STAT 516 Lec 12

Logistic regression

Karl Gregory

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Programming task data from Kutner et al. (2005)

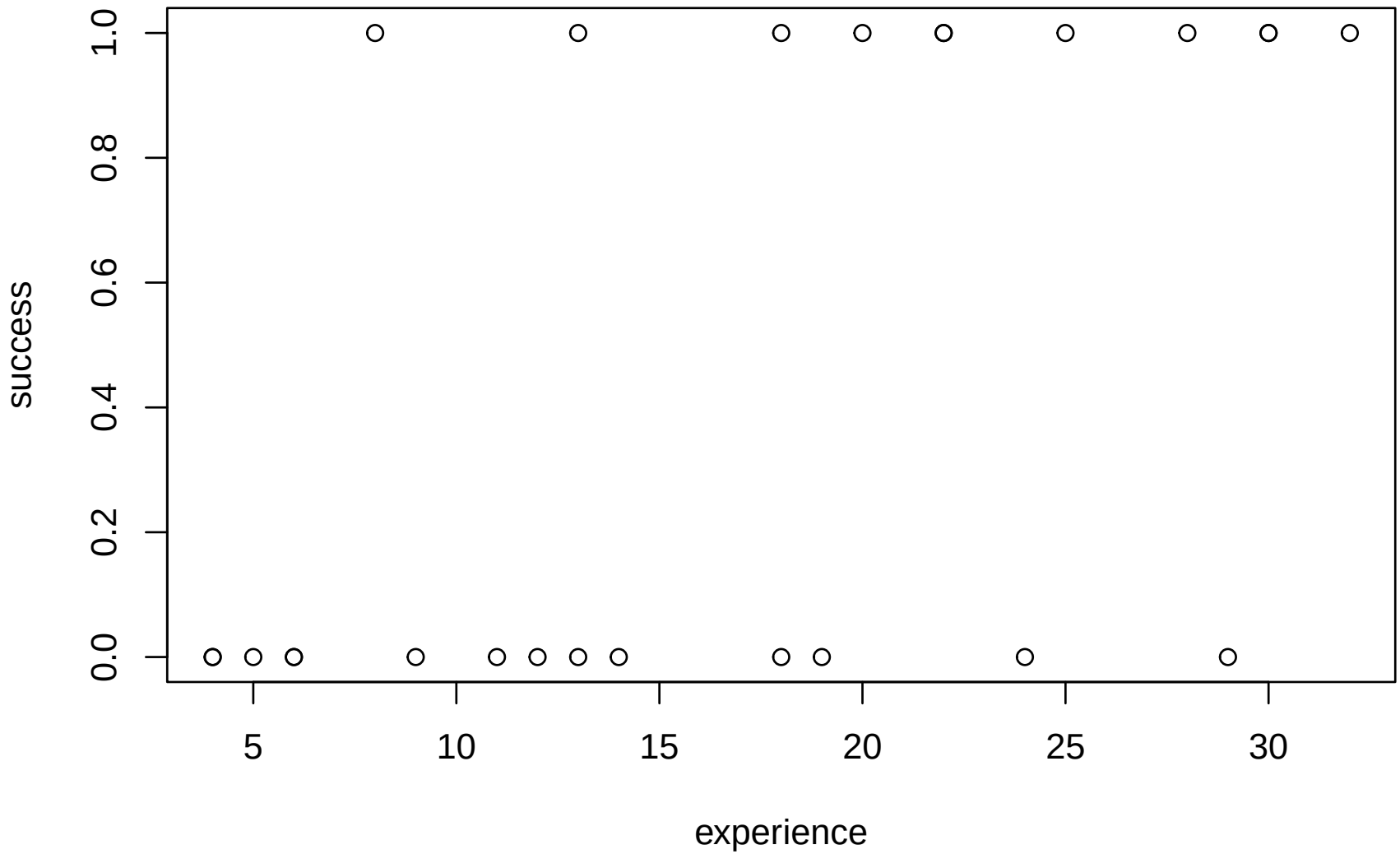
Twenty-five people succeeded or failed at a programming task.

Months of programming experience was recorded for each person.

```
experience <- c(14,29,6,25,18,4,18,12,22,6,30,11,30,5,20,13,9,32,24,13,19,4,28,22,8)
success <- c(0,0,0,1,1,0,0,0,1,0,1,0,1,0,1,0,0,1,0,1,0,0,1,1,1)
```

Can we predict probability of success based on experience?

```r
plot(success ~ experience)
```



Logistic regression model

Assume

$$Y_i \sim \text{Bernoulli}(\pi_i), \quad \log\left(\frac{\pi_i}{1-\pi_i}\right) = \beta_0 + \beta_1 x_i,$$

for $i = 1, \ldots, n$, where

- Y_i is the response for observation i.
- x_i is the value of a predictor/covariate/explanatory variable for obs i.
- π_i is the probability of "success" for observation i.
- β_0 and β_1 are slope and intercept parameters.
- $\pi_i/(1-\pi_i)$ is the odds of "success" for obs i.
- $\log(\pi_i/(1-\pi_i))$ is the log-odds for obs i.

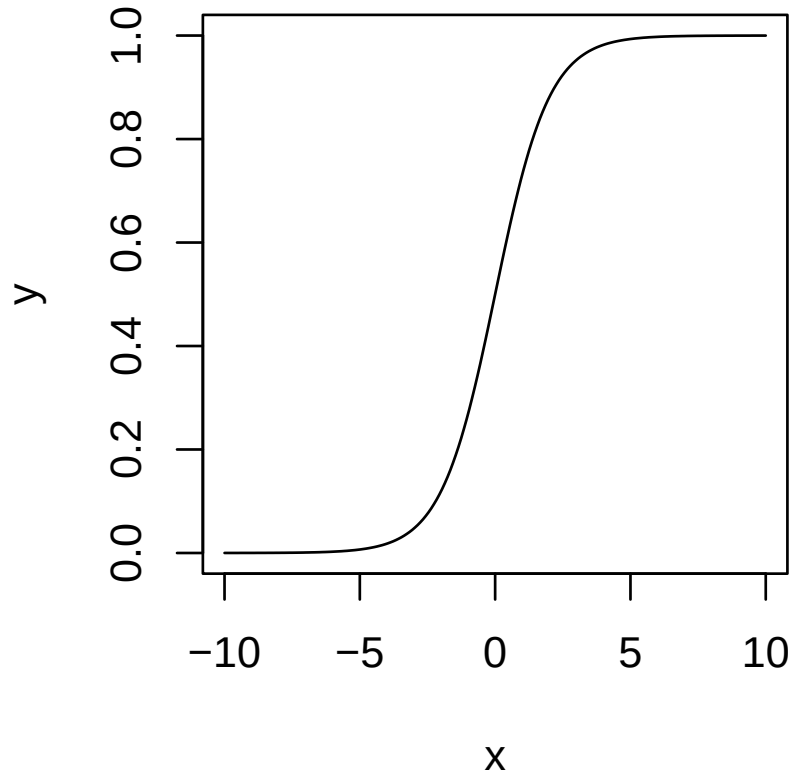
Logistic regression assumes the log-odds are linear in the predictor.

