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Mathematics and Its Applications in the
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MATHEMATICS AND ITS APPLICATIONS IN THE DEVELOPMENT OF SCIENCES AND TECHNOLOGY

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**PROCEEDINGS OF THE 6TH
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GADJAH MADA UNIVERSITY
INTERNATIONAL CONFERENCE ON MATHEMATICS
AND ITS APPLICATIONS 2011**

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PREFACE

It is an honor and great pleasure for the Department of Mathematics – Universitas Gadjah Mada, Yogyakarta – INDONESIA, to be entrusted by the Southeast Asian Mathematical Society (SEAMS) to organize an international conference every four years. Appreciation goes to those who have developed and established this tradition of the successful series of conferences. The SEAMS - Gadjah Mada University (SEAMS-GMU) 2011 International Conference on Mathematics and Its Applications took place in the Faculty of Mathematics and Natural Sciences of Universitas Gadjah Mada on July 12th – 15th, 2011. The conference was the follow up of the successful series of events which have been held in 1989, 1995, 1999, 2003 and 2007.

The conference has achieved its main purposes of promoting the exchange of ideas and presentation of recent development, particularly in the areas of pure, applied, and computational mathematics which are represented in Southeast Asian Countries. The conference has also provided a forum of researchers, developers, and practitioners to exchange ideas and to discuss future direction of research. Moreover, it has enhanced collaboration between researchers from countries in the region and those from outside.

More than 250 participants from over the world attended the conference. They come from USA, Austria, The Netherlands, Australia, Russia, South Africa, Taiwan, Iran, Singapore, The Philippines, Thailand, Malaysia, India, Pakistan, Mongolia, Saudi Arabia, Nigeria, Mexico and Indonesia. During the four days conference, there were 16 plenary lectures and 217 contributed short communication papers. The plenary lectures were delivered by Halina France-Jackson (South Africa), Jawad Y. Abuihlail (Saudi Arabia), Andreas Rauber (Austria), Svetlana Borovkova (The Netherlands), Murk J. Bottema (Australia), Ang Keng Cheng (Singapore), Peter Filzmoser (Austria), Sergey Kryzhevich (Russia), Intan Muchtadi-Alamsyah (Indonesia), Reza Pulungan (Indonesia), Salmah (Indonesia), Yudi Soeharyadi (Indonesia), Subanar (Indonesia) Supama (Indonesia), Asep K. Supriatna (Indonesia) and Indah Emilia Wijayanti (Indonesia). Most of the contributed papers were delivered by mathematicians from Asia.

We would like to sincerely thank all plenary and invited speakers who warmly accepted our invitation to come to the Conference and the paper contributors for their overwhelming response to our call for short presentations. Moreover, we are very grateful for the financial assistance and support that we received from Universitas Gadjah Mada, the Faculty of Mathematics and Natural Sciences, the Department of Mathematics, the Southeast Asian Mathematical Society, and UNESCO.

We would like also to extend our appreciation and deepest gratitude to all invited speakers, all participants, and referees for the wonderful cooperation, the great coordination, and the fascinating efforts. Appreciation and special thanks are addressed to our colleagues and staffs who help in editing process. Finally, we acknowledge and express our thanks to all friends, colleagues, and staffs of the Department of Mathematics UGM for their help and support in the preparation during the conference.

The Editors
October, 2012

CONTENTS

Title	i
Publisher and Copyright	ii
Managerial Boards	iii
Editorial Boards	iv
List of Reviewers	v
Preface	vii
Paper of Invited Speakers	
On Things You Can't Find : Retrievalability Measures and What to do with Them <i>Andreas Rauber and Shariq Bashir</i>	1
A Quasi-Stochastic Diffusion-Reaction Dynamic Model for Tumour Growth <i>Ang Keng Cheng</i>	9
*-Rings in Radical Theory <i>H. France-Jackson</i>	19
Clean Rings and Clean Modules <i>Indah Emilia Wijayanti</i>	29
Research on Nakayama Algebras <i>Intan Muchtadi-Alamsyah</i>	41
Mathematics in Medical Image Analysis: A Focus on Mammography <i>Murk J. Bottema, Mariusz Bajger, Kenny MA, Simon Williams</i>	51
The Order of Phase-Type Distributions <i>Reza Pulungan</i>	65
The Linear Quadratic Optimal Regulator Problem of Dynamic Game for Descriptor System... <i>Salmah</i>	79
Chaotic Dynamics and Bifurcations in Impact Systems <i>Sergey Kryzhevich</i>	89
Contribution of Fuzzy Systems for Time Series Analysis <i>Subanar and Agus Maman Abadi</i>	121

Contributed Papers

Algebra

Degenerations for Finite Dimensional Representations of Quivers	137
<i>Darmajid and Intan Muchtadi-Alamsyah</i>	
On Sets Related to Clones of Quasilinear Operations	145
<i>Denecke, K. and Susanti, Y.</i>	
Normalized $\mathcal{H}_{\geq 2}$ Coprime Factorization for Infinite-Dimensional Systems	159
<i>Fatmawati, Roberd Saragih, Yudi Soeharyadi</i>	
Construction of a Complete Heyting Algebra for Any Lattice	169
<i>Harina O.L. Monim, Indah Emilia Wijayanti, Sri Wahyuni</i>	
The Fuzzy Regularity of Bilinear Form Semigroups	175
<i>Karyati, Sri Wahyuni, Budi Surodjo, Setiadji</i>	
The Cuntz-Krieger Uniqueness Theorem of Leavitt Path Algebras	183
<i>Khurul Wardati, Indah Emilia Wijayanti, Sri Wahyuni</i>	
Application of Fuzzy Number Max-Plus Algebra to Closed Serial Queuing Network with Fuzzy Activity Time	193
<i>M. Andy Rudhito, Sri Wahyuni, Ari Suparwanto, F. Susilo</i>	
Enumerating of Star-Magic Coverings and Critical Sets on Complete Bipartite Graphs.....	205
<i>M. Roswitha, E. T. Baskoro, H. Assiyatun, T. S. Martini, N. A. Sudibyo</i>	
Construction of Rate $s/2s$ Convolutional Codes with Large Free Distance via Linear System Approach	213
<i>Ricky Aditya and Ari Suparwanto</i>	
Characteristics of IBN, Rank Condition, and Stably Finite Rings	223
<i>Samsul Arifin and Indah Emilia Wijayanti</i>	
The Eccentric Digraph of $P_n \times P_m$ Graph	233
<i>Sri Kuntarti and Tri Atmojo Kusmayadi</i>	
On \mathcal{M} -Linearly Independent Modules	241
<i>Suprpto, Sri Wahyuni, Indah Emilia Wijayanti, Irawati</i>	
The Existence of Moore Penrose Inverse in Rings with Involution	249
<i>Titi Udjiani SRRM, Sri Wahyuni, Budi Surodjo</i>	

