Income

October 9, 2019

1 Problem setting

A polling institute wants to be able to estimate an individual's income from his/her personal data (see einkommen.train). To this aim, 30.000 individuals were interviewed concerning the features summarized below. For some of the individuals, not all features are available. Crucially, the income of only 5.000 of the interviewee's is known. Your task is to predict the income group of the remaining 25.000 interviewees and to prepare the data such that they can be used for further regression and correlation analyses.

Age

Employment type (Private, Self-emp-not-inc, Self-emp-inc, Federal-gov, Local-gov, State-gov, Without-pay, Never-worked)

Weighting factor to compensate for an interview-dependent selection bias

Level of education (Bachelors, Some-college, HS-grad, Prof-school, Assoc-acdm, Assoc-voc, 1st-4th, 5th-6th, 7th-8th, 9th, 10th, 11th, 12th, Masters, Doctorate, Preschool)

Schooling/training period

Marital status (Married-civ-spouse, Divorced, Never-married, Separated, Widowed, Married-spouse-absent, Married-AF-spouse)

Employment area (Tech-support, Craft-repair, Other-service, Sales, Exec-managerial, Prof-specialty, Handlers-cleaners, Machine-op-inspct, Adm-clerical, Farming-shing, Transportmoving, Priv-house-serv, Protective-serv, Armed-Forces)

Partnership (Wife, Own-child, Husband, Not-in-family, Other-relative, Unmarried)

Ethnicity (White, Asian-Pac-Islander, Amer-Indian-Eskimo, Other, Black)

Gender (Female, Male)

Gains on nancial assets

Losses on nancial assets

Weekly working time

Country of birth (United-States, Cambodia, England, Puerto-Rico, Canada, Germany, Outlying-US(Guam-USVI-etc), India, Japan, Greece, South, China, Cuba, Iran, Honduras, Philippines, Italy, Poland, Jamaica, Vietnam, Mexico, Portugal, Ire-land, France, Dominican-Republic, Laos, Ecuador, Taiwan, Haiti, Columbia, Hun-gary, Guatemala, Nicaragua, Scotland, Thailand, Yugoslavia, El-Salvador, Trina-dad&Tobago, Peru, Hong Kong, Holand-Netherlands)

Income (50k, > 50k)

1.1 Introduce the Data

Task: Given attributes about a person, predict whether their income is <=50K or >50K

```
In [1]: import pandas as pd
        import numpy as np
        import seaborn as sns
        import matplotlib.pyplot as plt
In [2]: # Import data and take a look
        df = pd.read_csv('einkommen.train', names=['age','emplot-type','weight-factor',
                                                      'level-edu', 'train-period', 'marital-statu',
                                                      'employ-area', 'partnership', 'ethnicity',
                                                      'gender', 'gains', 'losses', 'weekwtime',
                                                      'country','income'])
        df.head()
Out [2]:
                       emplot-type weight-factor
                                                     level-edu
                                                                train-period
           age
            39
                         State-gov
                                             77516
                                                     Bachelors
        0
                                                                            13
                 Self-emp-not-inc
        1
            50
                                             83311
                                                     Bachelors
                                                                            13
        2
                           Private
            38
                                            215646
                                                       HS-grad
                                                                             9
        3
            53
                           Private
                                            234721
                                                           11th
                                                                            7
        4
            28
                                                     Bachelors
                           Private
                                            338409
                                                                            13
                 marital-statu
                                         employ-area
                                                         partnership ethnicity
                                                                                   gender \
        0
                 Never-married
                                        Adm-clerical
                                                       Not-in-family
                                                                          White
                                                                                     Male
        1
            Married-civ-spouse
                                    Exec-managerial
                                                              Husband
                                                                          White
                                                                                     Male
                                  Handlers-cleaners
        2
                       Divorced
                                                       Not-in-family
                                                                          White
                                                                                     Male
        3
            Married-civ-spouse
                                  Handlers-cleaners
                                                              Husband
                                                                                     Male
                                                                          Black
        4
            Married-civ-spouse
                                                                 Wife
                                                                                   Female
                                      Prof-specialty
                                                                          Black
                  losses
                          weekwtime
                                              country
                                                       income
           gains
        0
            2174
                        0
                                  40
                                        United-States
                                                         <=50K
        1
               0
                        0
                                        United-States
                                                         <=50K
                                  13
        2
                                                         <=50K
               0
                        0
                                  40
                                        United-States
        3
               0
                        0
                                  40
                                        United-States
                                                         <=50K
               0
                        0
                                  40
                                                 Cuba
                                                        <=50K
In [3]: # the income of only 5.000 of the interviewees is known. so we drop all
        # 25.000 interviewees.
        df_train=df.drop(i for i in range(5000, 30000))
In [4]: df_train.head()
Out [4]:
           age
                       emplot-type
                                   weight-factor
                                                     level-edu
                                                                train-period
            39
                         State-gov
                                             77516
                                                     Bachelors
        0
                                                                            13
        1
            50
                 Self-emp-not-inc
                                             83311
                                                     Bachelors
                                                                            13
        2
                                                                             9
            38
                           Private
                                            215646
                                                        HS-grad
                                                                             7
        3
            53
                           Private
                                            234721
                                                           11th
            28
                           Private
                                            338409
                                                     Bachelors
                                                                            13
                 marital-statu
                                         employ-area
                                                         partnership ethnicity
```

