ESTIMATION OF VARIANCE COMPONENTS
IN A THREE-WAY CLASSIFICATION

by

HOU-PEN CHEN

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Approved by:

[Signature]

Major Professor
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INTRODUCTION

The statistical technique known as "analysis of variance" is a commonly used statistical method by which estimates of a number of variances are made and by which the significance of the differences between these estimates is determined. This technique was introduced by R. A. Fisher in 1920 to partition the variance of the observations into components ascribable to different causes as well as to obtain the analysis and tests of significances of treatment effects in agricultural and biological research.

There are two main purposes of using analysis of variance: 1) to estimate a set of parameters in a model and to test the null hypothesis that a linear subset of those parameters is equal to zero; and 2) to be used as a basis for estimation of variance components.

Because of the different purposes of analysis of variance techniques, different fundamental assumptions are made. Based on these two kind of uses, Eisenhart (1947) denoted the two fundamentally different types of analysis of variance as fixed models and random models respectively, commonly known as Model I and Model II. With fixed effects the investigator is interested in the computation of means, regression coefficients, standard errors, tests of significance, orthogonal comparisons, interactions and mean separation procedures; whereas, with random effects one is interested in the estimation of variance components.

The elementary theory of variance components analysis has been discussed by Daniels (1939), Crump (1946) and Eisenhart (1947).
Cochran and Crump (1946) have considered briefly the variance components problem in a balanced one-way classification. In higher-way classifications, a number of different methods of analysis are in common use. Chief among these are the so called methods of fitting constants and weighted squares of means described by Yates (1934) for experiments based on Model I. Estimates of variance components may be obtained by the device of equating observed and expected mean squares.

Estimating variance components for a three-way classification with unequal subclass numbers has discussed by C. R. Henderson (1953). He assumed some of the first order interaction effects and second order interaction effects negligible and considered the mixed model case because a random model is not always appropriate. For example, data related to year effects should be regarded as fixed rather than random. Henderson discussed three different methods of calculating variance components. The method which is simplest in computation leads to biased estimates. One of the others yields unbiased estimates, but the computation is laborious.

More recently, Norman Bush and R. L. Anderson (1963) described and illustrated an analytic procedure for obtaining variances of estimates of variance components for the two-way classification and developed this procedure in a general multiway classification, when there are unequal numbers of observations in the subclasses. Three unbiased estimating procedures for a two-way classification are discussed and compared by them. Two of the procedures are based on Yates's methods of fitting constants and weighted squares of means.
The third procedure which uses unadjusted sums of squares was developed by C. R. Henderson (1953), and extended by LeRay and Gluckowski (1961) explicitly for experiments based on Model II.

The purpose of this report is to describe and illustrate, with the aid of a numerical example, some different unbiased methods for estimating variance components by using a complete three-way classification linear model with unequal subclass numbers.

\[ y_{hijk} = \mu + a_i + b_j + c_k + (ab)_{hi} + (ac)_{hj} + (bc)_{ij} + (abc)_{hij} + e_{hijk} \]

where \( \mu \): the population mean;

\( a, b, c: \) the population main effects;

\( (ab), (ac), (bc), (abc): \) the population two factor and three factor interaction effects;

\( e: \) a random observation error assumed normally and independently distributed with a mean zero and \( \sigma_e^2 \).

\( h = 1, 2, \ldots, p; \)
\( i = 1, 2, \ldots, 1; \)
\( j = 1, 2, \ldots, m; \)
\( k = 1, 2, \ldots, n_{hij} \)
BASIC THEORY

Consider the general-linear-hypothesis model of full rank. It can be written in vector form:

\[ Y = X B + e \]

where

\[ Y = \begin{pmatrix} y_1 \\ y_2 \\ \vdots \\ y_n \end{pmatrix}, \quad X = \begin{pmatrix} x_{11} & x_{12} & \cdots & x_{1p} \\ x_{21} & x_{22} & \cdots & x_{2p} \\ \vdots & \vdots & \ddots & \vdots \\ x_{n1} & x_{n2} & \cdots & x_{np} \end{pmatrix}, \]

\[ B = \begin{pmatrix} b_1 \\ b_2 \\ \vdots \\ b_p \end{pmatrix}, \quad e = \begin{pmatrix} e_1 \\ e_2 \\ \vdots \\ e_n \end{pmatrix}. \]

In detail, each random variable \( y_i \) depends on \( p \) known quantities \( x_{i1}, \ldots, x_{ip} \) and on \( p \) unknown parameters \( b_1, \ldots, b_p \) where \( x_{ij} = 1 \) or 0 for all \( i, j \).

The method of least squares may be used to estimate \( B \) and \( \sigma^2 \), where \( \sigma^2 = \operatorname{var}(y_i) \) (\( i = 1, 2, \ldots, n \)). Thus, the vector \( B \) is to be chosen so as to minimize

\[ e_i = e'e = (Y - XB)'(Y - XB), \]

which is accomplished by letting

\[ \frac{\partial(e'e)}{\partial B} = 2X'Y - 2X'XB = 0. \]

Now \( X'XB = X'Y \) is called the normal equation. The least-squares estimate of \( B \) is

\[ \hat{B} = X'X^{-1} X'Y. \]
where \( S = X'X \). The unbiased estimate of \( \sigma^2 \) based on the least squares estimate of \( B \) is given by

\[
\hat{\sigma}^2 = \frac{(Y - \hat{X}B)'(Y - \hat{X}B)}{n - p} = \frac{Y'(I - X S^{-1}X')Y}{n - p}
\]

By the Gauss-Markoff Theorem, the best (minimum-variance) linear (linear functions of the \( Y_i \)) unbiased estimate of \( B \) is given by least squares; that is, \( \hat{B} = S^{-1}X'Y \) is the best linear unbiased estimate of \( B \).

Consider again the model \( Y = XB + e \). It may be partitioned so that

\[
Y = X_1 r_1 + X_2 r_2 + e
\]

where \( r_1 \) is of dimension \( r \times 1 \), \( r_2 \) of dimension \( (p - r) \times 1 \).

In the analysis of variance, the total sum of squares is \( Y'Y \) and \( B'X'Y \) is the reduction due to \( \hat{B} \) (denoted as \( R(B) \)). Thus \( R(B) \) consists of the product of the vector \( \hat{B}' \), which is the solution of the normal equations, and the corresponding elements of the right-hand side; i.e., \( X'Y \).

For the partitioned model, the normal equations are:

\[
\begin{pmatrix}
X_1' & X_1' & X_1' & X_2' \\
X_2' & X_1' & X_2' & X_2'
\end{pmatrix}
\begin{pmatrix}
r_1 \\
r_2
\end{pmatrix}
= \begin{pmatrix}
X_1' Y \\
X_2' Y
\end{pmatrix}
\]

If only the elements in \( r_2 \) are used in the model from which we obtain the normal equations, the reduced normal equations

\[
X_2' \tilde{X}_2^{-1} r_2 = X_2' Y
\]

comes out, from which we get \( \tilde{r}_2^2 X_2' Y = R(r_2) \) (unadjusted). The quantity \( \hat{B}'X'Y - \tilde{r}_2^2 X_2' Y \) will be called reduction due to \( r_1 \) adjusted for \( r_2 \) (denoted as \( R(r_1 | r_2) \)), such that

\[
R(r_1 | r_2) = R(B) - R(r_2)
\]
If $X'X = 0$, the $X'X$ matrix is diagonal in blocks and $r_1$ will be said to be orthogonal to $r_2$. Generally speaking, if $b_1, \ldots, b_p$ are all orthogonal, then $X'X$ is a diagonal matrix, the reduction due to any set of the $B$ adjusted for any other set is simply the reduction due to that particular set of the $B$ ignoring the other set.