Analysis

An Application of Zero Index to Sequences of Baire-1 Functions	259
<i>Atok Zulijanto</i>	
Regulated Functions in the n -Dimensional Space	267
<i>Ch. Rini Indrati</i>	
Compactness Space Which is Induced by Symmetric Gauge	275
<i>Dewi Kartika Sari and Ch. Rini Indrati</i>	
A Continuous Linear Representation of a Topological Quotient Group	281
<i>Diah Junia Eksi Palupi, Soeparna Darmawijaya, Setiadji, Ch. Rini Indrati</i>	
On Necessary and Sufficient Conditions for ℓ_ϕ^L into ℓ_1 Superposition Operator	289
<i>Elvina Herawaty, Supama, Indah Emilia Wijayanti</i>	
A DRBEM for Steady Infiltration from Periodic Flat Channels with Root Water Uptake	297
<i>Imam Solekhuudin and Keng-Cheng Ang</i>	
Boundedness of the Bimaximal Operator and Bifractional Integral Operators in Generalized Morrey Spaces	309
<i>Wono Setya Budhi and Janny Lindiarni</i>	

Applied Mathematics

A Lepskij-Type Stopping-Rule for Simplified Iteratively Regularized Gauss-Newton Method..	317
<i>Agah D. Garnadi</i>	
Asymptotically Autonomous Subsystems Applied to the Analysis of a Two-Predator One-Prey Population Model	323
<i>Alexis Erich S. Almocera, Lorna S. Almocera, Polly W.Sy</i>	
Sequence Analysis of DNA H1N1 Virus Using Super Pair Wise Alignment	331
<i>Alfi Yusrotis Zakiyyah, M. Isa Irawan, Maya Shovitri</i>	
Optimization Problem in Inverted Pendulum System with Oblique Track	339
<i>Bambang Edisusanto, Toni Bakhtiar, Ali Kusnanto</i>	
Existence of Traveling Wave Solutions for Time-Delayed Lattice Reaction-Diffusion Systems	347
<i>Cheng-Hsiung Hsu, Jian-Jhong Lin, Ting-Hui Yang</i>	

Effect of Rainfall and Global Radiation on Oil Palm Yield in Two Contrasted Regions of Sumatera, Riau and Lampung, Using Transfer Function	365
<i>Divo D. Silalahi, J.P. Caliman, Yong Yit Yuan</i>	
Continuously Translated Framelet.....	379
<i>Dylmoon Hidayat</i>	
Multilane Kinetic Model of Vehicular Traffic System	386
<i>Endar H. Nugrahani</i>	
Analysis of a Higher Dimensional Singularly Perturbed Conservative System: the Basic Properties	395
<i>Fajar Adi Kusumo</i>	
A Mathematical Model of Periodic Maintenance Policy based on the Number of Failures for Two-Dimensional Warranted Product	403
<i>Hennie Husniah, Udjianna S. Pasaribu, A.H. Halim</i>	
The Existence of Periodic Solution on STN Neuron Model in Basal Ganglia	413
<i>I Made Eka Dwipayana</i>	
Optimum Locations of Multi-Providers Joint Base Station by Using Set-Covering Integer Programming: Modeling & Simulation	419
<i>I Wayan Suletra, Widodo, Subanar</i>	
Expected Value Approach for Solving Multi-Objective Linear Programming with Fuzzy Random Parameters	427
<i>Indarsih, Widodo, Ch. Rini Indrati</i>	
Chaotic S-Box with Piecewise Linear Chaotic Map (PLCM)	435
<i>Jenny Irna Eva Sari and Bety Hayat Susanti</i>	
Model of Predator-Prey with Infected Prey in Toxic Environment	449
<i>Lina Aryati and Zenith Purisha</i>	
On the Mechanical Systems with Nonholonomic Constraints: The Motion of a Snakeboard on a Spherical Arena	459
<i>Muharani Asnal and Muhammad Farchani Rosyid</i>	
Safety Analysis of Timed Automata Hybrid Systems with SOS for Complex Eigenvalues	471
<i>Noorma Yulia Megawati, Salmah, Indah Emilia Wijayanti</i>	
Global Asymptotic Stability of Virus Dynamics Models and the Effects of CTL and Antibody Responses	481
<i>Nughtoth Arfawi Kurdhi and Lina Aryati</i>	