gender \

```
0
                 Never-married
                                       Adm-clerical
                                                       Not-in-family
                                                                         White
                                                                                   Male
                                                                         White
        1
            Married-civ-spouse
                                    Exec-managerial
                                                             Husband
                                                                                    Male
        2
                      Divorced
                                  Handlers-cleaners
                                                       Not-in-family
                                                                         White
                                                                                   Male
        3
            Married-civ-spouse
                                  Handlers-cleaners
                                                             Husband
                                                                         Black
                                                                                   Male
        4
            Married-civ-spouse
                                     Prof-specialty
                                                                Wife
                                                                         Black
                                                                                 Female
           gains losses
                          weekwtime
                                             country
                                                       income
        0
            2174
                                  40
                                       United-States
                                                        <=50K
        1
               0
                       0
                                  13
                                       United-States
                                                        <=50K
        2
               0
                                  40
                                       United-States
                       0
                                                        <=50K
        3
               0
                       0
                                  40
                                       United-States
                                                        <=50K
        4
               0
                       0
                                  40
                                                Cuba
                                                        <=50K
In [5]: df_train.info()
<class 'pandas.core.frame.DataFrame'>
Int64Index: 5000 entries, 0 to 4999
Data columns (total 15 columns):
                 5000 non-null int64
emplot-type
                 5000 non-null object
weight-factor
                 5000 non-null int64
level-edu
                 5000 non-null object
train-period
                 5000 non-null int64
marital-statu
                 5000 non-null object
employ-area
                 5000 non-null object
                 5000 non-null object
partnership
ethnicity
                 5000 non-null object
                 5000 non-null object
                 5000 non-null int64
                 5000 non-null int64
weekwtime
                 5000 non-null int64
                 5000 non-null object
country
                 5000 non-null object
dtypes: int64(6), object(9)
memory usage: 625.0+ KB
In [6]: # Take a look at the outcome variable: 'income'
        print(df_train['income'].value_counts())
          3779
          1221
Name: income, dtype: int64
In [7]: # Ploting the distribution of the income in the bar plot
        sns.countplot(x='income', data=df_train);
```