In the case where $X$ is not of full rank, this is equivalent to saying $X'X$ is singular and has no inverse, and an examination of the system to see whether a solution exists is necessary. Since $X'X$ is of dimension $p \times p$ and rank $k < p$, there are an infinite number of different vectors $B$ that satisfy $X'XB = X'Y$. It might be interesting to see whether there are any linear functions of $Y$ that give rise to unbiased estimates of $B$. The linear combination $\lambda'B$ ($\lambda$ is a vector of known constants) is estimable if and only if there exists a solution $Sr = \lambda$. Also it should be noted that there are exactly $K$ linearly independent estimable functions, where $K$ is the rank of $X$. Therefore, in the light of least squares normal equations, some restrictions have to be imposed in order to make $X'X$ of full rank. (Graybill (1961)).

If the one-way classification is taken for example, the model will be

$$y_{ij} = \mu + a_i + e_{ij}$$

a direct method of obtaining estimates of the $a_i$ as deviations from $\mu$ is to impose the restriction on the least-squares equations that

$$\sum_{i=1}^{p} \hat{a}_i = 0,$$

the coefficients of one of the $\hat{a}_i$, say $\hat{a}_p$, must be subtracted from the coefficients of the other $\hat{a}_i$. One of the simplest
restrictions would be to simply delete the \( \hat{a}_p \) equation and the column of coefficients for \( \hat{a}_p \), and solve the remaining equations to obtain estimates of the unknowns. (Harvey (1960)).

The techniques developed for estimating variance components, which we shall illustrate, is based on these concepts.
ESTIMATION OF VARIANCE COMPONENTS

1). Unadjusted sums of squares:

Under Eisenhart's Model II, it is assumed that, except for \( \mu \), all elements of the model are uncorrelated variables with mean zero and variances \( \sigma_a^2, \sigma_b^2, \sigma_c^2, \sigma_{ab}^2, \sigma_{ac}^2, \sigma_{bc}^2, \sigma_{abc}^2 \), or \( \sigma_e^2 \). Sums of squares can be computed as in the standard analysis of variance of corresponding orthogonal data. In the method of unadjusted sums of squares suggested by Henderson (1953), one equates these computed sums of squares to their expectations and solves for the unknown variances.

Thus, the following quantities are computed:

\[
T = \sum_{h} \sum_{i} \sum_{j} \sum_{k} y_{hijk}^2
\]

\[
A = \sum_{h} y_{..ij}^2 / n_{..i}
\]

\[
B = \sum_{i} y_{.i..}^2 / n_{.i.}
\]

\[
C = \sum_{j} y_{.ij..}^2 / n_{..j}
\]

\[
AB = \sum_{h} \sum_{i} y_{hi.}^2 / n_{hi.}
\]

\[
BC = \sum_{i} \sum_{j} y_{.ij}^2 / n_{.ij}
\]

\[
AC = \sum_{h} \sum_{j} y_{h.j}^2 / n_{h.j}
\]

\[
ABC = \sum_{h} \sum_{i} \sum_{j} y_{hij}^2 / n_{hij}
\]

\[
\text{CF} = \sum_{h} \sum_{i} \sum_{j} y_{hij}^2 / N
\]

Next, the expectations of the above quantities are computed. Under the assumptions of Model II, the coefficient of \( \mu^2 \) and the variances in these expectations are as shown in the following table:
<table>
<thead>
<tr>
<th></th>
<th>$\mu^2$</th>
<th>$\sigma_a^2$</th>
<th>$\sigma_b^2$</th>
<th>$\sigma_c^2$</th>
<th>$\sigma_{ab}^2$</th>
<th>$\sigma_{bc}^2$</th>
<th>$\sigma_{abc}^2$</th>
<th>$\sigma_e^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>A</td>
<td>N</td>
<td>N</td>
<td>$K_1$</td>
<td>$K_2$</td>
<td>$K_1$</td>
<td>$K_2$</td>
<td>$K_3$</td>
<td>$K_3$</td>
</tr>
<tr>
<td>B</td>
<td>N</td>
<td>$K_4$</td>
<td>N</td>
<td>$K_5$</td>
<td>$K_4$</td>
<td>$K_6$</td>
<td>$K_5$</td>
<td>$K_6$</td>
</tr>
<tr>
<td>C</td>
<td>N</td>
<td>$K_7$</td>
<td>$K_8$</td>
<td>N</td>
<td>$K_9$</td>
<td>$K_7$</td>
<td>$K_8$</td>
<td>$K_9$</td>
</tr>
<tr>
<td>AB</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>$K_{10}$</td>
<td>N</td>
<td>$K_{10}$</td>
<td>$K_{10}$</td>
<td>$K_{10}$</td>
</tr>
<tr>
<td>AC</td>
<td>N</td>
<td>N</td>
<td>$K_{11}$</td>
<td>N</td>
<td>$K_{11}$</td>
<td>N</td>
<td>$K_{11}$</td>
<td>$K_{11}$</td>
</tr>
<tr>
<td>BC</td>
<td>N</td>
<td>$K_{12}$</td>
<td>N</td>
<td>N</td>
<td>$K_{12}$</td>
<td>$K_{12}$</td>
<td>N</td>
<td>$K_{12}$</td>
</tr>
<tr>
<td>ABC</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>$K_{13}$</td>
<td>$K_{13}$</td>
<td>N</td>
<td>$K_{13}$</td>
</tr>
<tr>
<td>CF</td>
<td>N</td>
<td>$K_{14}$</td>
<td>$K_{15}$</td>
<td>$K_{16}$</td>
<td>$K_{17}$</td>
<td>$K_{18}$</td>
<td>$K_{19}$</td>
<td>$K_{20}$</td>
</tr>
</tbody>
</table>

where $N = \sum_{h} \sum_{j} \sum_{i} n_{hij}$

$S_i$ = number of filled subclasses.