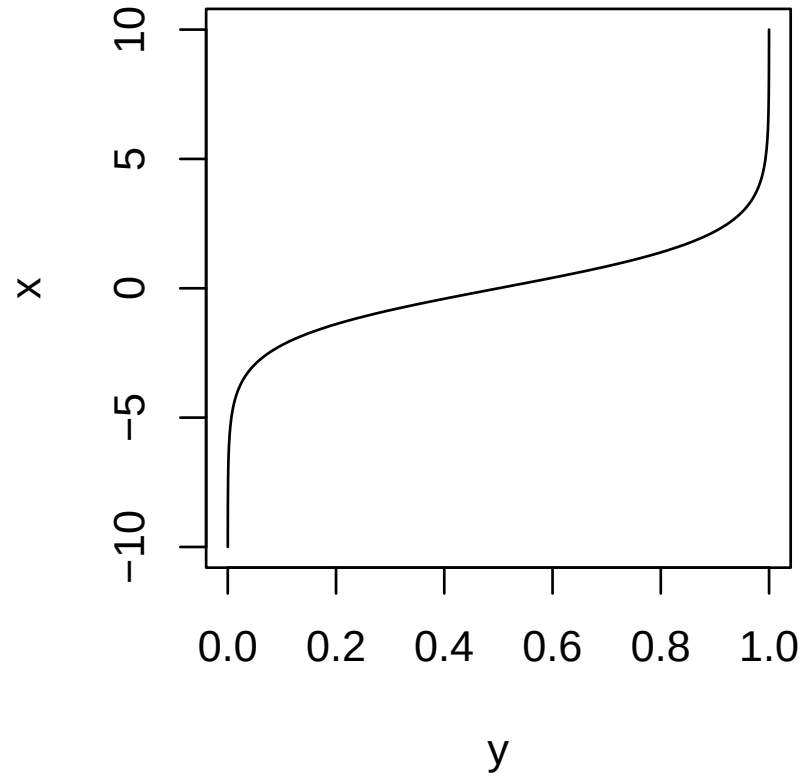
The logit and logistic transformations

- The transformation $y = \frac{e^x}{1+e^x}$ is called the logistic transformation.
- Its inverse $x = \log(\frac{y}{1-y})$ is called the logit transformation.
- We have

$$\log\left(\frac{\pi_i}{1-\pi_i}\right) = \beta_0 + \beta_1 x_i \iff \pi_i = \frac{e^{\beta_0+\beta_1 x_i}}{1+e^{\beta_0+\beta_1 x_i}}$$

```r
x <- seq(-10,10,length=200)
y <- exp(x) / (1 + exp(x))
par(mfrow= c(1,2))
plot(y~x,type = "l")
plot(x~y,type = "l")
```





Goals in logistic regression

1. Estimate β_0 and β_1.
2. Obtain fitted probabilities $\hat{\pi}_1, \ldots, \hat{\pi}_n$.
3. Build CI for β_1 and test H_0: $\beta_1 = 0$.
4. Give interpretations of the estimated regression coefficients.
5. Check goodness of fit of the logistic regression model.
6. Add additional covariates...

Maximum likelihood estimation in logistic regression

- We do not use least-squares to estimate β_0 and β_1.
- Instead we use maximum likelihood estimators (MLEs).
- The MLEs are the parameter values giving the observed data the highest possible probability.
- Intercept b_0 and slope b_1 give to the observed data the probability

$$\mathcal{L}_n(b_0, b_1) = \prod_{i=1}^{n} \pi_i^{Y_i} (1 - \pi_i)^{1-Y_i}, \qquad \pi_i = \frac{e^{b_0 + b_1 x_i}}{1 + e^{b_0 + b_1 x_i}}.$$

- The MLEs $\hat{\beta}_0$, $\hat{\beta}_1$ are the values of b_0, b_1 that maximize $\mathcal{L}_n(b_0, b_1)$.
- $\mathcal{L}_n(b_0, b_1)$ is called the likelihood function.

Computing the MLEs in logistic regression

- There is no "closed-form" expression for $\hat{\beta}_0$ and $\hat{\beta}_1$.
- One must find their values numerically, that is with an algorithm.
- More convenient to work with $\log \mathcal{L}_n(b_0, b_1)$, which is given by

$$\ell_n(b_0, b_1) = \sum_{i=1}^{n} [Y_i(b_0 + b_1 x_i) - \log(1 + e^{b_0 + b_1 x_i})].$$

- Newton's method is one way to find the maximizers of $\ell_n(b_0, b_1)$.

```r
# DIY Newton method for finding the MLEs
logreg <- function(x,y,tol=1e-6,max_step = 100){

  b <- rep(0,2) # initialize at b0=0 and b1=0
  n <- length(y)
  X <- cbind(rep(1,n),x) # build design matrix
  B <- matrix(0,max_step,2) # matrix to record path of algorithm

  k <- 1
  conv <- F
  while(conv == F){ # Newton's method until convergence

    b_old <- b # store b before updating it
    eta <- X %*% b
    pr <- 1/(1 + exp(-eta))
    w <- pr*(1-pr)
    z <- eta + (y - pr)/w
    XtW <- scale(t(X),F,scale = 1/w)
    Iinv <- solve(XtW %*% X)
    b <- Iinv %*% XtW %*% z # update b
    k <- k + 1
    B[k,] <- b
    conv <- max(abs(b - b_old)) < tol # stop algorithm if change is small

  }

  return(list(bhat = as.numeric(b),
              B = B[1:k,],
              pihat = as.numeric(pr)))

}
```

Programming task data (cont)

```
# compute the MLEs with the logreg function
logreg_out <- logreg(x = experience,y = success)
B <- logreg_out$B
bhat <- logreg_out$bhat

B
```

