

## 0.1 probit: Probit Regression for Dichotomous Dependent Variables

Use probit regression to model binary dependent variables specified as a function of a set of explanatory variables. For a Bayesian implementation of this model, see Section ??.

### Syntax

```
> z.out <- zelig(Y ~ X1 + X2, model = "probit", data = mydata)
> x.out <- setx(z.out)
> s.out <- sim(z.out, x = x.out, x1 = NULL)
```

### Additional Inputs

In addition to the standard inputs, `zelig()` takes the following additional options for probit regression:

- **robust**: defaults to `FALSE`. If `TRUE` is selected, `zelig()` computes robust standard errors via the `sandwich` package (see Zeileis (2004)). The default type of robust standard error is heteroskedastic and autocorrelation consistent (HAC), and assumes that observations are ordered by time index.

In addition, **robust** may be a list with the following options:

- **method**: Choose from
  - \* `"vcovHAC"`: (default if **robust** = `TRUE`) HAC standard errors.
  - \* `"kernHAC"`: HAC standard errors using the weights given in Andrews (1991).
  - \* `"weave"`: HAC standard errors using the weights given in Lumley and Heagerty (1999).
- **order.by**: defaults to `NULL` (the observations are chronologically ordered as in the original data). Optionally, you may specify a vector of weights (either as **order.by** = `z`, where `z` exists outside the data frame; or as **order.by** = `~z`, where `z` is a variable in the data frame). The observations are chronologically ordered by the size of `z`.
- **...**: additional options passed to the functions specified in **method**. See the `sandwich` library and Zeileis (2004) for more options.

### Examples

Attach the sample turnout dataset:

```
> data(turnout)
```

Estimate parameter values for the probit regression:

```
> z.out <- zelig(vote ~ race + educate, model = "probit", data = turnout)
> summary(z.out)
```

Set values for the explanatory variables to their default values.

```
> x.out <- setx(z.out)
```

Simulate quantities of interest from the posterior distribution.

```
> s.out <- sim(z.out, x = x.out)
```

```
> summary(s.out)
```

## Model

Let  $Y_i$  be the observed binary dependent variable for observation  $i$  which takes the value of either 0 or 1.

- The *stochastic component* is given by

$$Y_i \sim \text{Bernoulli}(\pi_i),$$

where  $\pi_i = \Pr(Y_i = 1)$ .

- The *systematic component* is

$$\pi_i = \Phi(x_i\beta)$$

where  $\Phi(\mu)$  is the cumulative distribution function of the Normal distribution with mean 0 and unit variance.

## Quantities of Interest

- The expected value (`qi$ev`) is a simulation of predicted probability of success

$$E(Y) = \pi_i = \Phi(x_i\beta),$$

given a draw of  $\beta$  from its sampling distribution.

- The predicted value (`qi$pr`) is a draw from a Bernoulli distribution with mean  $\pi_i$ .
- The first difference (`qi$fd`) in expected values is defined as

$$\text{FD} = \Pr(Y = 1 \mid x_1) - \Pr(Y = 1 \mid x).$$

- The risk ratio (`qi$rr`) is defined as

$$\text{RR} = \Pr(Y = 1 \mid x_1) / \Pr(Y = 1 \mid x).$$

- In conditional prediction models, the average expected treatment effect (**att.ev**) for the treatment group is

$$\frac{1}{\sum_{i=1}^n t_i} \sum_{i:t_i=1}^n \{Y_i(t_i = 1) - E[Y_i(t_i = 0)]\},$$

where  $t_i$  is a binary explanatory variable defining the treatment ( $t_i = 1$ ) and control ( $t_i = 0$ ) groups. Variation in the simulations are due to uncertainty in simulating  $E[Y_i(t_i = 0)]$ , the counterfactual expected value of  $Y_i$  for observations in the treatment group, under the assumption that everything stays the same except that the treatment indicator is switched to  $t_i = 0$ .