A Simple Diffusion Model of Plasma Leakage in Dengue Infection	499
<i>Nuning Nuraini, Dinnar Rachmi Pasya, Edy Soewono</i>	
The Sequences Comparison of DNA H5N1 Virus on Human and Avian Host Using Tree Diagram Method	505
<i>Siti Fauziyah, M. Isa Irawan, Maya Shovitri</i>	
Fuzzy Controller Design on Model of Motion System of the Satellite Based on Linear Matrix Inequality	515
<i>Solikhatus and Salmah</i>	
Unsteady Heat and Mass Transfer from a Stretching Surface Embedded in a Porous Medium with Suction/injection and Thermal Radiation Effects.....	529
<i>Stanford Shateyi and Sandile S Motsa</i>	
Level-Set-Like Method for Computing Multi-Valued Solutions to Nonlinear Two Channels Dissipation Model	547
<i>Sumardi, Soeparna Darmawijaya, Lina Aryati, F.P.H. Van Beckum</i>	
Nonhomogeneous Abstract Degenerate Cauchy Problem: The Bounded Operator on the Nonhomogeneous Term	559
<i>Susilo Hariyanto, Lina Aryati, Widodo</i>	
Stability Analysis and Optimal Harvesting of Predator-Prey Population Model with Time Delay and Constant Effort of Harvesting	567
<i>Syamsuddin Toaha</i>	
Dynamic Analysis of Ethanol, Glucose, and <i>Saccharomyces</i> for Batch Fermentation	579
<i>Widowati, Nurhayati, Sutimin, Laylatussyarifah</i>	
Computer Science, Graph and Combinatorics	
Survey of Methods for Monitoring Association Rule Behavior	589
<i>Ani Dajah Rahajoe and Edi Winarko</i>	
A Comparison Framework for Fingerprint Recognition Methods	601
<i>Ary Noviyanto and Reza Pulungan</i>	
The Global Behavior of Certain Turing System	615
<i>Janpou Nee</i>	
Logic Approach Towards Formal Verification of Cryptographic Protocol	621
<i>D.L. Crispina Pardede, Maukar, Sulisty Puspitodjati</i>	
A Framework for an LTS Semantics for Promela	631
<i>Suprpto and Reza Pulungan</i>	

Mathematics Education

Modelling On Lecturers' Performance with Hotteling-Harmonic-Fuzzy 647
H. A. Parhusip and A. Setiawan

Differences in Creativity Qualities Between Reflective and Impulsive Students in Solving Mathematics 659
Warli

Statistics and Finance

Two-Dimensional Warranty Policies Using Copula 671
Adhitya Ronnie Effendie

Consistency of the Bootstrap Estimator for Mean Under Kolmogorov Metric and Its Implementation on Delta Method 679
Bambang Suprihatin, Suryo Guritno, Sri Haryatmi

Multivariate Time Series Analysis Using RcmdrPlugin.Econometrics and Its Application for Finance 689
Dedi Rosadi

Unified Structural Models and Reduced-Form Models in Credit Risk by the Yield Spreads 697
Di Asih I Maruddani, Dedi Rosadi, Gunardi, Abdurakhman

The Effect of Changing Measure in Interest Rate Models 705
Dina Indarti, Bevina D. Handari, Ias Sri Wahyuni

New Weighted High Order Fuzzy Time Seriesfor Inflation Prediction 715
Dwi Ayu Lusia and Suhartono

Detecting Outlier in Hyperspectral Imaging UsingMultivariate Statistical Modeling and Numerical Optimization 729
Edisanter Lo

Prediction the Cause of Network Congestion Using Bayesian Probabilities 737
Erwin Harapap, M. Yusuf Fajar, Hiroaki Nishi

Solving Black-Scholes Equation by Using Interpolation Method with Estimated Volatility..... 751
F. Dastmalchisaei, M. Jahangir Hossein Pour, S. Yaghoubi

Artificial Ensemble Forecasts: A New Perspective of Weather Forecast in Indonesia 763
Heri Kuswanto

Second Order Least Square for ARCH Model	773
<i>Herni Utami, Subanar, Dedi Rosadi, Liqun Wang</i>	
Two Dimensional Weibull Failure Modeling	781
<i>Indira P. Kinasih and Udjianna S. Pasaribu</i>	
Simulation Study of MLE on Multivariate Probit Models	791
<i>Jaka Nugraha</i>	
Clustering of Dichotomous Variables and Its Application for Simplifying Dimension of Quality Variables of Building Reconstruction Process	801
<i>Kariyam</i>	
Valuing Employee Stock Options Using Monte Carlo Method	813
<i>Kuntjoro Adji Sidarto and Dila Puspita</i>	
Classification of Epileptic Data Using Fuzzy Clustering	821
<i>Nazihah Ahmad, Sharmila Karim, Hawa Ibrahim, Azizan Saaban, Kamarun Hizam Mansor</i>	
Recommendation Analysis Based on Soft Set for Purchasing Products	831
<i>R.B. Fajriya Hakim, Subanar, Edi Winarko</i>	
Heteroscedastic Time Series Model by Wavelet Transform	849
<i>Rukun Santoso, Subanar, Dedi Rosadi, Suhartono</i>	
Parallel Nonparametric Regression Curves	859
<i>Sri Haryatmi Kartiko</i>	
Ordering Dually in Triangles (Ordit) and Hotspot Detection in Generalized Linear Model for Poverty and Infant Health in East Java	865
<i>Yekti Widyaningsih, Asep Saefuddin, Khairil Anwar Notodiputro, Aji Hamim Wigena</i>	
Empirical Properties and Mixture of Distributions: Evidence from Bursa Malaysia Stock Market Indices	879
<i>Zetty Ain Kamaruzzaman, Zaidi Isa, Mohd Tahir Ismail</i>	
An Improved Model of Tumour-Immune System Interactions	895
<i>Trisilowati, Scott W. Mccue, Dann Mallet</i>	

SIMULATION STUDY OF MLE ON MULTIVARIATE PROBIT MODELS

JAKA NUGRAHA

Abstract. We have studied estimator properties of multivariate binary Probit Models using simulation study. Estimation of parameter is performed by GEE, MLE and SMLE method. Statistics software that was used in the calculation is R.2.8.1. Probit Model can be applied on binary multivariate response by using MLE and GEE estimation method. Based on the simulation data, MSLE estimator is inappropriate to multivariate Probit model. We recommend to combine GEE and MLE. GEE can be used to estimate parameter of regression. MLE can be used to estimate parameter correlations only.