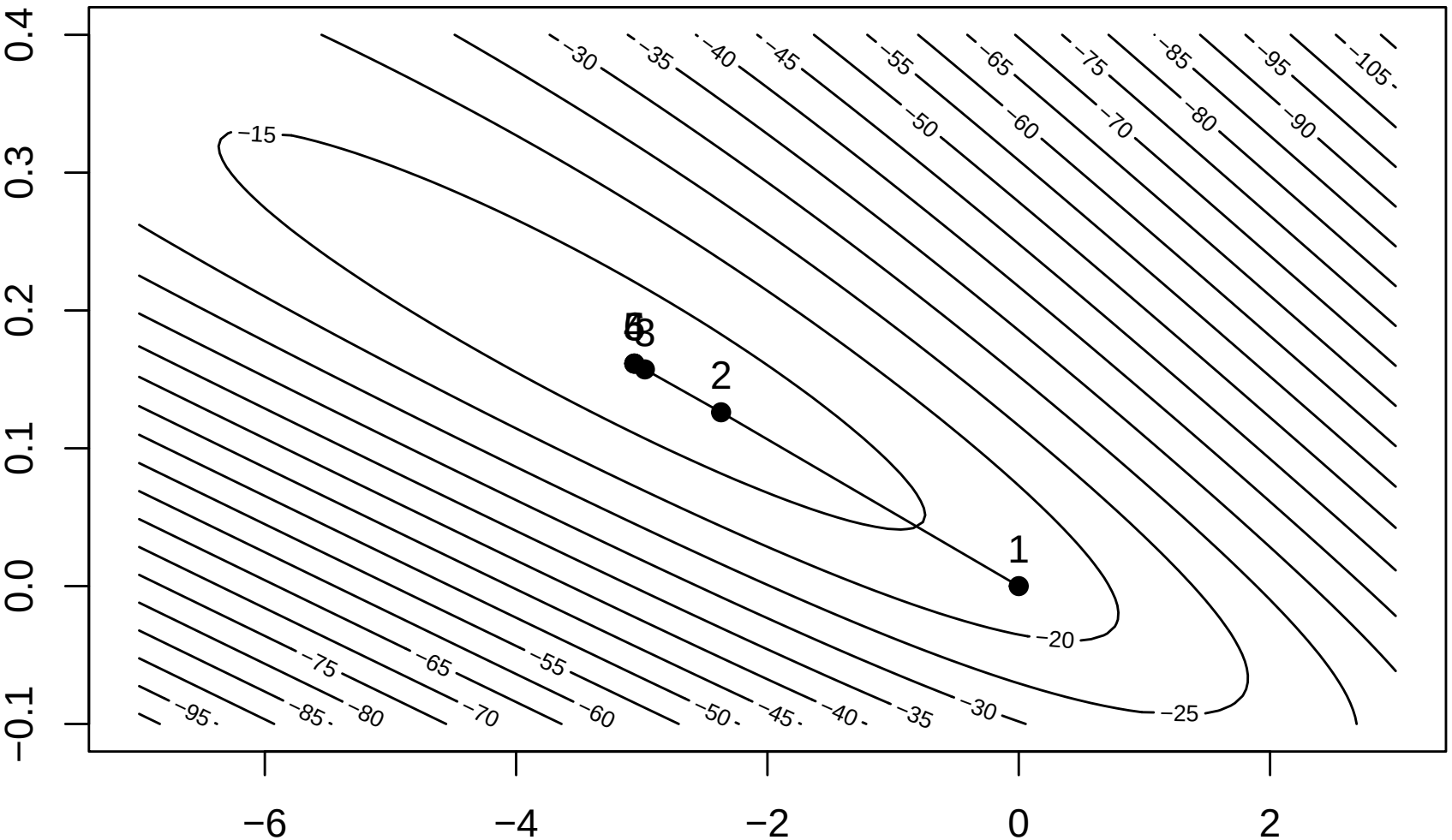
```
           [,1]      [,2]
[1,]  0.000000 0.0000000
[2,] -2.368787 0.1261130
[3,] -2.975281 0.1572456
[4,] -3.058263 0.1614150
[5,] -3.059695 0.1614859
[6,] -3.059696 0.1614859
```

```
bhat
```

```
[1] -3.0596959  0.1614859
```

```r
# draw a contour plot of the log-likelihood and overlay the algorithm's path

# log-likelihood function
ll <- function(b0,b1,x,y){

  eta <- b0 + b1*x
  pr <- 1/(1 + exp(-eta))
  ll <- sum( y*eta - log(1 + exp(eta)))
  return(ll)

}

# evaluate log-likelihood over a grid of b0 and b1 values
ngrid <- 100
b0_seq <- seq(-7,3,length=ngrid)
b1_seq <- seq(-.1,.4,length=ngrid)
ll_vals <- matrix(NA,ngrid,ngrid)
for(i in 1:ngrid)
  for(j in 1:ngrid){

    ll_vals[i,j] <- ll(b0_seq[i],b1_seq[j],x = experience,y = success)

  }
```

```r
contour(x = b0_seq,y = b1_seq,z = ll_vals,nlevels = 20)
lines(x = B[,1],y = B[,2])
points(x = B[,1],y = B[,2],pch = 19)
text(x = B[,1],y = B[,2],labels = paste(1:nrow(B)),pos = 3)
```



Generalized linear models

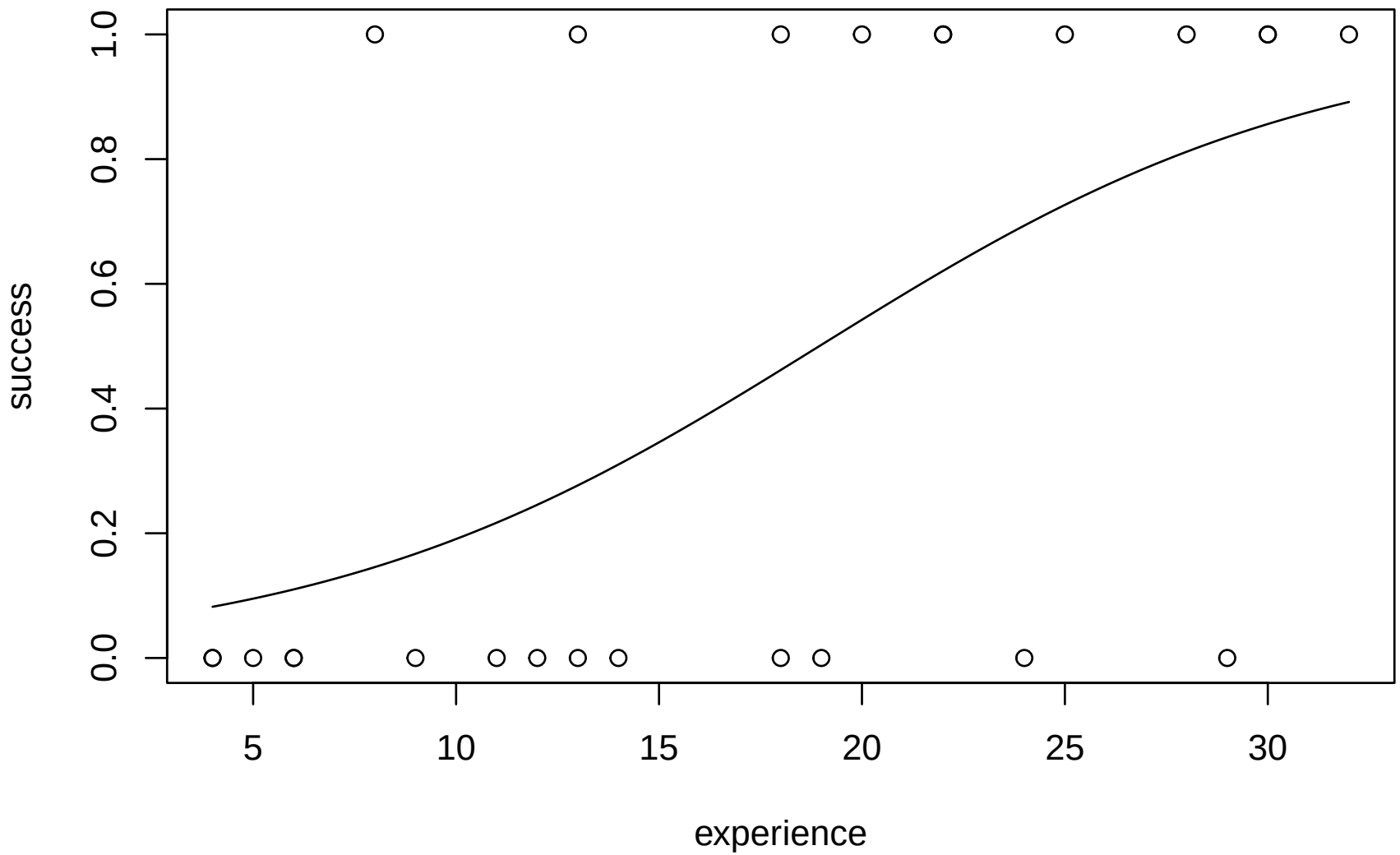
- The logistic regression model is in a class of models called GLMs.
- GLM stands for generalized linear model.
- Poisson regression, binomial response regression, i.a. are GLMs too.
- Use `glm()` function in R to obtain $\hat{\beta}_0$ and $\hat{\beta}_1$.