- In conditional prediction models, the average predicted treatment effect (**att.pr**) for the treatment group is

$$\frac{1}{\sum_{i=1}^n t_i} \sum_{i:t_i=1}^n \left\{ Y_i(t_i = 1) - \widehat{Y_i(t_i = 0)} \right\},$$

where  $t_i$  is a binary explanatory variable defining the treatment ( $t_i = 1$ ) and control ( $t_i = 0$ ) groups. Variation in the simulations are due to uncertainty in simulating  $\widehat{Y_i(t_i = 0)}$ , the counterfactual predicted value of  $Y_i$  for observations in the treatment group, under the assumption that everything stays the same except that the treatment indicator is switched to  $t_i = 0$ .

## Output Values

The output of each `Zelig` command contains useful information which you may view. For example, if you run `z.out <- zelig(y ~ x, model = "probit", data)`, then you may examine the available information in `z.out` by using `names(z.out)`, see the `coefficients` by using `z.out$coefficients`, and a default summary of information through `summary(z.out)`. Other elements available through the `$` operator are listed below.

- From the `zelig()` output object `z.out`, you may extract:
  - **coefficients**: parameter estimates for the explanatory variables.
  - **residuals**: the working residuals in the final iteration of the IWLS fit.
  - **fitted.values**: a vector of the in-sample fitted values.
  - **linear.predictors**: a vector of  $x_i\beta$ .
  - **aic**: Akaike's Information Criterion (minus twice the maximized log-likelihood plus twice the number of coefficients).
  - **df.residual**: the residual degrees of freedom.
  - **df.null**: the residual degrees of freedom for the null model.

- `data`: the name of the input data frame.
- From `summary(z.out)`, you may extract:
  - `coefficients`: the parameter estimates with their associated standard errors,  $p$ -values, and  $t$ -statistics.
  - `cov.scaled`: a  $k \times k$  matrix of scaled covariances.
  - `cov.unscaled`: a  $k \times k$  matrix of unscaled covariances.
- From the `sim()` output object `s.out`, you may extract quantities of interest arranged as matrices indexed by simulation  $\times$   $\mathbf{x}$ -observation (for more than one  $\mathbf{x}$ -observation). Available quantities are:
  - `qi$ev`: the simulated expected values, or predicted probabilities, for the specified values of  $\mathbf{x}$ .
  - `qi$pr`: the simulated predicted values drawn from the distributions defined by the predicted probabilities.
  - `qi$fd`: the simulated first differences in the predicted probabilities for the values specified in  $\mathbf{x}$  and  $\mathbf{x1}$ .
  - `qi$rr`: the simulated risk ratio for the predicted probabilities simulated from  $\mathbf{x}$  and  $\mathbf{x1}$ .
  - `qi$att.ev`: the simulated average expected treatment effect for the treated from conditional prediction models.
  - `qi$att.pr`: the simulated average predicted treatment effect for the treated from conditional prediction models.

## How to Cite

To cite the *probit* Zelig model:

Kosuke Imai, Gary King, and Oliva Lau. 2007. "probit: Probit Regression for Dichotomous Dependent Variables" in Kosuke Imai, Gary King, and Olivia Lau, "Zelig: Everyone's Statistical Software," <http://gking.harvard.edu/zelig>

To cite Zelig as a whole, please reference these two sources:

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Imai, Kosuke, Gary King, and Olivia Lau. (2008). "Toward A Common Framework for Statistical Analysis and Development." *Journal of Computational and Graphical Statistics*, Vol. 17, No. 4 (December), pp. 892-913.

## See also

The probit model is part of the `stats` package by Venables and Ripley (2002). Advanced users may wish to refer to `help(glm)` and `help(family)`, as well as McCullagh and Nelder (1989). Robust standard errors are implemented via the `sandwich` package by Zeileis (2004). Sample data are from King et al. (2000).

# Bibliography

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