Keywords and Phrases : Discrete Choice Model, MLE, GEE, simulation study.

1. INTRODUCTION

Discrete Choice Model (DCM) is a model constructed on the assumption that decision maker faced the choice among a group of alternatives based on their utilities. The alternatives or responses are nominal and one of them is having maximum utility. In this case, the decision maker can be a person, family, company or other unit of decision maker. DCM is correlated with two connected activities; determination of model and calculation of proportion for each choice. The model has been widely discussed are Logit Model and Probit Model. Methods of parameter estimation used are Maximum Likelihood Estimation (MLE) method, Moment method and Generalized Estimating Equation (GEE) method.

Some researchers have studied this similar estimating method on panel binary response. GEE estimator's have invariant properties, consistent and normally asymptotic [1, 2]. In binary panel Probit Model, MLE is the best compare to Solomon-Cox or Gibbs sampler [3, 4]. Probit Model needs multiple integral and it can be solved using Geweke-Hajivassilou-Keane (GHK)[5,6] Frequently, some dependent variables are observed in each individual. Because the data include simultaneous measurements on many variables, this data is called multivariate data. However the applications of multivariate binary response model are most extensive. Research on multivariate binary response models still gets a little attention. On binary response, MLE and GEE are consistent estimator [7] and the estimators

of regression parameters are not influenced by the correlation [8]. On multivariate binary Logit Model, GEE is more efficient compared to univariate approximation but the estimator of correlation in GEE tends to be underestimate [9]. ProbitModel can be used in multivariate binary response by using some parameter estimation that can be used such as GEE, MLE and MSLE based on GHK simulation [10,11]

Based on the development of binary response model that also supported by computational field, we studied properties of estimator using simulated study in multivariate binary response data. Modeling of multivariate binary response utilized used Probit model and estimation of parameter is performed by GEE, MLE and SMLE method.

2. DCM ON THE MULTIVARIATE BINARY RESPONSE

It is assumed that Y_{it} is binary response, $Y_{it}=1$ as the subject i at the response of t choosing the alternative 1 and $Y_{it}=0$ if the subject of i at the response of t choosing the alternative of 2. Each individual has covariate X_i as individual characteristics i and covariate Z_{ijt} as characteristic of choice/alternative j at the individual of i .

Utility of subject i selecting the alternative of j on response t is

$$U_{ijt} = V_{ijt} + \varepsilon_{ijt} \quad \text{for } t=1,2,\dots,T; i=1,2,\dots,n; j=0,1.$$

with

$$V_{ijt} = \alpha_{it} + \beta_{it}X_i + \gamma_t Z_{ijt}.$$

By assuming that decision maker select the alternative based on the maximum utility value, the model can be expressed in different of utility

$$U_{it} = U_{i1t} - U_{i0t} = V_{it} + \varepsilon_{it}$$

with

$$V_{it} = (V_{i1t} - V_{i0t}) = (\alpha_{1t} - \alpha_{0t}) + (\beta_{1t} - \beta_{0t})X_i + \gamma_t(Z_{i1t} - Z_{i0t}) = \alpha_t + \beta_t X_i + \gamma_t Z_{it}$$

and $\varepsilon_{it} = (\varepsilon_{i1t} - \varepsilon_{i0t})$. The probability of subject of i selecting ($y_{i1} = 1, \dots, y_{iT} = 1$) is

$$P(y_{i1} = 1, \dots, y_{iT} = 1) = \int_{\varepsilon_i} I(-V_{it} < \varepsilon_{it}) \cdot f(\varepsilon_i) d\varepsilon_{i1} \dots d\varepsilon_{iT} \quad \forall t$$

With $\varepsilon_i = (\varepsilon_{i1}, \dots, \varepsilon_{iT})'$. Value of probability is calculated by multiple integral T depend on the parameter $\theta = (\theta_1', \theta_2', \dots, \theta_T')$ as well as distribution of ε .

2.1 MLE on Multivariate Binary Probit Model. Vector $\varepsilon_i = (\varepsilon_{i1}, \dots, \varepsilon_{iT})'$ is normally distributed with mean value of zero, covariance matrix Σ and each of ε_{it} is normally standard distributed.

$$\varepsilon_i' \sim N(0, \Sigma) \text{ and } \varepsilon_{it} \sim N(0,1) \text{ for } t=1, \dots, T.$$

It is assume that R is correlation matrix of ε , so $\Sigma = Q_i R Q_i$ with Q_i is diagonal matrix with its

diagonal element $(2y_{it}-1)$.

$$\Sigma = \begin{pmatrix} 1 & \sigma_{12} & \dots & \sigma_{1T} \\ \sigma_{12} & 1 & \dots & \sigma_{2T} \\ \dots & \dots & \dots & \dots \\ \sigma_{1T} & \sigma_{2T} & \dots & 1 \end{pmatrix} \quad R = \begin{pmatrix} 1 & \rho_{12} & \dots & \rho_{1T} \\ \rho_{12} & 1 & \dots & \rho_{2T} \\ \dots & \dots & \dots & \dots \\ \rho_{1T} & \rho_{2T} & \dots & 1 \end{pmatrix}$$

$$Q_i = \begin{pmatrix} (2y_{i1}-1) & 0 & \dots & 0 \\ 0 & (2y_{i2}-1) & \dots & 0 \\ \dots & \dots & \dots & \dots \\ 0 & 0 & \dots & (2y_{iT}-1) \end{pmatrix}$$