age

gender

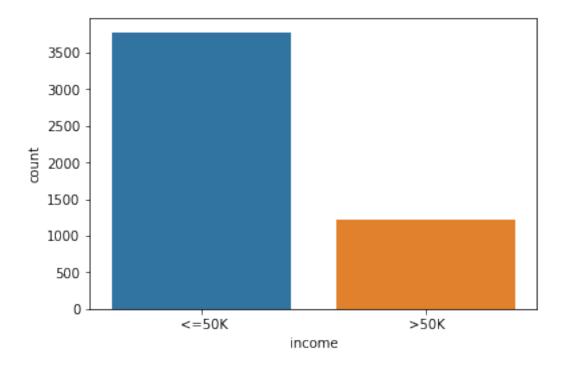
gains

losses

income

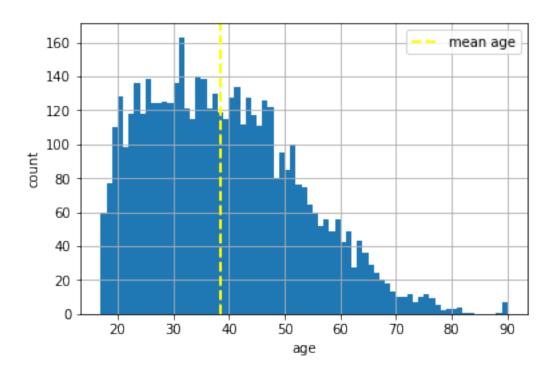
<=50K

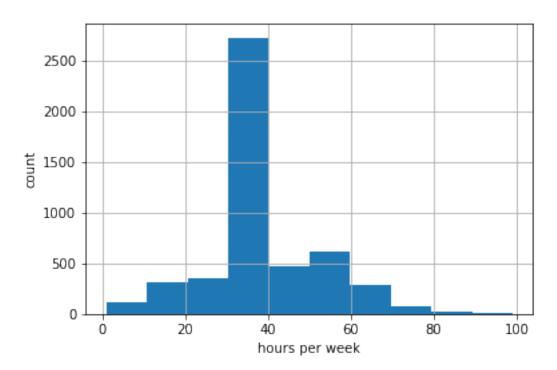
>50K



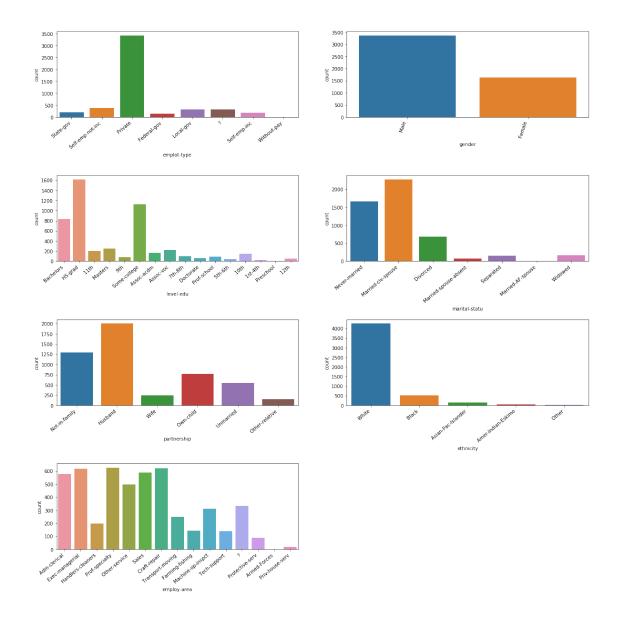
1.2 Exploring the data

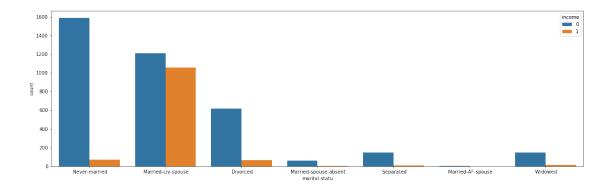
Lets now explore the data with few visualizations.





```
In [11]: fig, axs = plt.subplots(ncols=2, nrows=4, figsize=(20, 20))
         plt.subplots_adjust(hspace=0.68)
         fig.delaxes(axs[3][1])
         # Employment type
         wc_plot = sns.countplot(X['emplot-type'], ax=axs[0][0])
         wc_plot.set_xticklabels(wc_plot.get_xticklabels(), rotation=40, ha="right")
         # Gender
         ge_plot = sns.countplot(X['gender'], ax=axs[0][1])
         ge_plot.set_xticklabels(ge_plot.get_xticklabels(), rotation=72, ha="right")
         # Education level
         ed_plot = sns.countplot(X['level-edu'], ax=axs[1][0])
         ed_plot.set_xticklabels(ed_plot.get_xticklabels(), rotation=40, ha="right")
         # Marital status
         ms_plot = sns.countplot(X['marital-statu'], ax=axs[1][1])
         ms_plot.set_xticklabels(ms_plot.get_xticklabels(), rotation=40, ha="right")
         # Relationship
         rel_plot = sns.countplot(X['partnership'], ax=axs[2][0])
         rel_plot.set_xticklabels(rel_plot.get_xticklabels(), rotation=40, ha="right")
         # Race
         race_plot = sns.countplot(X['ethnicity'], ax=axs[2][1])
         race_plot.set_xticklabels(race_plot.get_xticklabels(), rotation=40, ha="right")
         # Occupation
         occ_plot = sns.countplot(X['employ-area'], ax=axs[3][0])
         occ_plot.set_xticklabels(occ_plot.get_xticklabels(), rotation=40, ha="right")
         plt.show()
```





Inferences:

- Married citizens with spouse have higher chances of earning more than those who're unmarried/divorced/widowed/separated.
- A good marital relationship is also a key for earning more money.
- Males on an average make earn more than females.
- Higher Education can lead to higher income in most cases.
- Statistically (only), the Whites are always advantageous in salary.