Use `glm()` function with the option `family = "binomial"`.

```r
glm_out <- glm(success ~ experience, family = "binomial")
summary(glm_out)
```

```
Call:
glm(formula = success ~ experience, family = "binomial")

Coefficients:
            Estimate Std. Error z value Pr(>|z|)
(Intercept) -3.05970    1.25935  -2.430   0.0151 *
experience   0.16149    0.06498   2.485   0.0129 *
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

(Dispersion parameter for binomial family taken to be 1)

    Null deviance: 34.296  on 24  degrees of freedom
Residual deviance: 25.425  on 23  degrees of freedom
AIC: 29.425

Number of Fisher Scoring iterations: 4
```

```r
x <- seq(min(experience),max(experience),length = 200)
pihat_x <- 1/(1 + exp( -(coef(glm_out)[1] + coef(glm_out)[2]*x)))
plot(success ~ experience); lines(pihat_x~x)
```



Fitted probabilities

- Define the fitted probabilities as

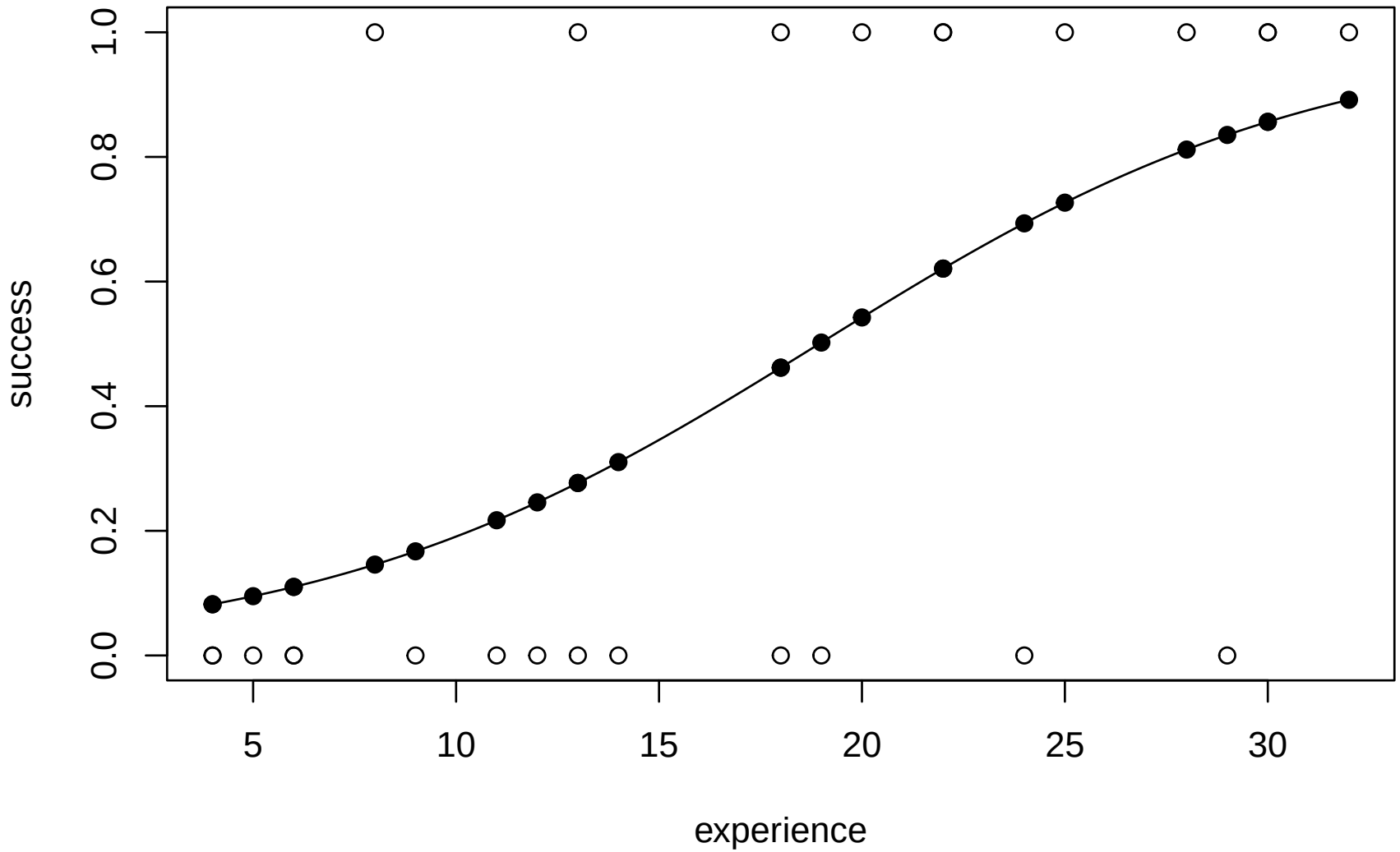
$$\hat{\pi}_i = \frac{e^{\hat{\beta}_0 + \hat{\beta}_1 x_i}}{1 + e^{\hat{\beta}_0 + \hat{\beta}_1 x_i}} \quad \text{for} \quad i = 1, \ldots, n.$$

- For any value x_{new}, we estimate the probability of "success" as

$$\hat{\pi}_{\text{new}} = \frac{e^{\hat{\beta}_0 + \hat{\beta}_1 x_{\text{new}}}}{1 + e^{\hat{\beta}_0 + \hat{\beta}_1 x_{\text{new}}}}.$$

Programming task data (cont)

```
plot(success ~ experience); lines(pihat_x~x)
points(glm_out$fitted.values~experience,pch = 19)
```



Asymptotic distribution of slope estimator and CI

- For large enough n, $\hat{\beta}_1$ is approximately Normal, such that

$$\frac{\hat{\beta}_1 - \beta_1}{\widehat{\text{se}}\{\hat{\beta}_1\}} \overset{\text{approx}}{\sim} \text{Normal}\,(0, 1)\,,$$

where, setting $\hat{w}_i = \hat{\pi}_i(1 - \hat{\pi}_i)$ for $i = 1, \ldots, n$, we may write

$$\widehat{\text{se}}\{\hat{\beta}_1\} = \left[\sum_{i=1}^n \hat{w}_i x_i^2 - \left(\sum_{i=1}^n \hat{w}_i\right)^{-1} \left(\sum_{i=1}^n \hat{w}_i x_i\right)^2\right]^{-\frac{1}{2}}.$$

- We can make an approximate $(1 - \alpha)100\%$ CI for β_1 as

$$\hat{\beta}_1 \pm z_{\alpha/2}\, \widehat{\text{se}}\{\hat{\beta}_1\}.$$

Programming task data (cont)

```
# DIY confidence interval for beta1
pihat <- logreg_out$pihat
w <- pihat*(1-pihat)
se <- sqrt(1/(sum(w*experience^2) - sum(w*experience)^2/sum(w)))
c(bhat[2] - 1.96 * se,bhat[2] + 1.96 * se)
```

```
[1] 0.03412492 0.28884691
```

```
# CIs for both beta0 and beta1 automatically from glm_out
confint.default(glm_out)
```

```
                 2.5 %     97.5 %
(Intercept) -5.52797622 -0.5914155
experience   0.03412744  0.2888444
```

Testing whether the slope coefficient is zero

To test H_0: $\beta_1 = 0$:

1. Compute $Z_{\text{test}} = \dfrac{\hat{\beta}_1}{\widehat{\text{se}}\{\hat{\beta}_1\}}$.
2. Reject H_0 at α if $|Z_{\text{test}}| > z_{\alpha/2}$.
3. The p value is $2(1 - P(Z > |Z_{\text{test}}|))$, $Z \sim \text{Normal}(0, 1)$.

The `summary()` function on the `glm()` output prints this p value.