The quantities $K_1, K_2, \ldots, K_{20}$ are computed as follows:

$$K_1 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{hii}}$$

$$K_{10} = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{hii}}$$

$$K_2 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{hjj}}$$

$$K_{11} = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{hjj}}$$

$$K_3 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{h..j}}$$

$$K_{12} = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{h..j}}$$

$$K_4 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{i..j}}$$

$$K_{13} = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{hij}}$$

$$K_5 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{i..j}}$$

$$K_{14} = \frac{n_{..i}}{N}$$

$$K_6 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{i..j}}$$

$$K_{15} = \frac{n_{i..i}}{N}$$

$$K_7 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{h..j}}$$

$$K_{16} = \frac{n_{h..j}}{N}$$

$$K_8 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{..j}}$$

$$K_{17} = \frac{n_{..i}}{N}$$

$$K_9 = \frac{\sum_{h} \sum_{j} n_{hij}}{n_{..j}}$$

$$K_{18} = \frac{n_{h..j}}{N}$$
\[ K_{19} = \frac{\sum_{j} \sum_{i} n_{ij}^2}{N} \quad \text{and} \quad K_{20} = \frac{\sum_{n} \sum_{j} \sum_{i} n_{ij}^2}{N} \]

If the data were orthogonal, the sums of squares in the analysis of variance would be:

Among A = A - CF
" B = B - CF
" C = C - CF

\[ \begin{align*}
AB &= AB - A - B + CF \\
AC &= AC - A - C + CF \\
BC &= BC - B - C + CF \\
ABC &= ABC - AB - AC - BC + A + B + C - CF
\end{align*} \]

Error = T - \(ABC\)

This method will now be applied to data taken from Henderson (1953):

<table>
<thead>
<tr>
<th>(B)</th>
<th>(C)</th>
<th>(A)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Year</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Herd</td>
<td>Sire</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>-----</td>
<td>-----</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>3 - 1414</td>
<td>2 - 981</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4 - 1766</td>
<td>2 - 862</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1 - 404</td>
<td>3 - 1270</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>3 - 1705</td>
<td>2 - 1134</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4 - 2310</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>3 - 1113</td>
<td>5 - 1951</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
<td>3 - 1291</td>
</tr>
<tr>
<td>Total</td>
<td>7 - 2931</td>
<td>21 - 9983</td>
<td>16 - 6959</td>
</tr>
</tbody>
</table>
The computations of K's and the expectations of these quantities are presented in the following tables:

### Table 1

<table>
<thead>
<tr>
<th>$\mu$</th>
<th>$\sigma_a^2$</th>
<th>$\sigma_b^2$</th>
<th>$\sigma_c^2$</th>
<th>$\sigma_{ab}^2$</th>
<th>$\sigma_{bc}^2$</th>
<th>$\sigma_{abc}^2$</th>
<th>$\sigma_e^2$</th>
<th>REM</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>11,124,007</td>
</tr>
<tr>
<td>A</td>
<td>57</td>
<td>57</td>
<td>19.51</td>
<td>39.22</td>
<td>19.51</td>
<td>39.22</td>
<td>15.10</td>
<td>10,776,451</td>
</tr>
<tr>
<td>B</td>
<td>57</td>
<td>21.49</td>
<td>24.04</td>
<td>21.49</td>
<td>15.16</td>
<td>24.04</td>
<td>15.16</td>
<td>10,893,666</td>
</tr>
<tr>
<td>C</td>
<td>57</td>
<td>30.33</td>
<td>18.51</td>
<td>11.62</td>
<td>30.33</td>
<td>18.51</td>
<td>11.62</td>
<td>10,776,273</td>
</tr>
<tr>
<td>AB</td>
<td>57</td>
<td>57</td>
<td>46.46</td>
<td>57</td>
<td>46.46</td>
<td>46.46</td>
<td>46.46</td>
<td>10,963,029</td>
</tr>
<tr>
<td>AC</td>
<td>57</td>
<td>57</td>
<td>22.57</td>
<td>57</td>
<td>22.57</td>
<td>57</td>
<td>22.57</td>
<td>10,146,183</td>
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<tr>
<td>BC</td>
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<td>37.35</td>
<td>57</td>
<td>37.35</td>
<td>37.35</td>
<td>57</td>
<td>37.35</td>
<td>10,970,369</td>
</tr>
<tr>
<td>ABC</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>10,973,517</td>
</tr>
<tr>
<td>CF</td>
<td>57</td>
<td>16.05</td>
<td>14.93</td>
<td>19.11</td>
<td>5.28</td>
<td>10.19</td>
<td>6.19</td>
<td>10,685,141</td>
</tr>
</tbody>
</table>

### Table 2

<table>
<thead>
<tr>
<th></th>
<th>a - CF</th>
<th>b - CF</th>
<th>c - CF</th>
<th>ab - a - b + cf</th>
<th>ac - a - c + cf</th>
<th>bc - b - c + cf</th>
<th>abc - ab - ac - bo + a + b + c - cf</th>
<th>T - ABC</th>
<th>REM</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - CF</td>
<td>40.95</td>
<td>4.58</td>
<td>20.11</td>
<td>14.23</td>
<td>29.03</td>
<td>8.91</td>
<td>11.22</td>
<td>3</td>
<td>91,310</td>
</tr>
<tr>
<td>B - CF</td>
<td>5.44</td>
<td>42.07</td>
<td>4.98</td>
<td>16.21</td>
<td>4.97</td>
<td>17.35</td>
<td>11.23</td>
<td>3</td>
<td>208,525</td>
</tr>
<tr>
<td>C - CF</td>
<td>14.28</td>
<td>3.58</td>
<td>37.89</td>
<td>6.34</td>
<td>20.14</td>
<td>12.32</td>
<td>7.74</td>
<td>2</td>
<td>91,137</td>
</tr>
<tr>
<td>AB - a - b + CF</td>
<td>-5.44</td>
<td>-4.58</td>
<td>2.31</td>
<td>21.28</td>
<td>2.27</td>
<td>13.51</td>
<td>20.08</td>
<td>7</td>
<td>-16,947</td>
</tr>
<tr>
<td>AC - a - c + CF</td>
<td>-14.28</td>
<td>-3.52</td>
<td>-20.11</td>
<td>-3.28</td>
<td>-2.36</td>
<td>-4.85</td>
<td>-.27</td>
<td>0</td>
<td>-721,405</td>
</tr>
<tr>
<td>BC - b - c + CF</td>
<td>1.58</td>
<td>-3.58</td>
<td>-4.93</td>
<td>9.52</td>
<td>2.05</td>
<td>20.64</td>
<td>14.45</td>
<td>4</td>
<td>-14,434</td>
</tr>
<tr>
<td>ABC - ab - ac - bo + a + b + c - cf</td>
<td>-1.58</td>
<td>0.52</td>
<td>-2.31</td>
<td>-12.58</td>
<td>-9.29</td>
<td>-17.57</td>
<td></td>
<td></td>
<td>650,190</td>
</tr>
<tr>
<td>T - ABC</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>40</td>
<td>150,490</td>
</tr>
</tbody>
</table>
where \( \text{RMM} \) is the total sum of squares (uncorrected) of corresponding factors.

The solution to these eight equations presented in Table 2 is:

\[
\begin{align*}
\sigma_a^2 &= 41,942.3135 \\
\sigma_b^2 &= 10,469.0838 \\
\sigma_c^2 &= 26,020.9606 \\
\sigma_{ab}^2 &= -39,824.5215 \\
\sigma_{ac}^2 &= -78,729.3598 \\
\sigma_{bc}^2 &= -23,208.6645 \\
\sigma_{abc}^2 &= 75,351.1685 \\
\sigma_e^2 &= 3,762.2500
\end{align*}
\]
2). "Correcting" the data for mixed model:

The bias in estimating variance components due to the assumption that fixed elements of the model are random variables can be eliminated by "correcting" the data for a mixed model. It was used by Hazel and Terrill (1945) on data which were orthogonal except for the fixed effects. By using this method, Henderson (1953) obtained least squares estimates of fixed effects, used the corrected data in place of the original data and proceeded as in the previously discussed method.

Consider, in the general case, the linear model

\( y_a = \sum_{i=1}^{p} b_i x_{ia} + e_a \quad a = 1, 2, \ldots, N \)

where \( x \)'s are 1 or 0; the \( e \)'s are uncorrelated with mean zero and variance \( \sigma_e^2 \).

