Technology Arts Sciences Cologne Faculty of Economics, Business and Law Prof. Dr. Arrenberg Room 221, Tel. 3914 jutta.arrenberg@th-koeln.de

Exercises Quantitative Methods

Worksheet: Additional Regression Methods

Exercise 7.1 (Binary Logistic Regression)

In a poll in the chocolate museum in Cologne we want to identify the determining factors for recommendation of the museum. In the file *schoki.sav* we consider the following variables:

Y = Recommendation (1=yes, 0=no)

 X_1 = Visiting Day (1 = Tuesday, 2=Wednesday, ... 6=Sunday)

- X_2 = Consumption of chocolate (1=yes, 0=no)
- X_3 = Taste of chocolate; i.e. "Do you like the chocolate of the museum?" (0=never tasted, 1=yes, 2=no)

 X_4 = Gender (1=male, 2=female)

$$X_5 = Age$$

 X_6 = Time of visit (1=10 to 12 o'clock, 2=12 to 2 p.m., 3=2 to 4 p.m., 4=4 p.m. till closing time)

Consider the model $Y \approx b_0 + b_1 \cdot x_1 + b_2 \cdot x_2 + b_3 \cdot x_3 + b_4 \cdot x_4 + b_5 \cdot x_5 + b_6 \cdot x_6$ of a binary logsitic regression and identify the variables that influence the recommendation of the museum.

Hint for SPSS: Nominal levelled variables must be denoted as "categorial" variables.

Exercise 7.2 (Multinomial Logistic Regression)

Please open the file *customer_dbase.sav*. Consider the nominal leveled variable Y = Reason = "Primary reason for being a customer here" (variable number 61) with the categories:

- 1. Prices
- 2. Convenience
- 3. Service
- 4. Other

Do you find some independent variables that influence the value of Y?

Exercise 7.3 (Ordinal Regression)

In the file 1991 US.sav of a poll we want to detect the variables that influence the general happiness. We consider the following variables:

Y = General Happiness (1=very satisfied, 2=pretty satisfied, 3=not very satisfied)

 X_1 = Ethnic group (1=white, 2=black, 3=others)

 X_2 = Years of the education = ausbild 1. class: up to 10 years 2. class: 11 up to 12 years 3: class: 13 up to 15 years 4. class: more than 15 years

 X_3 = Number of children

- 1. class: no kids
- 2. class: one child
- 3. class: two children
- 4. class: three or more children

 X_4 = job1 = no employment and searching for a job since more than one month (1=yes, 2=no)

Consider the model $Y \approx b_0 + b_1 \cdot x_1 + b_2 \cdot x_2 + b_3 \cdot x_3 + b_4 \cdot x_4$ of an ordinal regression and identify the variables that influence the degree of happiness.

Solution of exercise 7.2: Y = Primary reason for being a customer (1=Prices, 2=Convenience, 3=Service, 4=Other) $X_1 = \text{Job category}$ $X_2 = \text{Job Satisfaction}$ $X_3 = \text{Level of education}$ $X_4 = \text{Secondary credit card}$ $X_5 = \text{Spouse level of education}$ $X_6 = \text{Years held primary credit card (category)}$

Model: $Y \approx b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6$

Goodness of Fit test Pearson p-value=0.546 Goodness of Fit test Deviance p-value=1.0

Nagelkerke Pseudo R-Square =0.214

Likelihood Ratio test (*p*-value): Level of education 0.018 Job category 0.017 Job satisfaction 0.002 Secondary credit card 0.246 Spouse level of education 0.212