Interpreting the logistic regression parameters

- Let π_0 and π_1 be the "success" probabilities at x_0 and $x_0 + 1$.
- Then we have the two equations
  1. $\log\left(\frac{\pi_0}{1-\pi_0}\right) = \beta_0 + \beta_1 x_0$
  2. $\log\left(\frac{\pi_1}{1-\pi_1}\right) = \beta_0 + \beta_1 (x_0 + 1)$
- Subtracting the first equation from the second gives

$$\beta_1 = \log\left(\frac{\pi_1}{1-\pi_1}\right) - \log\left(\frac{\pi_0}{1-\pi_0}\right) = \log\left(\frac{\pi_1/(1-\pi_1)}{\pi_0/(1-\pi_0)}\right).$$

- The quantity $\dfrac{\pi_1/(1-\pi_1)}{\pi_0/(1-\pi_0)}$ is called an odds ratio.
- So β_1 is log of the odds ratio associated with a unit increase in x.

Odds ratio from a unit increase in x

- From the previous slide, we have

$$e^{\beta_1} = \frac{\pi_1/(1-\pi_1)}{\pi_0/(1-\pi_0)}.$$

- Can build a CI for e^{β_1} by exponentiating the CI for β_1.
- Gives CI for e^{β_1} as $(e^{\hat{\beta}_1 - z_{\alpha/2}\widehat{\text{se}}\{\hat{\beta}_1\}}, e^{\hat{\beta}_1 + z_{\alpha/2}\widehat{\text{se}}\{\hat{\beta}_1\}})$.

Programming task data (cont)

```
exp(confint.default(glm_out,parm = "experience"))
```

```
                2.5 %   97.5 %
experience 1.034716 1.334884
```

Residuals for logistic regression

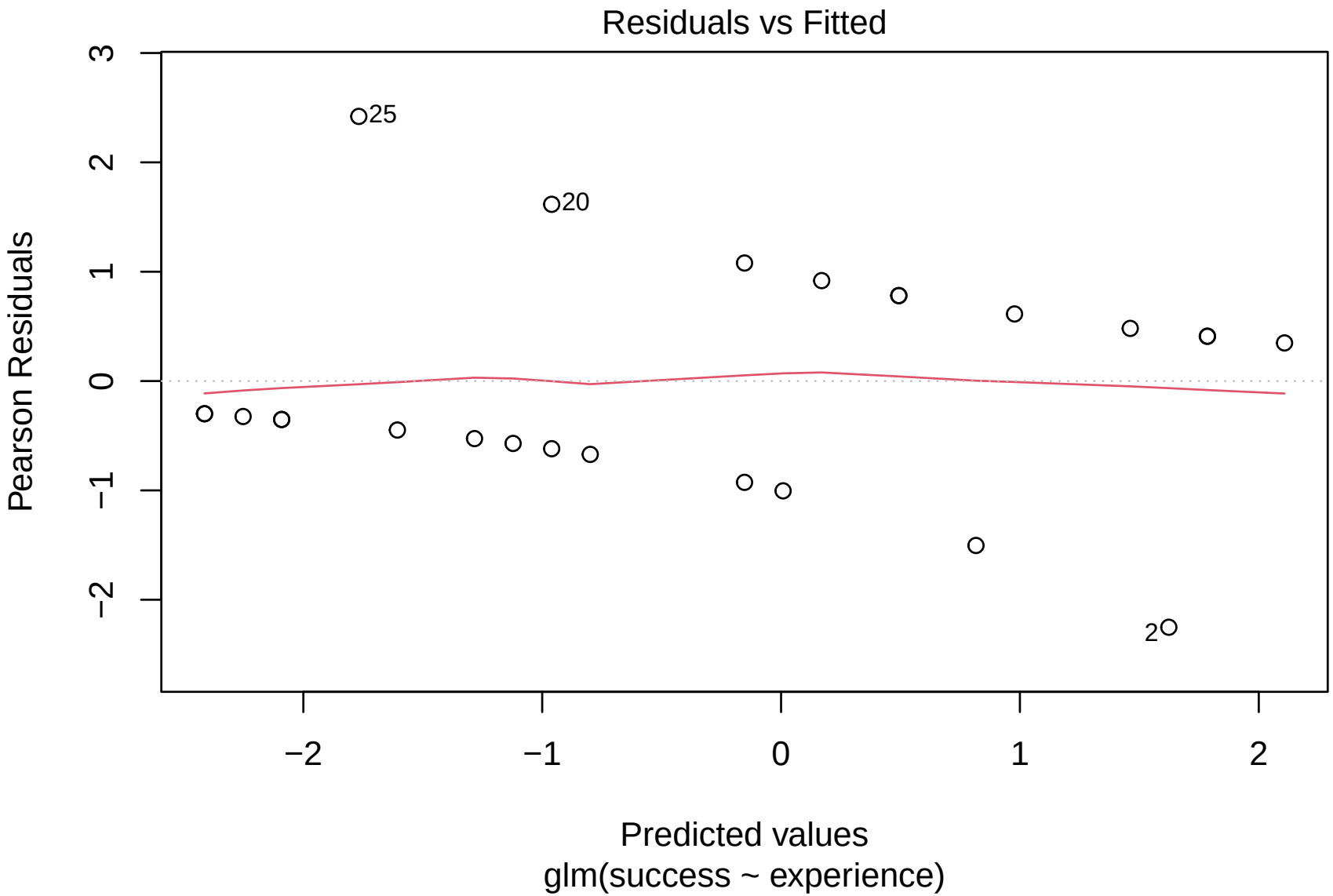
- Ordinary residuals $Y_i - \hat{\pi}_i$ cannot be Normally distributed.
- In GLMs, one looks at special residuals called deviance residuals.
- In logistic regression, the deviance residuals are defined as

$$\hat{d}_i = \text{sign}(Y_i - \hat{\pi}_i)\sqrt{-2[Y_i \log \hat{\pi}_i + (1 - Y_i) \log(1 - \hat{\pi}_i)]}$$

  for $i = 1, \ldots, n$.
- These are not Normal either, but are useful for assessing model fit.

Programming task data (cont)

```
plot(glm_out,which = 1)
```



Checking model fit with a simulated envelope

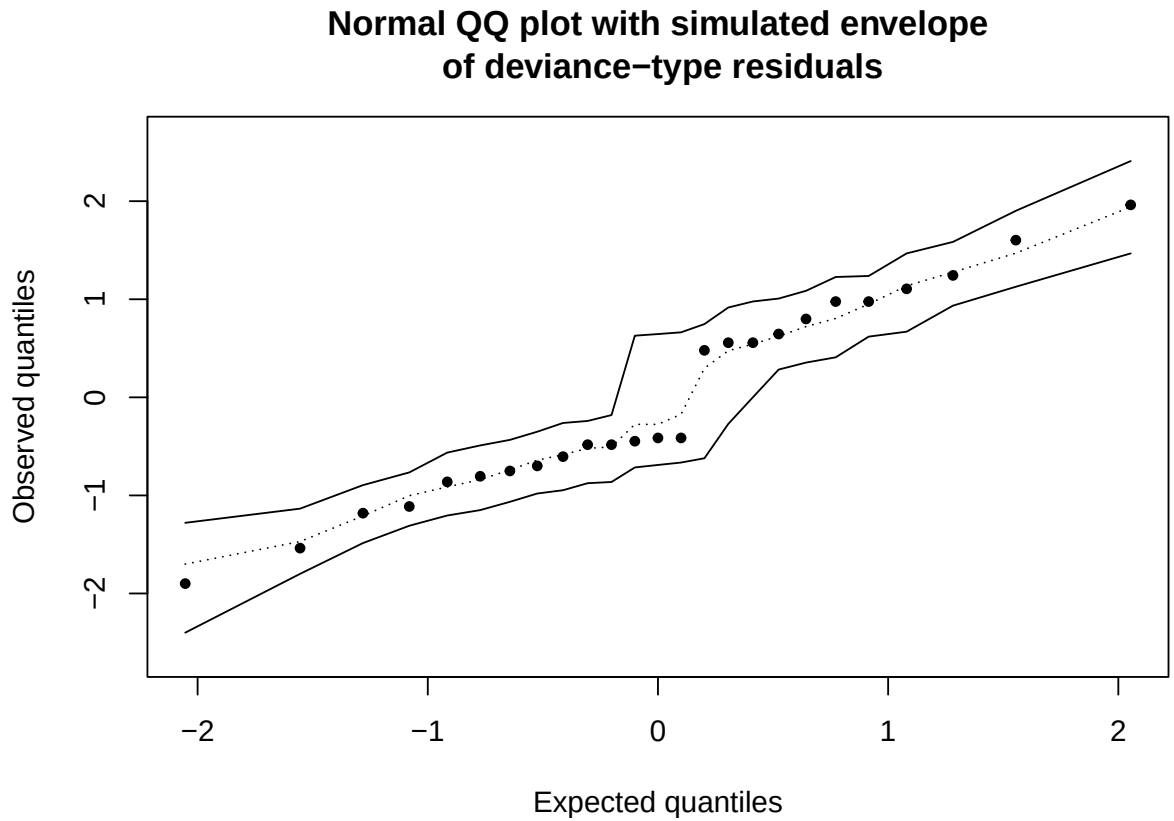
The simulated envelope method is described in Kutner et al. (2005):