$y_{it} = 0$ at the respondent of i choosing first alternative and $y_{it} = 1$ if respondent of i choosing second alternative. So, $\sigma_{tt} = (2y_{it}-1)(2y_{is}-1)\rho_{ts}$. To simplify the notation, take $V_{it} = \beta_t X_{it}$ (β_t is identified parameter and the parameters of α and γ are not included).

$$\Phi_T(w_i; \theta; \Sigma) = \int_{-\infty}^{w_{iT}} \dots \int_{-\infty}^{w_{i1}} \phi_T(\varepsilon_i; \theta; \Sigma) d\varepsilon_i = \int_{D(Y_i)} \phi_T(\varepsilon_i; \theta; \Sigma) d\varepsilon_i$$

With $w_{it} = (2y_{it}-1)x_{it}\beta_t$ and $D(Y_i) = [-\infty, w_{i1}] \dots [-\infty, w_{iT}]$. The $\phi_T(\cdot)$ is multivariate normal density of T response. Its log likelihood equation is

$$LL(\theta; \Sigma) = \sum_{i=1}^n \ln \Phi_T(w_i; \theta; \Sigma) \tag{1}$$

or also can be represented as

$$LL(\theta; R) = \sum_{i=1}^n \ln \Phi_T(w_i; \theta; R)$$

Estimation of θ and Σ (or R) using MLE method can be derived from likelihood function of equation (1). Define

$$\Sigma^l = \left(\begin{array}{ccc|c} 1 & \dots & \sigma_{1T} & \sigma_{1l} \\ & \dots & & \dots \\ \sigma_{1T} & \dots & 1 & \sigma_{Tl} \\ \hline \sigma_{1l} & \dots & \sigma_{Tl} & 1 \end{array} \right) = \begin{pmatrix} \Sigma_{11}^l & \Sigma_{12}^l \\ \Sigma_{21}^l & 1 \end{pmatrix}$$

$$\Sigma^{kl} = \left(\begin{array}{ccc|cc} 1 & \dots & \sigma_{1l} & \sigma_{1k} & \sigma_{1l} \\ \dots & \dots & \dots & \dots & \dots \\ \sigma_{1l} & \dots & 1 & \sigma_{lk} & \sigma_{ll} \\ \hline \sigma_{1k} & \dots & \sigma_{lk} & 1 & \sigma_{kl} \\ \sigma_{1l} & \dots & \sigma_{ll} & \sigma_{kl} & 1 \end{array} \right) = \begin{pmatrix} \Sigma_{11}^{kl} & \Sigma_{12}^{kl} \\ \Sigma_{21}^{kl} & \Sigma_{22}^{kl} \end{pmatrix}$$

First derivative of log likelihood function (1) with respect to the parameter β is

$$\frac{\partial LL(\theta; \Sigma)}{\partial \beta_{1l}} = \sum_{i=1}^n \frac{\phi(w_{il}; 0; 1) \Phi_{T-1}(w_{i,-l}; M^l; S^l) (2y_{il} - 1) x_{il}}{\Phi_T(w_i; 0; \Sigma)} \tag{2}$$

with $M^l = \Sigma_{12}^l w_{il}; S^l = \Sigma_{11}^l - \Sigma_{12}^l \Sigma_{21}^l$ and $w_{i,-l} = (w_{i1}, \dots, w_{i(l-1)}, w_{i(l+1)}, \dots, w_{iT})$.

First derivative of log-likelihood function (1) with respect to parameter ρ is

$$\frac{\partial LL(\beta, R | x)}{\partial \rho_{kl}} = \sum_{i=1}^N \frac{\phi_2(w_{ik}, w_{il}; 0, \Sigma^{kl}) \Phi_{T-2}(w_{i,-kl}, M_i^{kl}; S^{kl})}{\Phi(w_i; \Sigma)} (2y_{ik} - 1)(2y_{il} - 1) \tag{3}$$

with $M_i^{kl} = \Sigma_{12}^{kl} (\Sigma_{22}^{kl})^{-1} (w_{il}, w_{ik})'$; $S^{kl} = \Sigma_{11}^{kl} - \Sigma_{12}^{kl} (\Sigma_{22}^{kl})^{-1} \Sigma_{21}^{kl}$

and $w_{i,-kl} = (w_{i1}, \dots, w_{i(k-1)}, w_{i(k+1)}, \dots, w_{i(l-1)}, w_{i(l+1)}, \dots, w_{iT})$

Second derivative of log-likelihood functions (1) with respect to parameter β and ρ are

$$\frac{\partial^2 LL(\theta; \Sigma)}{\partial \beta_{1l}^2} = \sum_{i=1}^n \frac{\phi(w_{il}; 0; 1) \Phi_{T-1}(w_{i,-l}; M^l; \Sigma^l) [(2y_{il} - 1) x_{il}]^2}{\Phi_T(w_i; 0; \Sigma)} \left(1 - \phi(w_{il}; 0; 1) \Phi_{T-1}(w_{i,-l}; M^l; \Sigma^l) \right) \tag{4}$$

$$\frac{\partial^2 LL(\theta; \Sigma)}{\partial \beta_{1k} \partial \beta_{1l}} = \sum_{i=1}^n \frac{\phi(w_{ik}; 0; 1) \phi(w_{il}; 0; 1) (2y_{il} - 1)(2y_{ik} - 1) x_{ik} x_{il}}{\Phi_T(w_i; 0; \Sigma)} \left((\Phi_{T-2}(w_{i,-kl}; M^{kl}; \Sigma^{kl}) - 2\Phi_{T-1}(w_{i,-k}; M^k; \Sigma^k) \Phi_{T-1}(w_{i,-l}; M^l; \Sigma^l)) \right) \tag{5}$$

with $M^{kl} = \Sigma_{12}^{kl} w_{ik}; \Sigma^{kl} = \Sigma_{11}^{kl} - \Sigma_{12}^{kl} \Sigma_{21}^{kl}$