1.3 Data cleaning

1.3.1 Handling Missing categorie

Private	3435
Self-emp-not-inc	383
?	331
Local-gov	329
State-gov	193
Self-emp-inc	182
Federal-gov	146
Without-pay	1

Name: emplot-type, dtype: int64

```
In [14]: X['emplot-type'] = ['Other-emplot-type'] if x == '?' else x for x in X['emplot-type']
```

```
In [15]: print(X['emplot-type'].value_counts())
```

Private	3435
Self-emp-not-inc	383
Other-emplot-type	331
Local-gov	329
State-gov	193

```
Self-emp-inc
                       182
Federal-gov
                       146
 Without-pay
                         1
Name: emplot-type, dtype: int64
In [16]: print(df_train['employ-area'].value_counts())
                       625
Prof-specialty
Craft-repair
                       619
Exec-managerial
                       618
 Sales
                       588
 Adm-clerical
                      576
Other-service
                      495
                       331
                       312
Machine-op-inspct
Transport-moving
                       247
 Handlers-cleaners
                      196
 Farming-fishing
                       143
 Tech-support
                       140
Protective-serv
                       90
Priv-house-serv
                       18
 Armed-Forces
Name: employ-area, dtype: int64
In [17]: X['employ-area'] = [' Other-employ-area' if x == ' ?' else x for x in X['employ-area']
In [18]: print(X['employ-area'].value_counts())
Prof-specialty
                       625
Craft-repair
                       619
Exec-managerial
                      618
 Sales
                      588
 Adm-clerical
                      576
                      495
 Other-service
 Other-employ-area
                       331
 Machine-op-inspct
                       312
Transport-moving
                       247
 Handlers-cleaners
                      196
 Farming-fishing
                       143
                       140
Tech-support
Protective-serv
                       90
Priv-house-serv
                       18
```

Armed-Forces

Name: employ-area, dtype: int64

1.3.2 Dealing with data types

In [22]: X.info()