- Fit the logistic regression model and obtain $\hat{\pi}_1, \ldots, \hat{\pi}_n$.
- Obtain the deviance residuals; sort them as $\hat{d}_{(1)} < \hat{d}_{(2)} < \cdots < \hat{d}_{(n)}$.
- Generate many new data sets $Y_i^* \sim \text{Bernoulli}(\hat{\pi}_i)$, $i = 1, \ldots, n$.
- For each new data set, obtain sorted $\hat{d}^*_{(1)} < \hat{d}^*_{(2)} < \cdots < \hat{d}^*_{(n)}$.
- Plot $\hat{d}_{(i)}$ as well as the 0.025 and 0.975 quantiles and the mean of the $\hat{d}^*_{(i)}$ $\forall$ i (it doesn't matter what is chosen as the x-axis).
- The quantiles of the $\hat{d}^*_{(i)}$ make a band. If the model fits, then the $\hat{d}_{(i)}$ should lie within the band and close to the mean.

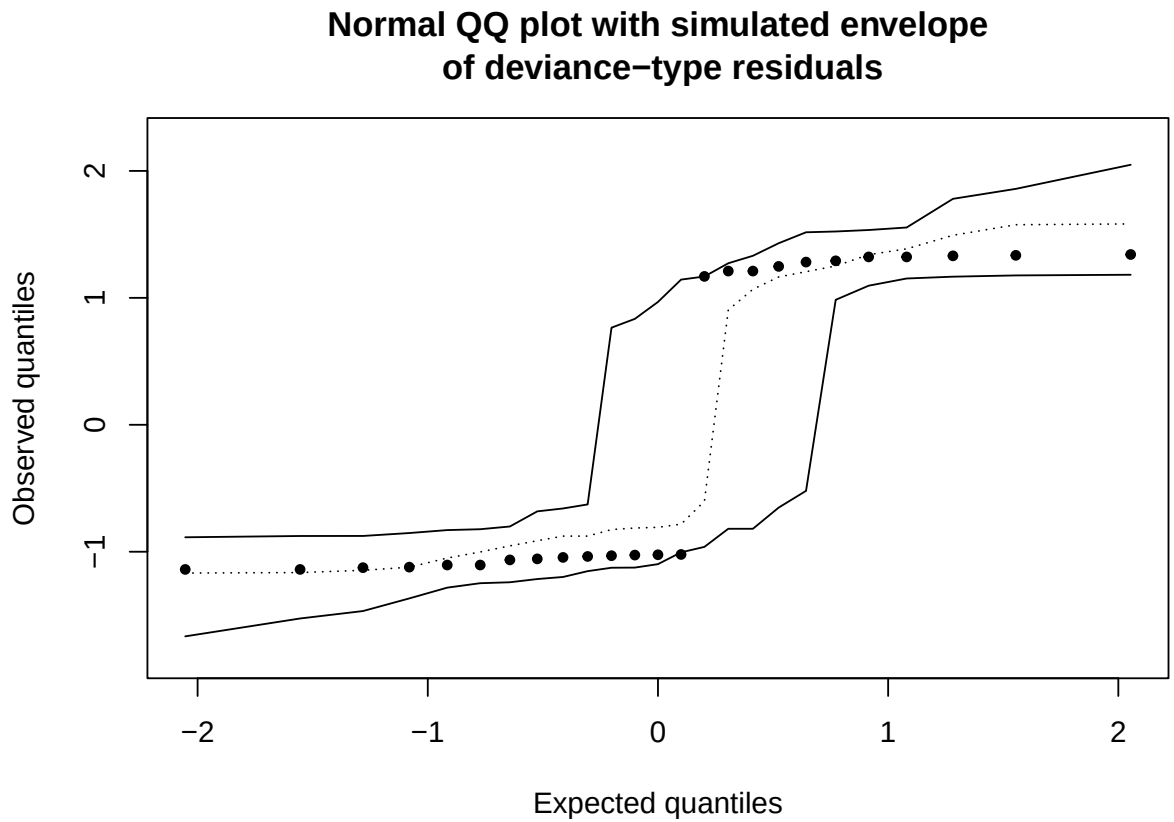
Asks: If the model is correct, how would the deviance residuals behave?

Programming task data (cont)

```
library(glmtoolbox) # first time run install.packages("glmtoolbox")
envelope(glm_out,type = "deviance")
```



```r
experience2 <- (experience - mean(experience))^2
envelope(glm(success ~ experience2, family = "binomial"),type = "deviance")
```



German credit score data from Hofmann (1994)

Response is credit rating (good/bad), various predictors.

```
library(foreign) # credit-g dataset from https://www.openml.org/
credg <- read.arff("../data/dataset_31_credit-g.arff")
colnames(credg)
```

```
 [1] "checking_status"        "duration"               "credit_history"
 [4] "purpose"                "credit_amount"          "savings_status"
 [7] "employment"             "installment_commitment" "personal_status"
[10] "other_parties"          "residence_since"        "property_magnitude"
[13] "age"                    "other_payment_plans"    "housing"
[16] "existing_credits"       "job"                    "num_dependents"
[19] "own_telephone"          "foreign_worker"         "class"
```

```r
summary(credg[,1:3])
```

```
   checking_status    duration                                credit_history
 <0          :274    Min.   : 4.0   all paid                          : 49
 >=200       : 63    1st Qu.:12.0   critical/other existing credit:293
 0<=X<200    :269    Median :18.0   delayed previously                : 88
 no checking:394    Mean   :20.9   existing paid                     :530
                    3rd Qu.:24.0   no credits/all paid               : 40
                    Max.   :72.0
```

Logistic multiple regression model

Assume

$$Y_i \sim \text{Bernoulli}(\pi_i), \quad \log\left(\frac{\pi_i}{1-\pi_i}\right) = \beta_0 + \beta_1 x_{i1} + \cdots + \beta_p x_{ip},$$

for $i = 1, \ldots, n$, where

- Y_i is the response for observation i.
- $x_{i1}, \ldots, x_{ip}$ are the values of the predictors for obs i.
- π_i is the probability of "success" for observation i.
- β_0 is an intercept and $\beta_1, \ldots, \beta_p$ are slope parameters.
- $\pi_i/(1-\pi_i)$ is the odds of "success" for obs i.
- $\log(\pi_i/(1-\pi_i))$ is the log-odds for obs i.