If the \( b \)'s are all fixed, the least squares equations for estimating them are:

\[
\begin{align*}
\sum_{i=1}^{p} c_{1i} b_i &= Y_1 \\
\sum_{i=1}^{p} c_{2i} b_i &= Y_2 \\
&\quad \ldots \\
\sum_{i=1}^{p} c_{pi} b_i &= Y_p 
\end{align*}
\]

where \( c_{ij} = \sum_{a=1}^{N} x_{ia} x_{ja} \) and \( Y_i = \sum_{a=1}^{N} x_{ia} y_a \).

It is sometime necessary to impose one or more linear restriction on the estimates in order to obtain a solution to these equations.

Now suppose the \( b_1, \ldots, b_s \) are fixed and also that for all \( i = 1, 2, \ldots, s \) and the least square estimates have the property that
\[ E(\hat{b}_1 - b_1)^2 = K_1 e_0^2, \] then the data can be corrected as follows:
\[ z_a = y_a - \sum_{i=1}^{g} \hat{b}_i x_{ia}. \]

To illustrate this method with our data, Henderson would assume that the \( a \)'s were fixed. First the least squares estimates of the \( a \)'s were computed. This is done most simply by estimating them jointly with \( a \)'s and \( d \)'s to form the equations, where \( a \)'s refer to the fixed effect (year, in this case) while \( d \)'s refer to the interaction of the other two random effects.

Looking at the data, these equations are:
\[
\begin{align*}
7\hat{a}_1 + 3\hat{d}_{11} + \hat{d}_{21} + 3\hat{d}_{41} &= 2931 \\
21\hat{a}_2 + 2\hat{d}_{11} + 4\hat{d}_{12} + 3\hat{d}_{21} + 3\hat{d}_{31} + 4\hat{d}_{32} + 5\hat{d}_{41} &= 9983 \\
16\hat{a}_3 + 2\hat{d}_{12} + 5\hat{d}_{22} + 4\hat{d}_{23} + 2\hat{d}_{32} + 3\hat{d}_{43} &= 6959 \\
13\hat{a}_4 + 5\hat{d}_{13} + 2\hat{d}_{23} + 6\hat{d}_{43} &= 4806 \\
3\hat{a}_1 + 2\hat{a}_2 + 5\hat{d}_{11} &= 2395 \\
4\hat{a}_2 + 2\hat{a}_3 + 6\hat{d}_{12} &= 2628 \\
&\ldots \\
3\hat{a}_3 + 6\hat{a}_4 + 9\hat{d}_{43} &= 3748.
\end{align*}
\]

These equations reduce to the ones shown in Table 3.

<table>
<thead>
<tr>
<th>( \hat{a}_1 )</th>
<th>( \hat{a}_2 )</th>
<th>( \hat{a}_3 )</th>
<th>( \hat{a}_4 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.825</td>
<td>-3.825</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>-3.825</td>
<td>6.492</td>
<td>-2.667</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>-2.667</td>
<td>6.000</td>
<td>-3.333</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>-3.333</td>
<td>3.333</td>
</tr>
</tbody>
</table>

One restriction must be imposed before a solution is obtainable.
Let $\hat{a}_4 = 0$. Then the solution is:

\[
\begin{align*}
\hat{a}_1 &= 12.08 \\
\hat{a}_2 &= 31.30 \\
\hat{a}_3 &= 20.80 \\
\hat{a}_4 &= 0
\end{align*}
\]

Using the $\hat{a}$'s to correct the data, the two-factor tables would be as shown in Table 4 - 6.

### Table 4

<table>
<thead>
<tr>
<th>Herd</th>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1377.76</td>
<td>2559.20</td>
<td>820.40</td>
<td>1609</td>
<td>6366.36</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>391.92</td>
<td>1176.10</td>
<td>3484.80</td>
<td>740</td>
<td>5792.82</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>0</td>
<td>3795.90</td>
<td>1092.40</td>
<td>0</td>
<td>4888.30</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>1076.76</td>
<td>1794.50</td>
<td>1228.60</td>
<td>2457</td>
<td>6556.86</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2346.44</td>
<td>9325.70</td>
<td>6626.20</td>
<td>4806</td>
<td>23604.34</td>
</tr>
</tbody>
</table>

### Table 5

<table>
<thead>
<tr>
<th>Sire</th>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>2346.44</td>
<td>5500.10</td>
<td>0</td>
<td>0</td>
<td>8346.54</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3225.60</td>
<td>3917.80</td>
<td>0</td>
<td>7743.40</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2708.40</td>
<td>4806</td>
<td>7514.40</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2346.44</td>
<td>9325.70</td>
<td>6626.20</td>
<td>4806</td>
<td>23604.34</td>
</tr>
</tbody>
</table>

### Table 6

<table>
<thead>
<tr>
<th>Sire</th>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>2296.16</td>
<td>2461.20</td>
<td>1609.00</td>
<td>6366.36</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1563.02</td>
<td>2005.00</td>
<td>2219.80</td>
<td>5792.82</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>1611.10</td>
<td>3277.20</td>
<td>0</td>
<td>4888.30</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>2871.26</td>
<td>0</td>
<td>3685.60</td>
<td>6556.86</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>8346.54</td>
<td>7743.40</td>
<td>7514.40</td>
<td>23604.34</td>
</tr>
</tbody>
</table>

The method of unadjusted sums of squares, which can be applied to this new corrected data, will lead to new estimates.
3. General least squares

The mathematical model of a three-way classification can be expressed in matrix notation as

$$Y = X \beta + e$$

and the normal equations are

$$X'XB = X'Y = \begin{bmatrix} G & T_a & T_b & T_c & T_{ab} & T_{bc} & T_{abc} \end{bmatrix}$$

where G is the grand total and T's are the subtotal of corresponding effects indicating by subscripts. Under the assumptions of Model II, the A, B, C, AB, AC, BC and ABC and e are independently distributed as $N(0, \sigma^2_e I)$, $N(0, \sigma^2_{T_a} I)$, ..., $N(0, \sigma^2_{T_{abc}} I)$ and $N(0, \sigma^2_e I)$ respectively, where I is the identity matrix of suitable order.

Before applying this method to the example, it seems more convenient to take two classes each with three variables of classification to illustrate the techniques with the effects $a_2$, $b_2$, $c_2$ and all interactions associated with them deleted. (In general, any one class in each variable of classification can be deleted.)