Models can only handle numeric features Must convert categorical and ordinal features into numeric features

```
In [19]: # Decide which categorical variables you want to use in model
         for col_name in X.columns:
             if X[col_name].dtypes == 'object':
                 unique_cat = len(X[col_name].unique())
                 print("Feature '{col_name}' has {unique_cat} unique categories"
                       .format(col_name=col_name, unique_cat=unique_cat))
Feature 'emplot-type' has 8 unique categories
Feature 'level-edu' has 16 unique categories
Feature 'marital-statu' has 7 unique categories
Feature 'employ-area' has 15 unique categories
Feature 'partnership' has 6 unique categories
Feature 'ethnicity' has 5 unique categories
Feature 'gender' has 2 unique categories
Feature 'country' has 40 unique categories
In [20]: # Although, 'country' has a lot of unique categories,
         # most categories only have a few observations
         print(X['country'].value_counts().sort_values(ascending=False).head(10))
United-States
                  4465
 Mexico
                   104
                    97
 Canada
                    28
 Germany
                    22
Philippines
                    22
England
                    16
El-Salvador
                    16
Puerto-Rico
                    16
 Jamaica
Name: country, dtype: int64
In [21]: # In this case, bucket low frequecy categories as "Other"
         X['country'] = ['United-States ' if x == ' United-States' else 'Other' for x in X['country']
         print(X['country'].value_counts().sort_values(ascending=False))
United-States
                  4465
Other
                   535
Name: country, dtype: int64
```

```
<class 'pandas.core.frame.DataFrame'>
Int64Index: 5000 entries, 0 to 4999
Data columns (total 14 columns):
age
                 5000 non-null int64
                 5000 non-null object
emplot-type
weight-factor
                 5000 non-null int64
level-edu
                 5000 non-null object
train-period
                 5000 non-null int64
marital-statu
                 5000 non-null object
                 5000 non-null object
employ-area
                 5000 non-null object
partnership
ethnicity
                 5000 non-null object
gender
                 5000 non-null object
                 5000 non-null int64
gains
                 5000 non-null int64
losses
weekwtime
                 5000 non-null int64
country
                 5000 non-null object
dtypes: int64(6), object(8)
memory usage: 745.9+ KB
In [23]: from sklearn.preprocessing import LabelEncoder
         le = LabelEncoder()
         for col name in X.columns:
                  if X[col_name].dtypes == 'object':
                      X[col_name] = le.fit_transform(X[col_name])
In [26]: X.head()
Out [26]:
            age
                 emplot-type
                               weight-factor level-edu train-period
                                                                         marital-statu \
         0
             39
                            6
                                        77516
                                                       9
                                                                     13
                                                                                      4
         1
             50
                            5
                                        83311
                                                       9
                                                                     13
                                                                                      2
         2
             38
                            3
                                       215646
                                                      11
                                                                      9
                                                                                      0
         3
             53
                            3
                                       234721
                                                       1
                                                                      7
                                                                                      2
         4
             28
                            3
                                       338409
                                                       9
                                                                     13
            employ-area
                         partnership ethnicity
                                                   gender
                                                            gains
                                                                   losses
                                                                           weekwtime \
         0
                       0
                                                4
                                                         1
                                                             2174
                                                                        0
                                                                                   40
                                    1
                       3
                                    0
                                                4
                                                         1
                                                                0
                                                                        0
                                                                                   13
         1
                       5
                                                4
                                                                0
                                                                                   40
         2
                                    1
                                                         1
                                                                        0
         3
                       5
                                    0
                                                2
                                                         1
                                                                0
                                                                        0
                                                                                   40
         4
                      10
                                    5
                                                2
                                                         0
                                                                0
                                                                        0
                                                                                   40
            country
         0
                   1
         1
                   1
         2
                   1
         3
                   1
         4
                  0
```

1.3.3 Handling missing data

In [27]: # How much of your data is missing?