So we assume the log-odds are a linear function of the predictors.

Interpreting multiple logistic regression parameters

- Let π_{0j} and π_{1j} be the "success" probabilities at x_{0j} and $x_{0j}+1$ but with all other x_{0k} fixed for $k \neq j$.

- Then we have the two equations
  1. $\log\left(\frac{\pi_{0j}}{1-\pi_{0j}}\right) = \beta_0 + \sum_{k\neq j}\beta_k x_{0k} + \beta_j x_{0j}$
  2. $\log\left(\frac{\pi_{1j}}{1-\pi_{1j}}\right) = \beta_0 + \sum_{k\neq j}\beta_k x_{0k} + \beta_j (x_{0j}+1)$

- Subtracting the first equation from the second gives

$$\beta_j = \log\left(\frac{\pi_{1j}/(1-\pi_{1j})}{\pi_{0j}/(1-\pi_{0j})}\right) \quad \text{and} \quad e^{\beta_j} = \frac{\pi_{1j}/(1-\pi_{1j})}{\pi_{0j}/(1-\pi_{0j})}.$$

- So β_1 is log of the odds ratio associated with a unit increase in x_j with all other predictors held fixed.

German credit score data (cont)

```r
glm_out <- glm(class ~ ., family = "binomial", data = credg)
summary(glm_out)
```

```
Call:
glm(formula = class ~ ., family = "binomial", data = credg)

Coefficients:
                                          Estimate Std. Error z value Pr(>|z|)
(Intercept)                              1.505e+00  1.248e+00   1.206 0.227801
checking_status>=200                     9.657e-01  3.692e-01   2.616 0.008905 **
checking_status0<=X<200                  3.749e-01  2.179e-01   1.720 0.085400 .
checking_statusno checking               1.712e+00  2.322e-01   7.373 1.66e-13 ***
duration                                -2.786e-02  9.296e-03  -2.997 0.002724 **
credit_historycritical/other existing credit  1.579e+00  4.381e-01   3.605 0.000312 ***
credit_historydelayed previously         9.965e-01  4.703e-01   2.119 0.034105 *
credit_historyexisting paid              7.295e-01  3.852e-01   1.894 0.058238 .
credit_historyno credits/all paid        1.434e-01  5.489e-01   0.261 0.793921
purposedomestic appliance               -2.173e-01  8.041e-01  -0.270 0.786976
purposeeducation                        -7.764e-01  4.660e-01  -1.666 0.095718 .
purposefurniture/equipment               5.152e-02  3.543e-01   0.145 0.884391
purposenew car                          -7.401e-01  3.339e-01  -2.216 0.026668 *
purposeother                             7.487e-01  7.998e-01   0.936 0.349202
purposeradio/tv                          1.515e-01  3.370e-01   0.450 0.653002
purposerepairs                          -5.237e-01  5.933e-01  -0.883 0.377428
purposeretraining                        1.319e+00  1.233e+00   1.070 0.284625
purposeused car                          9.264e-01  4.409e-01   2.101 0.035645 *
credit_amount                           -1.283e-04  4.444e-05  -2.887 0.003894 **
savings_status>=1000                     1.339e+00  5.249e-01   2.551 0.010729 *
savings_status100<=X<500                 3.577e-01  2.861e-01   1.250 0.211130
savings_status500<=X<1000                3.761e-01  4.011e-01   0.938 0.348476
savings_statusno known savings           9.467e-01  2.625e-01   3.607 0.000310 ***
employment>=7                            2.097e-01  2.947e-01   0.712 0.476718
employment1<=X<4                         1.159e-01  2.423e-01   0.478 0.632415
employment4<=X<7                         7.641e-01  3.051e-01   2.504 0.012271 *
employmentunemployed                    -6.691e-02  4.270e-01  -0.157 0.875475
installment_commitment                  -3.301e-01  8.828e-02  -3.739 0.000185 ***
```

Note that `glm()` estimates three coefficients for `checking_status`.

```
summary(credg$checking_status)
```

```
        <0       >=200    0<=X<200 no checking
       274          63         269         394
```

Numeric predictors to encode the levels of the categorical predictor:

$$x_{i1} = \begin{cases} 1 & 200 \leq \texttt{checking} \\ 0 & \text{otherwise} \end{cases}$$

$$x_{i2} = \begin{cases} 1 & 0 \leq \texttt{checking} < 200 \\ 0 & \text{otherwise} \end{cases}$$

$$x_{i3} = \begin{cases} 1 & \texttt{no checking} \\ 0 & \text{otherwise} \end{cases}$$

Likewise for other categorical predictors.

Deviances replace error sums of squares in GLMs

- The deviance is the sum of squared *deviance* residuals $\sum_{i=1}^{n} \hat{d}_i^2$.
- In logistic regression the deviance can be computed as

$$\text{Dev} = -2 \sum_{i=1}^{n} [Y_i \log \hat{\pi}_i + (1 - Y_i) \log(1 - \hat{\pi}_i)].$$

- Full-reduced model test: Reject H_0: $\beta_j = 0$ for all $j \in D$ if

$$\text{Dev}(\text{Reduced}) - \text{Dev}(\text{Full}) > \chi^2_{s,\alpha},$$

where s is the number of predictors in D (need large n).

German credit score data (cont)

Test whether any level of checking status is important to the credit score.

```
credg_red <- credg[,-1] # remove checking_status column

glm_full <- glm(class ~ ., family = "binomial", data = credg)
glm_red <-  glm(class ~ ., family = "binomial", data = credg_red)

p <- length(coef(glm_full)) - 1
s <- nlevels(credg$checking_status) - 1

1 - pchisq(glm_red$deviance - glm_full$deviance,s)
```

```
[1] 2.731149e-14
```

Print sequential changes in the deviance with the `anova()` function.

```
anova(glm_out) # gives reduction in deviance due to adding the predictor (sequential)
```

```
Analysis of Deviance Table

Model: binomial, link: logit

Response: class

Terms added sequentially (first to last)

                     Df Deviance Resid. Df Resid. Dev
NULL                                   999    1221.73
checking_status       3  131.336       996    1090.39
duration              1   38.497       995    1051.90
credit_history        4   29.311       991    1022.58
purpose               9   33.509       982     989.08
credit_amount         1    1.504       981     987.57
savings_status        4   19.068       977     968.50
employment            4   12.496       973     956.01
installment_commitment  1   11.907       972     944.10
personal_status       3    9.459       969     934.64
other_parties         2    8.137       967     926.51
residence_since       1    0.155       966     926.35
property_magnitude    3    2.520       963     923.83
age                   1    3.725       962     920.11
other_payment_plans   2    8.357       960     911.75
housing               2    3.517       958     908.23
existing_credits      1    2.328       957     905.90
job                   3    1.110       954     904.79
num_dependents        1    1.049       953     903.74
own_telephone         1    1.863       952     901.88
foreign_worker        1    6.063       951     895.82
```