Thus, the deleted $X'X$, deleted $B'$ and deleted $X'Y$ can be expressed as:

$$W = X'X_{\text{del.}} = \begin{bmatrix} N & n_{1.} & n_{.1} & n_{11} & n_{1.1} & n_{.1.} & n_{111} \\ n_{1.} & n_{2.} & n_{1.1} & n_{11} & n_{111} & n_{1.11} & n_{1111} \\ n_{.1} & n_{11} & n_{11} & n_{111} & n_{111} & n_{1111} & n_{11111} \\ n_{1.1} & n_{111} & n_{111} & n_{1111} & n_{1111} & n_{11111} & n_{111111} \\ n_{11} & n_{1111} & n_{1111} & n_{11111} & n_{11111} & n_{111111} & n_{1111111} \\ n_{111} & n_{11111} & n_{11111} & n_{111111} & n_{111111} & n_{1111111} & n_{11111111} \\ n_{1111} & n_{111111} & n_{111111} & n_{1111111} & n_{1111111} & n_{11111111} & n_{111111111} \\ n_{11111} & n_{1111111} & n_{1111111} & n_{11111111} & n_{11111111} & n_{111111111} & n_{1111111111} \end{bmatrix}$$
\[
\hat{B}_{\text{del.}} = \begin{bmatrix}
\mu & a_1 & b_1 & c_1 & (ab)_{11} & (ac)_{11} & (bc)_{11} & (abc)_{111}
\end{bmatrix}
\]
and \((X'Y)'_{\text{del.}} = \begin{bmatrix}
G & T_{a1} & T_{b1} & T_{c1} & T_{(ab)11} & T_{(ac)11} & T_{(bc)11} & T_{(abc)111}
\end{bmatrix}
\]

where \(W\) is a symmetric matrix (only the diagonal and super-diagonal elements are written down here) and the subscript "del." indicates that the class(es) deleted.

The matrix of deleted vectors \(D\) may be expressed in this way:

\[
D = \begin{bmatrix}
D_1 & D_2 & D_3 & D_4 & D_5 & D_6 & D_7 \\
0 & n_{12} & n_{12} & n_{12} & n_{12} & n_{12} & n_{12} \\
0 & 0 & n_{12} & n_{12} & n_{12} & n_{12} & n_{12} \\
0 & 0 & 0 & n_{21} & n_{21} & n_{21} & n_{21} \\
0 & 0 & 0 & 0 & n_{21} & n_{21} & n_{21} \\
0 & 0 & 0 & 0 & 0 & n_{21} & n_{21} \\
0 & 0 & 0 & 0 & 0 & 0 & n_{21} \\
(a) & (b) & (c) & (ab) & (ac) & (bc) & (abc)
\end{bmatrix}
\]
where $D_i$ ($i = 1, \ldots, 7$) indicates the deleted column(s) of corresponding effects shown in parentheses. This can equivalently be rewritten as

$$
\begin{bmatrix}
W & D \\
\end{bmatrix}
\begin{bmatrix}
B'_{\text{del.}} & a_2 & b_2 & c_2 & (ab)_{12} & (ab)_{21} & (ab)_{22} & (ac)_{12} \\
(ac)_{21} & (ac)_{22} & (bc)_{12} & (bc)_{21} & (bc)_{22} & (abc)_{121} \\
(abc)_{122} & (abc)_{122} & (abc)_{211} & (abc)_{211} & (abc)_{212} & (abc)_{221} \\
(abc)_{222} \\
\end{bmatrix}
= 
\begin{bmatrix}
W & D \\
\end{bmatrix} B^a
$$

where $B^a$ is the row matrix in the previous step.

To get the coefficients of the variance components, Harvey (1960) suggested to form the $(abc)$ interaction. Consider

$$
SS_{\text{ABC}_\text{adj. all effects}} = SS_{R_{\text{all}}} - SS_{R_{\mu, a, b, c, ab, ac, bc}}.
$$

The first term of the right hand side is the uncorrected sum of squares of the subclasses.

$$
SS_{R_{\text{all}}} = SS_{\text{Subuncorrected}} = \sum_{i} \sum_{j} y_{hij}^2 / n_{hij}
$$

$$
E(SS_{R_{\text{all}}}) = N\mu^2 + N\sigma_a^2 + N\sigma_b^2 + N\sigma_c^2 + N\sigma_{ab}^2 + N\sigma_{ac}^2 + N\sigma_{bc}^2 + N\sigma_{abc}^2
$$

For the second term of right hand side, it can be shown that

$$
W_1 = X'X_{\text{del. for abc}} = 
\begin{bmatrix}
N & n_{1.} & n_{.1} & n_{11} & n_{1.1} & n_{111} \\
n_{1.} & n_{11} & n_{1.1} & n_{111} & n_{111.} & n_{1.11} \\
n_{1.} & n_{11} & n_{1.1} & n_{111} & n_{111.} & n_{1.11} \\
n_{1.} & n_{11} & n_{1.1} & n_{111} & n_{111.} & n_{1.11} \\
n_{1.1} & n_{111} & n_{1.11} & n_{1111} & n_{1111} & n_{1111} \\
n_{1.1} & n_{111} & n_{1.11} & n_{1111} & n_{1111} & n_{1111} \\
\end{bmatrix}
$$
It is obvious that $W_1$, $U_1$ are obtained from $W$ by deleting the column and row corresponding to $(abc)$; $D_1$ is obtained from $D$ by deleting the last row. (In the general case we should delete all the rows and columns corresponding to the deleted effects).

Then, the normal equations are

$$\begin{bmatrix} W_1 & \hat{B}_1 \end{bmatrix}' = \left[ X'Y \right]_1'$$

where $\left[ X'Y \right]_1' = \left[ X'Y \right]_{\text{del. for (abc)}} = \begin{bmatrix} G & T_a & T_b & T_c & T_{ab} & T_{ac} & T_{bc} \end{bmatrix}$

then

$$SS R_{\mu,a,b,c,ab,ac,bc} = \left[ X'Y \right]_1 W_1^{-1} \left[ X'Y \right]_1$$

and

$$E(SS R_{\mu,a,b,c,ab,ac,bc}) = E(\left[ X'Y \right]_1 W_1^{-1} \left[ X'Y \right]_1).$$
For X'Y it is equivalent to write $[W_1 \ U_1 \ D_1] B^*$. Hence, for calculating the expectation of $SS R_{\mu,a,b,c,ab,ac,bc}$ the only interest is in the diagonal elements of $W_1, U_1, W_1^{-1} U_1, D_{11} W_1^{-1} D_{11}, \ldots, D_{17} W_1^{-1} D_{17}$; the final result of $E(SS ABC_{\text{adj. all}})$ is

$$E(SS ABC_{\text{adj. all}}) = (N - W_{122} - \text{tr} \ D_{11} W_1^{-1} D_{11}) \sigma_a^2 + (N - W_{133} - \text{tr} \ D_{12} W_1^{-1} D_{12}) \sigma_b^2 + (N - W_{144} - \text{tr} \ D_{13} W_1^{-1} D_{13}) \sigma_c^2 + (N - W_{155} - \text{tr} \ D_{14} W_1^{-1} D_{14}) \sigma_{ab}^2 + (N - W_{166} - \text{tr} \ D_{15} W_1^{-1} D_{15}) \sigma_{ac}^2 + (N - W_{177} - \text{tr} \ D_{16} W_1^{-1} D_{16}) \sigma_{bc}^2 + (N - \text{tr} \ U_1 W_1^{-1} U_1 - \text{tr} \ D_{17} W_1^{-1} D_{17}) \sigma_{abc}^2$$

$E(MS ABC_{\text{adj. all}})$ is obtained by dividing this by the degree of freedom for the $(abc)$ interaction and adding $\sigma_e^2$ to it. Note that the coefficient of $\sigma_a^2, \sigma_b^2, \sigma_c^2, \sigma_{bc}^2$ should vanish in this equation.