In [32]: # Creating a confusion matrix.

df.index.name='TRUE'

def CMatrix(CM, labels=['<=50K','>50K']):

df.columns.name='PREDICTION'

An alternative solution is to use imputation - Replace missing value with another value - Strategies: mean, median, highest frequency value of given feature

```
X.isnull().sum().sort_values(ascending=False).head()
         # Confirm All Missing Data is Handled
Out[27]: country
                      0
         weekwtime
         losses
                      0
         gains
                      0
         gender
         dtype: int64
In [28]: # Impute missing values using Imputer in sklearn.preprocessing
         #from sklearn.preprocessing import Imputer
         #imp = Imputer(missing_values='NaN', strategy='median', axis=0)
         #imp.fit(X)
         \#X = pd.DataFrame(data=imp.transform(X), columns=X.columns)
1.4 Model building
1.4.1 Build model using processed data
In [29]: # Importing objects from sklearn to help with the predictions.
         from sklearn.model_selection import train_test_split
         from sklearn.metrics import accuracy_score, precision_score,
                                     recall_score, confusion_matrix,
                                     precision_recall_curve
In [31]: # Use train_test_split in sklearn.cross_validation
         # to split data into train and test sets
         from sklearn.cross_validation import train_test_split
         X_train, X_test, y_train, y_test = train_test_split(X, y,
                                             train_size=0.70, random_state=1)
C:\Users\awdii\Anaconda3\lib\site-packages\sklearn\cross_validation.py:41: DeprecationWarning:
  "This module will be removed in 0.20.", DeprecationWarning)
```

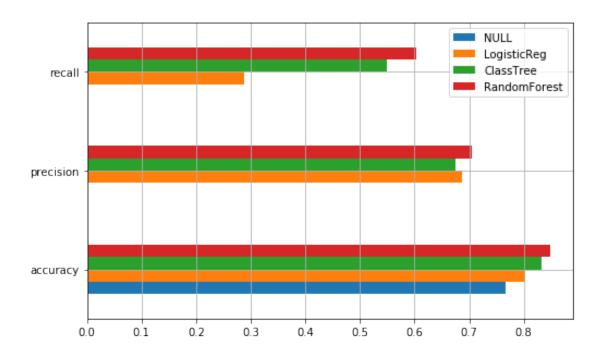
df = pd.DataFrame(data=CM, index=labels, columns=labels)