Compute the first few rows of the above table:

```
glm0 <- glm(class ~ 1, family = "binomial", data = credg)
glm1 <- glm(class ~ checking_status, family = "binomial", data = credg)
glm2 <- glm(class ~ checking_status + duration, family = "binomial", data = credg)
glm3 <- glm(class ~ checking_status + duration + credit_history,
            family = "binomial", data = credg)

y <- as.numeric(credg$class == "good")
pi0 <- mean(y)
pi1 <- glm1$fitted.values
pi2 <- glm2$fitted.values
pi3 <- glm3$fitted.values

ll0 <- sum(y*log(pi0) + (1-y) * log(1-pi0))
ll1 <- sum(y*log(pi1) + (1-y) * log(1-pi1))
ll2 <- sum(y*log(pi2) + (1-y) * log(1-pi2))
ll3 <- sum(y*log(pi3) + (1-y) * log(1-pi3))
```

```
n <- length(y)
df0 <- 1
df1 <- nlevels(credg$checking_status) - 1
df2 <- 1
df3 <- nlevels(credg$credit_history) - 1

devtab <- rbind(c(NA,NA,n - df0,-2*ll0),
                c(df1,-2*(ll0 - ll1),n - df0 - df1,-2*ll1),
                c(df2,-2*(ll1 - ll2),n - df0 - df1 - df2,-2*ll2),
                c(df3,-2*(ll2 - ll3),n - df0 - df1 - df2 - df3,-2*ll3))

colnames(devtab) <- c("Df","Deviance","Resid Df","Resid Dev")
rownames(devtab) <- c("(Intercept)","checking_status","duration","credit_history")

devtab
```

```
                Df  Deviance Resid Df Resid Dev
(Intercept)     NA        NA      999  1221.729
checking_status  3 131.33592      996  1090.393
duration         1  38.49674      995  1051.896
credit_history   4  29.31100      991  1022.585
```

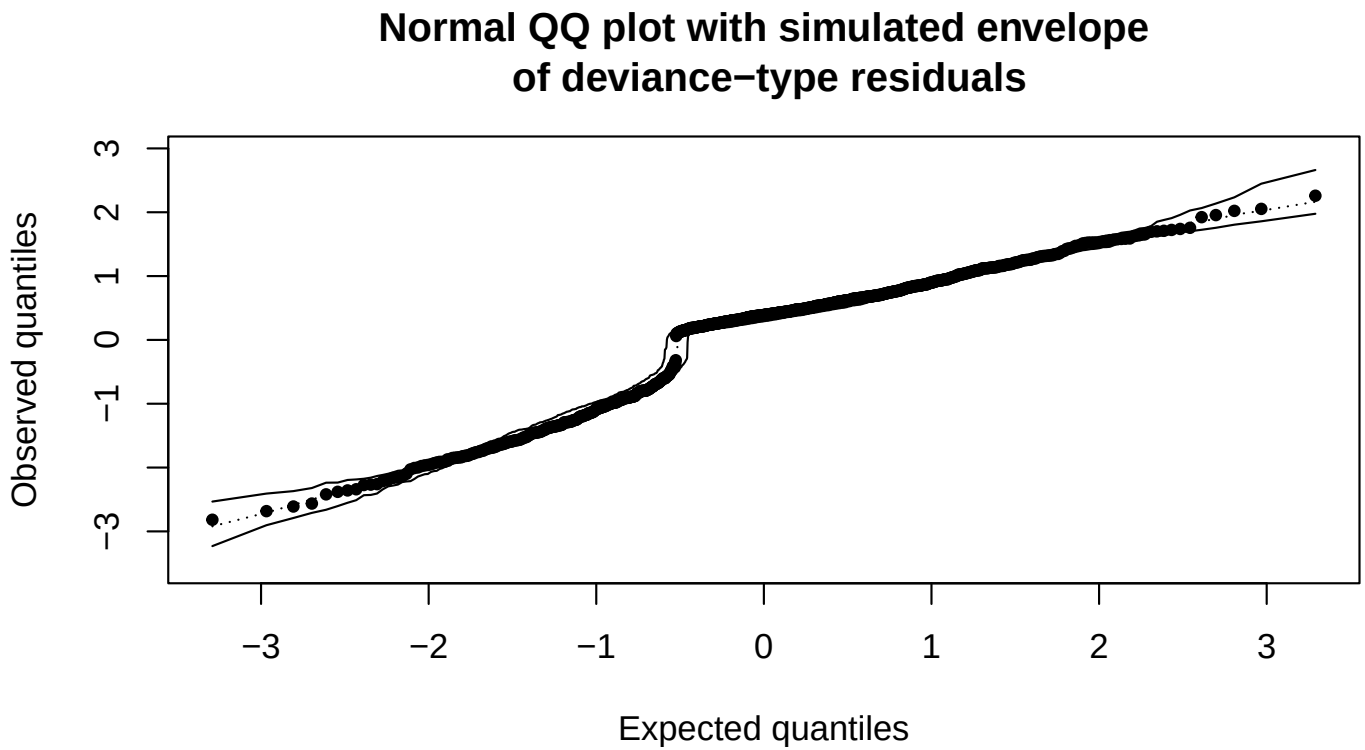
Variable selection in logistic regression

- We may want to discard some of our predictors.
- One way is to add/remove variables stepwise according to AIC.
- Can do this just as we did in multiple linear regression.
- Be cautious about making inferences after selecting a model.

```r
glm_all <- glm(class ~ ., family = "binomial", data = credg)
step_back <- step(glm_all,
                  direction = "backward",
                  scope = formula(glm_all),
                  criterion = "aic",
                  trace = 0) # suppress printed output
summary(step_back)
```

```
Call:
glm(formula = class ~ checking_status + duration + credit_history +
    purpose + credit_amount + savings_status + installment_commitment +
    personal_status + other_parties + age + other_payment_plans +
    housing + own_telephone + foreign_worker, family = "binomial",
    data = credg)

Coefficients:
                                          Estimate Std. Error z value Pr(>|z|)
(Intercept)                              4.838e-01  1.017e+00   0.476 0.634362
checking_status>=200                     1.024e+00  3.626e-01   2.824 0.004739 **
checking_status0<=X<200                  3.900e-01  2.121e-01   1.839 0.065928 .
checking_statusno checking               1.718e+00  2.281e-01   7.531 5.05e-14 ***
duration                                -2.568e-02  8.940e-03  -2.872 0.004074 **
credit_historycritical/other existing credit  1.373e+00  4.041e-01   3.397 0.000680 ***
credit_historydelayed previously         7.910e-01  4.488e-01   1.762 0.077985 .
credit_historyexisting paid              7.115e-01  3.788e-01   1.879 0.060305 .
credit_historyno credits/all paid       -1.188e-01  5.268e-01  -0.225 0.821612
purposedomestic appliance               -2.576e-01  7.763e-01  -0.332 0.740041
purposeeducation                        -9.262e-01  4.569e-01  -2.027 0.042628 *
purposefurniture/equipment              -4.216e-02  3.415e-01  -0.123 0.901748
purposenew car                          -7.827e-01  3.272e-01  -2.392 0.016752 *
purposeother                             6.523e-01  7.832e-01   0.833 0.404946
purposeradio/tv                          1.368e-01  3.288e-01   0.416 0.677335
purposerepairs                          -6.402e-01  5.808e-01  -1.102 0.270365
purposeretraining                        1.382e+00  1.240e+00   1.114 0.265228
purposeused car                          8.246e-01  4.288e-01   1.923 0.054495 .
credit_amount                           -1.294e-04  4.221e-05  -3.066 0.002169 **
savings_status>=1000                     1.289e+00  5.072e-01   2.542 0.011008 *
savings_status100<=X<500                 3.282e-01  2.767e-01   1.186 0.235477
savings_status500<=X<1000                4.304e-01  3.933e-01   1.094 0.273900
savings_statusno known savings           9.628e-01  2.570e-01   3.746 0.000179 ***
```

```
envelope(step_back,type="deviance")
```



References

Hofmann, Hans. 1994. "Statlog (German Credit Data)." UCI Machine Learning Repository.

Kutner, Michael H, Christopher J Nachtsheim, John Neter, and William Li. 2005. *Applied Linear Statistical Models*. McGraw-hill.