Next, work out the coefficients of variance components for the first order interactions by considering that:

$$SS AB_{\text{adj.}}_{\mu,a,b,c,ac,bc} = SS R_{\mu,a,b,c,ab,ac,bc} - SS R_{\mu,a,b,c,ac,bc};$$
$$SS AC_{\text{adj.}}_{\mu,a,b,c,ab,bc} = SS R_{\mu,a,b,c,ab,ac,bc} - SS R_{\mu,a,b,c,ab,bc};$$
$$SS BC_{\text{adj.}}_{\mu,a,b,c,ab,ac} = SS R_{\mu,a,b,c,ab,ac,bc} - SS R_{\mu,a,b,c,ab,ac}.$$

The first terms of the right hand sides are already at hand. The second terms of the right sides are needed. It is enough to work out one of them since the others follow the same procedure. In $SS R_{\mu,a,b,c,ab,ac}$, the necessary matrices are as follows:
\[ W_2 = \begin{bmatrix} n & n_{1.} & n_{1.} & n_{11.} & n_{11.} \\ n_{1.} & n_{11.} & n_{11.} & n_{11.} & n_{11.} \\ n_{11.} & n_{111.} & n_{111.} & n_{111.} & n_{111.} \\ n_{111.} & n_{1111.} & n_{1111.} & n_{1111.} & n_{1111.} \\ n_{1111.} & n_{11111.} & n_{11111.} & n_{11111.} & n_{11111.} \end{bmatrix} \]

\[ U_2 = \begin{bmatrix} n_{11.} & n_{111.} \\ n_{111.} & n_{1111.} \\ n_{1111.} & n_{11111.} \\ n_{11111.} & n_{111111.} \end{bmatrix} \]

and \[ B_2 = \begin{bmatrix} \mu & a_1 & b_1 & c_1 & (ab)_{11} & (ac)_{11} \end{bmatrix} \]

which is obtained from \( W \) and \( B'_{\text{del.}} \) by deleting the corresponding elements for \((bc)\) and \((abc)\).

\[ D_2 = \begin{bmatrix} D_{21} & D_{22} & D_{23} & D_{24} & D_{25} \\ n_2. & n_{2.} & n_{1.} & n_{12.} & n_{21.} & n_{22.} & n_{1.2} & n_{2.1} & n_{2.2} \\ 0 & n_{12.} & n_{1.2} & n_{12.} & 0 & 0 & n_{1.2} & 0 & 0 \\ n_{21.} & 0 & n_{12.} & 0 & n_{21.} & 0 & n_{112} & n_{211} & n_{212} \\ n_{21.} & 0 & n_{12.} & 0 & n_{21.} & 0 & n_{112} & n_{211} & n_{212} \\ 0 & 0 & n_{112} & 0 & 0 & 0 & n_{112} & 0 & 0 \\ 0 & n_{112} & 0 & n_{112} & 0 & 0 & 0 & 0 & 0 \end{bmatrix} \]

\[ D_{26} \]

\[ D_{27} \]

which is formed by deleting \((bc)\), \((abc)\) from \( D \) and \( \begin{bmatrix} X \end{bmatrix}_2 = \begin{bmatrix} W_2 & U_2 & D_2 \end{bmatrix} B' \)
\[
\text{SS } R_{\mu,a,b,c,ab,ac} = \left[ X'Y \right]^2 W_2^{-1} \left[ X'Y \right]_2 \\
= B^* \left[ W_2 \; U_2 \; D_2 \right] W_2^{-1} \left[ W_2 \; U_2 \; D_2 \right] B^*
\]

\( E(\text{SS BC adj. } \mu,a,b,c,ab,ac) \) is obtained by taking the diagonal elements of \( W_2, \; U_2, \; D_2 \), \( W_2^{-1} U_21, \; U_22, \; D_21, \; D_22 \), \( D_21, \; D_22 \), \( D_27, \; D_27 \) as the coefficient of variance components of corresponding effects in the expectation form and subtracting from \( E(\text{SS } \mu,a,b,c,ab,ac,bc) \) and dividing by the degrees of freedom of the (bc) interaction, and adding \( \sigma_e^2 \) to it. Note that the coefficients of \( \sigma_\mu^2, \; \sigma_a^2, \; \sigma_b^2, \; \sigma_c^2, \; \sigma_{ab}^2, \; \sigma_{ac}^2 \) vanish.

Last, to find the coefficient of the variance components for the main effects, the following formulas are applied to work with the same technique.

\[
\begin{align*}
\text{SS } A_{\text{adj. }} \mu,b,c,bc & = \text{SS } R_{\mu,a,b,c,bc} - \text{SS } R_{\mu,b,c,bc} \\
\text{SS } B_{\text{adj. }} \mu,a,c,ac & = \text{SS } R_{\mu,a,b,c,ac} - \text{SS } R_{\mu,a,c,ac} \\
\text{SS } C_{\text{adj. }} \mu,a,b,ab & = \text{SS } R_{\mu,a,b,c,ab} - \text{SS } R_{\mu,a,b,ab} \\
\end{align*}
\]