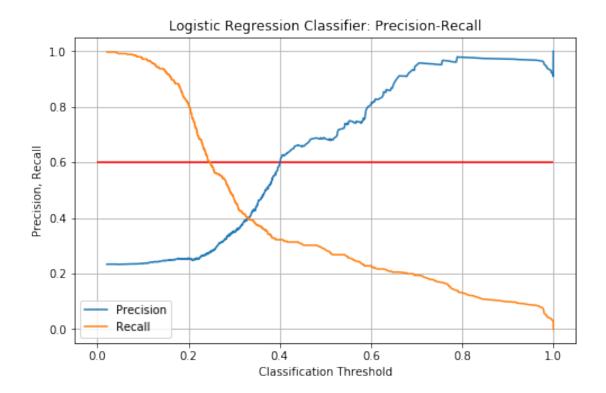
```
df.loc['TOTAL'] = df.sum()
            df['Total'] = df.sum(axis=1)
            return df
In [33]: # Preparing a pandas DataFrame to analyze models (evaluation metrics).
        metrics = pd.DataFrame(index=['accuracy', 'precision', 'recall'],
                                columns=['NULL','LogisticReg','ClassTree','RandomForest'])
1.5 The Null Model: Always predict the most common category
# The Null Model.
        y_pred_test = np.repeat(y_train.value_counts().idxmax(), y_test.size)
        metrics.loc['accuracy','NULL'] = accuracy_score(y_pred=y_pred_test, y_true=y_test)
        metrics.loc['precision','NULL'] = precision_score(y_pred=y_pred_test, y_true=y_test)
        metrics.loc['recall','NULL'] = recall_score(y_pred=y_pred_test, y_true=y_test)
        accuracy_score(y_pred=y_pred_test, y_true=y_test)
C:\Users\awdii\Anaconda3\lib\site-packages\sklearn\metrics\classification.py:1135: UndefinedMe
  'precision', 'predicted', average, warn_for)
Out[34]: 0.766
In [35]: CM = confusion_matrix(y_pred=y_pred_test, y_true=y_test)
        CMatrix(CM)
Out[35]: PREDICTION <=50K >50K Total
        TRUF.
        <=50K
                                 1149
                     1149
        >50K
                      351
                              0
                                   351
        TOTAL
                     1500
                              0 1500
1.6 A. Logistic Regression.
In [36]: # A. Logistic Regression.
        # 1- Import the estimator object (model).
        from sklearn.linear_model import LogisticRegression
        # 2- Create an instance of the estimator.
        logistic_regression = LogisticRegression()
         # 3- Use the trainning data to train the estimator.
        logistic_regression.fit(X_train, y_train)
        # 4- Evaluate the model.
        y_pred_test = logistic_regression.predict(X_test)
        metrics.loc['accuracy','LogisticReg'] = accuracy_score(y_pred=y_pred_test, y_true=y_text)
        metrics.loc['precision','LogisticReg'] = precision_score(y_pred=y_pred_test, y_true=y_
```

```
metrics.loc['recall','LogisticReg'] = recall_score(y_pred=y_pred_test, y_true=y_test)
         # Confusion Matrix.
         CM = confusion_matrix(y_pred=y_pred_test, y_true=y_test)
         CMatrix(CM)
Out[36]: PREDICTION <=50K >50K Total
         TRUF.
         <=50K
                      1103
                              46
                                   1149
         >50K
                       250
                             101
                                    351
         TOTAL
                      1353
                             147
                                   1500
1.7 B. Classification Trees.
In [37]: # B. Classification Trees.
         # 1- Import the estimator object (model).
         from sklearn.tree import DecisionTreeClassifier
         # 2- Create an instance of the estimator.
         class_tree = DecisionTreeClassifier(min_samples_split=30,
                                             min_samples_leaf=10, random_state=10)
         # 3- Use the training data to train the estimator.
         class_tree.fit(X_train, y_train)
         # 4- Evaluate the model.
         y_pred_test = class_tree.predict(X_test)
         metrics.loc['accuracy','ClassTree'] = accuracy_score(y_pred=y_pred_test, y_true=y_test)
         metrics.loc['precision','ClassTree'] = precision_score(y_pred=y_pred_test, y_true=y_text)
         metrics.loc['recall','ClassTree'] = recall_score(y_pred=y_pred_test, y_true=y_test)
         # Confusion Matrix.
         CM = confusion_matrix(y_pred=y_pred_test, y_true=y_test)
         CMatrix(CM)
Out[37]: PREDICTION <=50K >50K Total
         TRUE
         <=50K
                              93
                      1056
                                   1149
         >50K
                       158
                             193
                                    351
         TOTAL
                      1214
                             286
                                   1500
1.8 C. Random Forest Classifier
In [38]: # C. Random Forest Classifier.
         # 1- Import the estimator object (model).
```