and $w_{i,-kl} = (w_{i1}, \dots, w_{i(k-1)}, w_{i(k+1)}, w_{i(l-1)}, w_{i(l+1)}, \dots, w_{iT})$

$$\frac{\partial^2 LL(\beta, R | x)}{\partial \rho_{kl}^2} = \sum_{i=1}^n \frac{\Phi_{T-2}(w_{i,-kl}, M_i^{kl}; S^{kl})}{[\Phi_T(w_i; \Sigma)]^2} (2y_{ik} - 1)(2y_{il} - 1) \left(\Phi_T(w_i; \Sigma) A1 - (\phi_2(w_{ik}, w_{il}; 0, \Sigma^{kl}))^2 \Phi_{T-2}(\varepsilon_{i,-kl}; M^{kl}; S^{kl}) (2y_{ik} - 1)(2y_{il} - 1) \right) \tag{6}$$

$$\text{with } A1 = \frac{\phi_2(w_{il}, w_{ik}; \rho_{kl})}{2\pi\sqrt{(1-\rho_{kl}^2)}} \left(-(w_{il}w_{ik}\pi)\sqrt{(1-\rho_{kl}^2)} \ln(1-\rho_{kl}^2) + 4\pi\rho_{kl} \right)$$

$$\frac{\partial^2 LL(\beta, R | x)}{\partial\beta_i \partial\rho_{kl}} = \frac{\sum_{i=1}^n (2y_{ik}-1)(2y_{il}-1)\Phi_{T-2}(w_{i,-kl}, M_i^{kl}; S^{kl})\phi(w_{il}; 0; 1)\phi(w_{ik}; m^k; 1)(2y_{il}-1)x_{il}}{\Phi(w_i; \Sigma)} - \frac{\sum_{i=1}^n (2y_{ik}-1)(2y_{il}-1)^2 x_{il}\Phi_2(w_{ik}, w_{il}; 0, \Sigma_{22}^{kl})\phi_{T-2}(w_{i,-kl}, M_i^{kl}; S^{kl})\phi(w_{il}; 0; 1)\Phi_{T-1}(w_{i,-l}; M^l; \Sigma^l)}{[\Phi(w_i; \Sigma)]^2} \quad (7)$$

with $m^k = \sigma_{kl}w_{il}$ and $w_{il} = (2y_{il}-1)x_{il}\beta_{1l}$.

MLE can be solved by Newton-Raphson iteration method based on first and second derivation of equation (2) to (7). Estimation by using MLE also needs multiple integral calculation. Calculation value of $P(Y_i)$ over Gaussian Square calculation can not be done for T more than four [12]. $P(Y_i)$ can be solved only by simulation. GHK is found to be the most efficient simulation method and the unbiased estimator [13]. Therefore it is also called as maximum simulated likelihood estimator (MSLE) method. For getting MSLE in similar properties with MLE, high simulations are needed [14].

2.2 MSLE on Multivariate Binary Probit Model. Probit Model is based on the assumption that vector $\varepsilon_i = (\varepsilon_{i1}, \dots, \varepsilon_{iT})'$ on equation (5) has normal multivariate distribution with the mean null and the covariance matrix Σ . Marginal probability (for t and i) is

$$\pi_{it} = P(y_{it}=1|X_i, Z_i) = P(-V_{it} < \varepsilon_{it}) = 1 - \Phi(-V_{it}) \quad (8)$$

where

$$\Phi(-V_{it}) = \int_{-\infty}^{-V_{it}} \frac{1}{(2\pi\sigma_t^2)^{1/2}} \exp\left[-\frac{1}{2\sigma_t^2} \varepsilon_{it}^2\right] d\varepsilon_{it}$$

$$P(Y_{it} = y_{it}) = \pi_{it}^{y_{it}} (1 - \pi_{it})^{1-y_{it}} \text{ for } y_{it}=0, 1.$$

From the symmetric properties of normal distribution, the equation (8) can be expressed as

$$\pi_{it} = P(y_{it}=1|X_i, Z_i) = P(-V_{it} < \varepsilon_{it}) = P(\varepsilon_{it} < V_{it}) = \Phi(V_{it})$$

Marginal probability also can be represented by

$$P(Y_{it} = y_{it}) = \Phi[(2y_{it}-1)V_{it}]$$

and the combined probability is

$$P(Y_{i1} = y_{i1}, \dots, Y_{iT} = y_{iT}) = P(\varepsilon_{i1} < (2y_{i1}-1)V_{i1}, \dots, \varepsilon_{iT} < (2y_{iT}-1)V_{iT}) = \Phi(w_i; \theta; \Sigma)$$

where $w_i = ((2y_{i1}-1)V_{i1}, \dots, (2y_{iT}-1)V_{iT})$ and Φ express multivariate normal density of T responses. The log-likelihood function is

$$LL(\boldsymbol{\theta}; \boldsymbol{\Sigma}) = \sum_{i=1}^n \log \Phi(\mathbf{w}_i; \boldsymbol{\theta}; \boldsymbol{\Sigma})$$

$\Phi(\mathbf{w}_i; \boldsymbol{\theta}; \boldsymbol{\Sigma})$ is determined by GHK simulation using the factor of Cholesky \mathbf{C} . Because estimated parameter $\boldsymbol{\omega} = (\boldsymbol{\theta}, \mathbf{c})$. \mathbf{c} is elements of matrix \mathbf{C} . Utility equation become :

$$U_{it} = V_{it} + \sum_{l=1}^l c_{il} \eta_{li} \text{ for } t=1, \dots, T \text{ and } \eta_i \sim \mathbf{N}(\mathbf{0}, \mathbf{I}) \quad (9)$$