Let us now illustrate this method with the data used before. It involves four classes for A (year), four for B (herd) and three for C (sire). When the restriction was imposed, suppose, \( a_4, \; b_4 \) and \( c_3 \) and all their combinations are deleted. The form of \( W = X'X_{\text{del.}} \) and D represented with the empty cells omitted is as follows:
\[
W = \begin{array}{cccccccccccc}
57 & 7 & 21 & 16 & 16 & 15 & 9 & 20 & 17 & 3 & 1 & 6 & 3 & 7 & 2 & 9 & 2 & 7 & 13 & 8 & 9 \\
7 & 7 & 0 & 0 & 3 & 1 & 0 & 7 & 0 & 3 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 \\
21 & 0 & 21 & 0 & 6 & 3 & 7 & 13 & 8 & 0 & 0 & 6 & 3 & 7 & 0 & 0 & 0 & 0 & 0 & 13 & 0 & 0 \\
16 & 0 & 0 & 16 & 2 & 9 & 2 & 0 & 9 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 9 & 2 & 0 & 0 & 0 & 0 \\
16 & 3 & 6 & 2 & 16 & 0 & 0 & 5 & 6 & 3 & 0 & 6 & 0 & 0 & 2 & 0 & 0 & 0 & 3 & 2 & 4 & 2 \\
15 & 1 & 3 & 9 & 0 & 15 & 0 & 4 & 5 & 0 & 1 & 0 & 3 & 0 & 0 & 9 & 0 & 1 & 3 & 0 & 5 \\
9 & 0 & 7 & 2 & 0 & 0 & 9 & 3 & 6 & 0 & 0 & 0 & 0 & 7 & 0 & 0 & 2 & 0 & 3 & 4 & 2 \\
20 & 7 & 13 & 0 & 5 & 4 & 3 & 20 & 0 & 3 & 1 & 2 & 3 & 3 & 0 & 0 & 0 & 7 & 13 & 0 & 0 \\
17 & 0 & 8 & 9 & 6 & 5 & 6 & 0 & 17 & 0 & 0 & 4 & 0 & 4 & 2 & 5 & 2 & 0 & 0 & 8 & 9 \\
3 & 3 & 0 & 0 & 3 & 0 & 0 & 3 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 \\
1 & 1 & 0 & 0 & 0 & 1 & 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 \\
6 & 0 & 6 & 0 & 6 & 0 & 0 & 2 & 4 & 0 & 0 & 6 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 4 & 0 \\
3 & 0 & 3 & 0 & 0 & 3 & 0 & 3 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 \\
7 & 0 & 7 & 0 & 0 & 0 & 7 & 3 & 4 & 0 & 0 & 0 & 7 & 0 & 0 & 0 & 0 & 3 & 4 & 0 \\
2 & 0 & 0 & 2 & 0 & 0 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 0 & 0 \\
9 & 0 & 0 & 9 & 0 & 9 & 0 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 9 & 0 & 0 & 0 \\
2 & 0 & 0 & 2 & 0 & 0 & 2 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 0 & 0 \\
7 & 3 & 0 & 0 & 3 & 1 & 0 & 7 & 0 & 3 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 7 & 0 & 0 & 0 \\
13 & 0 & 13 & 0 & 2 & 3 & 3 & 3 & 13 & 0 & 0 & 0 & 0 & 2 & 3 & 3 & 0 & 0 & 0 & 0 & 13 & 0 & 0 \\
8 & 0 & 8 & 0 & 4 & 0 & 4 & 0 & 8 & 0 & 0 & 4 & 0 & 4 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
9 & 0 & 0 & 9 & 2 & 5 & 2 & 0 & 9 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 5 & 2 & 0 & 0 & 0 \\
5 & 3 & 2 & 0 & 5 & 0 & 0 & 5 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 3 & 2 & 0 & 0 \\
6 & 0 & 4 & 2 & 6 & 0 & 0 & 6 & 0 & 0 & 4 & 0 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 4 & 2 & 0 \\
4 & 1 & 3 & 0 & 0 & 4 & 0 & 4 & 0 & 0 & 1 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 1 & 3 & 0 & 0 \\
5 & 0 & 0 & 5 & 0 & 5 & 0 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 \\
3 & 0 & 3 & 0 & 0 & 3 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 \\
6 & 0 & 4 & 2 & 0 & 0 & 6 & 0 & 6 & 0 & 0 & 0 & 0 & 4 & 0 & 0 & 2 & 0 & 0 & 4 & 2 & 0 \\
3 & 3 & 0 & 0 & 3 & 0 & 0 & 3 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 0 \\
1 & 1 & 0 & 0 & 0 & 1 & 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 \\
2 & 0 & 2 & 0 & 2 & 0 & 0 & 2 & 0 & 0 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 0 & 0 \\
4 & 0 & 4 & 0 & 4 & 0 & 0 & 4 & 0 & 0 & 4 & 0 & 0 & 4 & 0 & 0 & 0 & 0 & 0 & 4 & 0 & 0 \\
3 & 0 & 3 & 0 & 0 & 3 & 0 & 3 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 \\
3 & 0 & 3 & 0 & 0 & 3 & 3 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 & 0 & 0 & 3 & 0 & 0 & 0 \\
4 & 0 & 4 & 0 & 0 & 0 & 4 & 0 & 4 & 0 & 0 & 0 & 4 & 0 & 0 & 0 & 0 & 0 & 4 & 0 & 0 & 0 \\
2 & 0 & 0 & 2 & 2 & 0 & 0 & 2 & 0 & 0 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 0 & 0 \\
5 & 0 & 5 & 0 & 5 & 0 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
2 & 0 & 0 & 2 & 0 & 0 & 2 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 0 & 0 & 0 & 0 & 0
\end{array}

\[ D = \begin{pmatrix}
13 & 17 & 20 & 3 & 5 & 3 & 6 & 7 & 13 & 5 & 6 & 9 & 4 & 3 & 5 & 2 & 6 \\
0 & 3 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 3 & 7 & 0 & 0 & 3 & 0 & 7 & 0 & 0 & 4 & 3 & 4 & 3 & 0 & 0 \\
5 & 0 & 5 & 0 & 0 & 0 & 0 & 0 & 5 & 5 & 0 & 0 & 0 & 0 & 5 & 0 \\
2 & 0 & 6 & 0 & 0 & 0 & 0 & 0 & 2 & 0 & 6 & 0 & 4 & 0 & 0 & 2 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 8 & 0 & 3 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 4 & 0 & 0 & 0 & 0 & 0 & 4 & 0 & 0 & 4 & 0 & 4 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 3 & 0 & 3 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 5 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
\end{pmatrix} \\
\text{(all zeroes)} \]
The difficult result is obtained when this technique is applied to this particular data. Because of the unsuited degree of freedom under this full three-way classification model, which is used here as an example, it is impossible to get the sums of squares and mean squares for their interactions.

The unhappy result for three effects comes out as below:

$$SS_{adj.\mu,b,c,bc} = SS_{R_\mu,a,b,c,bc} - SS_{R_\mu,b,c,bc}$$
$$= 21,930,939.34 - 15,466,266.60$$
$$= 6,514,723.24$$

$$E(SS_{adj.\mu,b,c,bc}) = E(SS_{R_\mu,a,b,c,bc}) - E(SS_{R_\mu,b,c,bc})$$
$$= 14.63 \sigma^2_a + 34.02 \sigma^2_{ab} + 37.65 \sigma^2_{bc} + 5,000,009.46 \sigma^2_{abc},$$

$$SS_{adj.\mu,a,c,ac} = SS_{R_\mu,a,b,c,ac} - SS_{R_\mu,a,c,ac}$$
$$= 567,056,630,100,000,100 - 29,760,589.27$$
$$= 567,056,600,339,410.73$$

$$E(SS_{adj.\mu,a,c,ac}) = E(SS_{R_\mu,a,b,c,ac}) - E(SS_{R_\mu,a,c,ac})$$
$$= -490.21 \sigma^2_b - 845.83 \sigma^2_{ab} - 441.49 \sigma^2_{bc} - 456.31 \sigma^2_{abc},$$

$$SS_{adj.\mu,a,b,ab} = SS_{R_\mu,a,b,c,ab} - SS_{R_\mu,a,b,ab}$$
$$SS_{R_\mu,a,b,c,ab} = 15,195,614.17$$

$$E(SS_{R_\mu,a,b,c,ab}) = 56.17 \sigma^2_c + 83.04 \sigma^2_{ac} + 40.19 \sigma^2_{bc} + 42.85\sigma^2_{abc},$$

The SS $R_\mu,a,b,ab$ cannot computed for this example.
4). Method of fitting constant

This method involves computation of mean squares by a conventional least squares analysis of non-orthogonal data. One equates the mean squares to their expectations and solves for the unknown variances. N. Bush and R. L. Anderson (1965) used the technique for a three factor design and applied it to the problem of estimating variance components. The sums of squares are computed as follows:

\[ SS \, A = SS(A \mid B,C) = SS \, R_{\mu,a,b,c} - SS \, R_{\mu,b,c} \]
\[ SS \, B = SS(B \mid A,C) = SS \, R_{\mu,a,b,c} - SS \, R_{\mu,a,c} \]
\[ SS \, C = SS(C \mid A,B) = SS \, R_{\mu,a,b,c} - SS \, R_{\mu,a,b} \]
\[ SS \, AB = SS \, R_{\mu,a,b,c,ab,ac,bc} - SS \, R_{\mu,a,b,c,ac,bc} \]
\[ SS \, AC = SS \, R_{\mu,a,b,c,ab,ac,bc} - SS \, R_{\mu,a,b,c,ab,bc} \]
\[ SS \, BC = SS \, R_{\mu,a,b,c,ab,ac,bc} - SS \, R_{\mu,a,b,c,ab,ac} \]
\[ SS \, ABC = SS \, R_{all} - SS \, R_{\mu,a,b,c,ab,ac,bc} \]

With this method the sums of squares for error and the interaction remain the same as with the complete least-squares analysis (general least square method). Also the coefficient for the interaction mean squares remain the same. The difference is that in this method the sums of squares for three main effects are the same as when the interactions were assumed to be non-existent. The coefficients for \( \sigma_a^2 \), \( \sigma_b^2 \), \( \sigma_c^2 \) in the expectation of the mean squares for A, B, C, respectively, also remain the same as when interaction was disregarded.