from sklearn.ensemble import RandomForestClassifier

```
# 2- Create an instance of the estimator.
        random_forest = RandomForestClassifier()
        # 3- Use the trainning data to train the estimator.
        random_forest.fit(X_train, y_train)
        # 4- Evaluate the model.
        y_pred_test = random_forest.predict(X_test)
        metrics.loc['accuracy','RandomForest'] = accuracy_score(y_pred=y_pred_test, y_true=y_
        metrics.loc['precision','RandomForest'] = precision_score(y_pred=y_pred_test, y_true=
        metrics.loc['recall','RandomForest'] = recall_score(y_pred=y_pred_test, y_true=y_test
        # Confusion Matrix.
        CM = confusion_matrix(y_pred=y_pred_test, y_true=y_test)
        CMatrix(CM)
Out[38]: PREDICTION <=50K >50K Total
        TRUE
        <=50K
                     1060
                             89
                                  1149
        >50K
                      139
                            212
                                   351
        TOTAL.
                     1199
                                  1500
                            301
# Comparing the models with percentages.
        100*metrics
Out[39]:
                   NULL LogisticReg ClassTree RandomForest
                   76.6
                            80.2667
                                      83.2667
                                                      84.8
        accuracy
                                                   70.4319
        precision
                      0
                            68.7075
                                      67.4825
        recall
                      0
                            28.7749
                                      54.9858
                                                   60.3989
In [40]: # Comparing the models with a bar graph.
        fig, ax = plt.subplots(figsize=(8,5))
        metrics.plot(kind='barh', ax=ax)
        ax.grid();
```





1.9 Adjusting the threshold to 0.2.

Recall: 80.91168091168092% Precision: 25.47085201793722%

We can see that Maritial statues, Working Hours and Sex really matters if you want to earn more than 50K per year. In contrary, the working class is not that important. Generally speaking,

you will get equal opportunity if you work hard enough, no matter what kinds of job are you doing.

1.10 Prediction

predict the income group of the remaining 25.000 interviewees

```
In [44]: df_new=df.drop(i for i in range(0, 5000))
In [45]: Xnew = df_new.drop('income', 1)
In [46]: # Although, 'country' has a lot of unique categories,
         # most categories only have a few observations
         print(Xnew['country'].value_counts().sort_values(ascending=False).head(10))
United-States
                  22406
Mexico
                    498
                    442
Philippines
                    155
Germany
                    100
Puerto-Rico
                     96
Canada
                     87
 India
                     82
El-Salvador
                     80
Name: country, dtype: int64
In [47]: # In this case, bucket low frequecy categories as "Other"
         Xnew['country'] = ['United-States ' if x == ' United-States' else 'Other' for x in Xn
         print(Xnew['country'].value_counts().sort_values(ascending=False))
United-States
                  22406
Other
                   2594
Name: country, dtype: int64
In [48]: from sklearn.preprocessing import LabelEncoder
         le = LabelEncoder()
         for col_name in Xnew.columns:
                 if Xnew[col_name].dtypes == 'object':
                     Xnew[col_name] = le.fit_transform(Xnew[col_name])
In [49]: ynew = random_forest.predict(Xnew)
In [50]: df_new['income']=ynew
In [53]: df_new.head()
```

Out[53]:		age	emplot-t	ype we:	ight-factor	le	vel-edu 1	train-pe	riod \	
	5000	47 S	47 Self-emp-inc 79627 Prof-school		-school		15			
	5001	55	55 Private 151474 Bachelors		chelors	13				
	5002	26	26 Private		132661	HS-grad		9		
	5003	28	•		HS-grad	9				
	5004	36	Priv	ate	62346	HS-grad		9		
		marital-statu		statu	employ	y-area par		nership	ethnicity	\
	5000		Divo	rced	Prof-spec	-			White	
	5001	Never-married			Tech-su	pport	t Other-relative		White	
	5002	Married-civ-spouse			Exec-manag	erial		White		
	5003	Never-married			Machine-op-i	nspct Ur		married	White	
	5004	Married-civ-spouse			Craft-repair		I	Husband	Black	
		gender	gains	losses	weekwtime		country	income		
	5000	Male	27828	0	50	Unite	ed-States	1		
	5001	Female	0	1590	38	United-States		0		
	5002	Female	5013	0	40	United-States		0		
	5003	Female	0	0	40	Unite	ed-States	0		
	5004	Male	0	0	40	Unite	ed-States	0		