By using the algorithm of GHK simulation, the result is

$$\tilde{\pi}_i^{(r)} = \prod_{t=1}^T \Phi_{it}^{(r)} = \prod_{t=1}^T \Phi \left(\frac{(2y_{it} - 1)V_{it} + \sum_{k=1}^{t-1} c_{tk} \eta_k^{(r)}}{c_{it}} \right)$$

Therefore

$$\tilde{\pi}_i = \frac{1}{R} \sum_{r=1}^R \tilde{\pi}_i^{(r)}$$

Index of r states simulation r . The function of simulated log-likelihood is

$$\text{simlog} L(\boldsymbol{\omega}) = \sum_{i=1}^n \log \left(\frac{1}{R} \sum_{r=1}^R \tilde{\pi}_i^{(r)} \right) = \sum_{i=1}^n \log \left(\frac{1}{R} \sum_{r=1}^R \prod_{t=1}^T \Phi_{it}^{(r)} \right)$$

If it is known the utility model as represented in equation (9) that is fit to regularity condition and $\boldsymbol{\varepsilon}_i = (\varepsilon_{i1}, \dots, \varepsilon_{iT})'$ is normal multivariate distributed with the mean of null and covariance matrix $\boldsymbol{\Sigma}$, so by using GHK simulation, MLE for the parameter of $\boldsymbol{\omega} = (\boldsymbol{\theta}, \boldsymbol{\Sigma})$ is the solution of estimator equation:

$$\sum_{i=1}^n \frac{1}{\frac{1}{R} \sum_{r=1}^R \tilde{\pi}_i^{(r)}} \frac{1}{R} \sum_{r=1}^R \left(\tilde{\pi}_i^{(r)} \sum_{l=1}^T \frac{\phi_{li}^{(r)}}{\Phi_{li}^{(r)}} \cdot \frac{a_{li}^{(r)}}{\partial \boldsymbol{\omega}} \right) = 0$$

where

$$\frac{\partial a_{li}^{(r)}}{\partial \boldsymbol{\theta}} = \begin{cases} \left[\sum_{h=1}^{l-1} \frac{c_{lh}}{c_{ll}} u_{hi}^{(r)} \cdot \frac{\phi(a_{hi}^{(r)})}{\phi(\eta_{hi}^{(r)})} \cdot \frac{\partial a_{hi}^{(r)}}{\partial \boldsymbol{\theta}} + \frac{(2y_{il} - 1)}{c_{ll}} \frac{\partial V_{il}}{\partial \boldsymbol{\theta}} \right], & l > 1 \\ \frac{(2y_{il} - 1)}{c_{11}} \frac{\partial V_{il}}{\partial \boldsymbol{\theta}}, & l = 1 \end{cases}$$

Index of r represent the simulation of r^{th} , $r=1, \dots, R$.

3. SIMULATION STUDY AND DISCUSSION

Multivariate analysis is generalization of univariate analysis. As data have low correlation, problem of multivariate can be solved by univariate analysis. However as correlation between the responses are strong, univariate approximation for multivariate case results the estimator that is under estimate. So we studied the effect of correlation level on estimating accuracy based on simulation data generating at a fixed parameter value and some level of correlation. Statistics software that was used in this calculation is R.2.8.1 program, and three estimation methods used were :

- GEE: estimation using GEE from Liang-Zeger
- MLE: estimation using MLE method.
- MSLE : estimation using MSLE method based on GHK simulation

The case of $T=3$ is taken. Utility model of subject i selecting the alternative j on the decision of t is

$$U_{it} = V_{it} + \varepsilon_{it}$$

$$V_{it} = (V_{i1t} - V_{i0t}) = \alpha_t + \beta_t X_i + \gamma_t Z_{it}$$

$$Z_{it} = (Z_{i1t} - Z_{i0t}); \varepsilon_{it} = \varepsilon_{i1t} - \varepsilon_{i0t}; \beta_t = \beta_{0t} - \beta_{1t}; \alpha_t = (\alpha_{0t} - \alpha_{1t})$$

where $i=1, \dots, n$ and $t=1, 2, 3; j=0, 1, \varepsilon_{ijt} \sim N(0, 1)$. Data were generated on the parameter value of $\alpha_t = -1, \beta_t = 0.5$ and $\gamma_t = 0.3$

Structure of correlation that will be examined is $r_{12} = \rho$ and $r_{13} = r_{32} = 0$. Utility on $t=1$ is correlated with the utility on $t=2$ with the values of correlation, $\rho = 0, 0.2, \dots, 0.9$. The value of observation variable X_i and Z_{ijt} were taken from the Normal distribution,

$$X_i \sim N(0, 1); Z_{i0t} \sim N(0, 1); Z_{i1t} \sim N(2, 1)$$

Survey on the effect of correlation to the estimator was conducted on GEE, MLE and MSLE for $n=1000$. On each sample, the iteration for 50 times is performed. Results of estimating parameter are presented in Table 1, Table 2 and Table 3.

Table 1. Average of estimator using GEE.

θ	ρ_{21}					
	0	0.2	0.4	0.6	0.8	0.9
$\alpha_1 = -1$	-0.9852	-1.0363	-1.0125	-1.0685	-1.0284	-1.0600
$\alpha_2 = -1$	-1.0145	-1.0058	-1.0780	-1.0516	-1.0135	-1.0175
$\alpha_3 = -1$	-0.9875	-1.0250	-1.0804	-1.0981	-1.0085	-1.0481
$\beta_1 = 0.5$	0.4740	0.5127	0.4585	0.5391	0.4692	0.5387
$\beta_2 = 0.5$	0.5446	0.5530	0.4697	0.5212	0.4707	0.4716
$\beta_3 = 0.5$	0.4948	0.5147	0.5684	0.4924	0.5532	0.4889
$\gamma_1 = 0.3$	0.2915	0.3078	0.3047	0.3219	0.3180	0.3181
$\gamma_2 = 0.3$	0.3109	0.2996	0.3204	0.3239	0.3194	0.2930
$\gamma_3 = 0.3$	0.2890	0.3177	0.3183	0.3490	0.2918	0.3175
ρ_{21}	-0.0223	0.0861	0.2152	0.3526	0.5182	0.5672

Based on Table 1, GEE is good method to estimate regression parameter except correlation parameter (ρ_{21}). The estimators of α , β , and γ are close (small bias) to the true parameter at all of correlation value. So, the value of correlation among utility does not influence to GEE

estimator but $\hat{\rho}_{21}$ is always underestimate.

