

Coefficient of Determination

Coefficient of determination is a term used in regression analysis and it is designated by r^2 (read as r-squared). The term r^2 tells us how good the estimated regression equation is. It is a measure of “goodness of fit” in the regression equation.

In other words, it measures how effectively the regression equation explains the variation in the dependent variable. More specifically, it measures what proportion of total variation in the dependent variable is explained by the independent variables. It has a value between 0 and 1.

In a sense, what the correlation coefficient is in correlation analysis, the coefficient of determination is in regression analysis.