dropping one or more variables that have high multicollinearity. They might also create new variables using existing data.