Table 2. Average of estimator using MLE

θ	ρ_{21}					
	0	0.2	0.4	0.6	0.8	0.9
$\alpha_1=-1$	-0.9829	-1.0331	-1.0108	-1.0710	-1.0159	-1.0455
$\alpha_2=-1$	-0.0296	0.0274	-0.0648	0.0330	0.0006	0.0297
$\alpha_3=-1$	-0.0025	0.0105	-0.0668	-0.0250	0.0092	-0.0010
$\beta_1=0.5$	0.4737	0.5115	0.4583	0.5415	0.4636	0.5287
$\beta_2=0.5$	0.5442	0.5515	0.4670	0.5190	0.4777	0.4775
$\beta_3=0.5$	0.4940	0.5135	0.5674	0.4919	0.5529	0.4885
$\gamma_1=0.3$	0.2900	0.3060	0.3038	0.3221	0.3127	0.3146
$\gamma_2=0.3$	0.3096	0.2990	0.3190	0.3185	0.3184	0.2914
$\gamma_3=0.3$	0.2878	0.3166	0.3167	0.3478	0.2907	0.3161
ρ_{21}	-0.0417	0.1584	0.3799	0.5996	0.8139	0.8915

Utility 1 (U_{i1}) is correlated with utility 2 (U_{i2}) and both utility are not correlated to utility 3 (U_{i3}). Therefore correlation value is only affecting the parameters within U_{i1} and U_{i2} . At both utility, bias of estimator is too high and proportional to the value of correlation. MLE of parameter α_2 and α_3 are not good because it produced the high bias (see Table 2). Estimator of ρ_{21} in MLE is more better than GEE.

Table 3. Average of estimator using MSLE

θ	ρ_{21}					
	0	0.2	0.4	0.6	0.8	0.9
$\alpha_1=-1$	-0.3499	-0.6201	-0.2942	-0.1758	-0.3694	-0.1985
$\alpha_2=-1$	0.3167	1.0063	0.5998	0.3530	0.5352	0.7078
$\alpha_3=-1$	0.1514	-0.0859	0.0188	-0.0055	-0.1044	0.1018
$\beta_1=0.5$	-0.0966	-0.3595	-0.4914	-0.7192	-0.2877	-0.3125
$\beta_2=0.5$	0.3391	0.5567	0.3735	0.5089	0.4776	0.5845
$\beta_3=0.5$	-0.0084	-0.1065	0.1623	0.1867	-0.0379	0.0977
$\gamma_1=0.3$	-0.3336	-0.0899	-0.6505	-0.6186	-0.4069	-0.2815
$\gamma_2=0.3$	0.4304	0.8490	0.5980	0.6814	0.4885	0.4382
$\gamma_3=0.3$	-0.0789	-0.1702	0.2369	-0.2030	0.1326	0.1235
$\rho_{21}=0$	0.9876	0.9900	0.7483	0.4796	0.9476	0.9900

Result of parameter estimation by using GHK simulation produce very high bias (see Table 3). In other side, the value of estimator is influenced by initial estimator value. Problem encountered in ProbitModel is that its log-likelihood function are not globally concave. This causes the maximum global point difficult to define and the computation will be not efficient (time consuming) to reach convergence point.

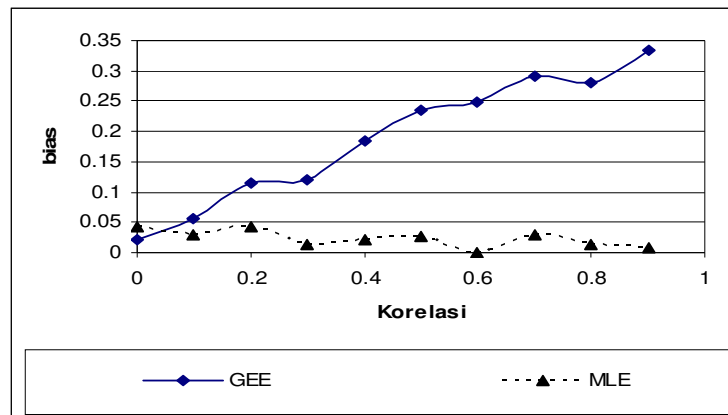


Figure 1. Comparisons of bias correlation

Comparisons of bias correlation have description on Figure 1. Estimator parameter using MLE is better (lower bias) compared to GEE. Estimator of correlation parameter in GEE has tendency to underestimate proportional to the magnitude of correlation.

4. CONCLUDING REMARKS

ProbitModel can be applied on binary multivariate response by using MLE and GEE estimation method. Based on simulation data,

1. GEE estimator for regression coefficients is not affected by the value of correlation between the responses.
2. MLE estimator for regression coefficients is affected by the value of correlation between the responses.
3. GEE estimator for correlation parameter tends to be underestimated. Whereas MLE method is more accurate to estimate the correlation parameter.
4. MSLE estimator not appropriate to multivariate ProbitModel

Open Problem

In this research, estimation of parameter used are MLE and GEE. It is very possible to use other estimation method such as Bayes methods. From computational side, simulation method applicable for Probit model is need to be developed to overcome the limitation of GHK method.

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