Apparently, with the knowledge of the technique developed in
the last section, the result for our data can be easily obtained. This result which is presented below seems a little better than the previous one:

\[
SS_{\text{adj.} \mu,b,c} = SS_{\mu,a,b,c} - SS_{\mu,b,c} \\
= 10,708,039.83 - 22,664,122.40 \\
= -11,956,082.57 ,
\]

\[
E(SS_{\text{adj.} \mu,b,c}) = E(SS_{\mu,a,b,c}) - E(SS_{\mu,b,c}) \\
= 4.51 \sigma_a^2 + 18.33 \sigma_{ab}^2 + 17.56 \sigma_{ac}^2 + 5.62 \sigma_{abc}^2 ,
\]

\[
SS_{\text{adj.} \mu,a,c} = SS_{\mu,a,b,c} - SS_{\mu,a,c} \\
= 10,708,039.83 - 12,266,277.05 \\
= -1,558,237.22 ,
\]

\[
E(SS_{\text{adj.} \mu,a,c}) = E(SS_{\mu,a,b,c}) - E(SS_{\mu,a,c}) \\
= 31.56 \sigma_b^2 + 8.14 \sigma_{ab}^2 + 12.81 \sigma_{bc}^2 + 9.19 \sigma_{abc}^2 ,
\]

\[
SS_{\text{adj.} \mu,a,b} = SS_{\mu,a,b,c} - SS_{\mu,a,b} \\
= 10,708,039.83 - 16,162,807.63 \\
= -5,454,767.80 ,
\]

\[
E(SS_{\text{adj.} \mu,a,b}) = E(SS_{\mu,a,b,c}) - E(SS_{\mu,a,b}) \\
= 5.05 \sigma_c^2 + 17.46 \sigma_{ac}^2 + 2.89 \sigma_{bc}^2 + 5.29 \sigma_{abc}^2 .
\]
5). Weighted squares of means:

When all degrees of freedom among a set of subclasses are partitioned into a set of orthogonal comparisons, as is done in factorial analysis, the estimates of all constants are determined from the subclass means. In this case weights are easily determined that are useful for computing sums of squares, variances of estimates of constant and coefficients of variance components.

Bush and Anderson (1963) suggested for this procedure that sums of squares required are in the form of

$$SS_j = \hat{r}^t C_j \left[ C_j \left( A'A \right)^{-1} C_j \right]^{-1} C_j s x s \quad \text{srt txl}$$

where $\hat{r}$ is simply a vector of the sample means for the non-empty cells of the design; $(A'A)^{-1}$ is a diagonal matrix in which the diagonal elements are the reciprocals of the cell frequencies; the $C$-matrix reflects a contrast between effects and is of rank $s$; $t$ is the number of occupied cells and $j = 1, 2, \ldots$.

Let

$$Q_j = C_j \left[ C_j \left( A'A \right)^{-1} C_j \right]^{-1} C_j = C_j B C_j t x t$$

$$SS_j = \hat{r}^t Q_j \hat{r},$$

as $j$ varies, only the $Q$-matrix is altered. Regardless of the total number of observations in the experiment, the dimension of the $Q$-matrix depends only on the number of non-empty cells in the experiment. So far as a three-way classification is concerned, a numerous possible $C'$-matrix can be constructed, and usually it is convenient for us to choose that each row in $C'$ refers to a contrast. Although
these are not orthogonal contrasts, orthogonal contrasts can be derived from them. If any cell is empty, the column associated with the empty cell is omitted in each $C_i$.

To apply this method for our numerical example, we have

$$\begin{bmatrix}
0.333 \\
1.000 \\
0.333 \\
0.500 \\
0.333 \\
0.333 \\
\end{bmatrix},$$

$$(A'A)^{-1} =
\begin{bmatrix}
0.200 \\
0.250 \\
0.250 \\
0.200 \\
0.500 \\
0.500 \\
0.250 \\
0.333 \\
0.200 \\
0.500 \\
\end{bmatrix}$$

$$\hat{r} = \begin{bmatrix}
471.333 & 404.000 & 371.000 & 490.500 & 423.333 & 568.333 & 390.200 \\
441.500 & 577.500 & 431.000 & 421.800 & 567.000 & 390.750 & 430.333 \\
321.800 & 370.000 & 409.500 \\
\end{bmatrix}. $$
The $C'$-matrices may be chosen as:

\[
A = \begin{pmatrix}
1 & 1 & 1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 1 & 0 & 1 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & -1 & -1
\end{pmatrix}
\]

\[
B = \begin{pmatrix}
1 & -1 & 0 & 1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & 1 & 0 & -1 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & 0 & 1 & -1
\end{pmatrix}
\]

\[
C = \begin{pmatrix}
0 & 0 & 0 & 1 & 0 & 1 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 1 & 0 & 0 & 0 & 0
\end{pmatrix}
\]

\[
AB = \begin{pmatrix}
1 & -1 & 0 & -1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & -1 & 1 & 1 & 0 & -1 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & 0 & -1 & 1
\end{pmatrix}
\]

\[
AC : \text{fail}
\]

\[
BC = \begin{pmatrix}
0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0
\end{pmatrix}
\]

\[
ABC = \begin{pmatrix}
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & 0 & 0 & 0 & 0 & 0 & 0
\end{pmatrix}
\]

The expected values of the sums of squares are shown as follows:

\[
E(A) = \text{tr}(V_a Q_a)\sigma_a^2 + \text{tr}(V_{ab} Q_a)\sigma_{ab}^2 + \text{tr}(V_{ac} Q_a)\sigma_{ac}^2 + \text{tr}(Q_a)\sigma_{abc}^2 + (a - 1)\sigma_e^2
\]

\[
E(B) = \text{tr}(V_b Q_b)\sigma_b^2 + \text{tr}(V_{ab} Q_b)\sigma_{ab}^2 + \text{tr}(V_{bc} Q_b)\sigma_{bc}^2 + \text{tr}(Q_b)\sigma_{abc}^2 + (b - 1)\sigma_e^2
\]

\[
E(C) = \text{tr}(V_c Q_c)\sigma_c^2 + \text{tr}(V_{ac} Q_c)\sigma_{ac}^2 + \text{tr}(V_{bc} Q_c)\sigma_{bc}^2 + \text{tr}(Q_c)\sigma_{abc}^2 + (c - 1)\sigma_e^2
\]
\[
E(AB) = \text{tr}(V_{ab} Q_{ab}) \sigma_{ab}^2 + \text{tr}(Q_{ab}) \sigma_{abc}^2 + (ab - 1) \sigma_e^2
\]
\[
E(AC) = \text{tr}(V_{ac} Q_{ac}) \sigma_{ac}^2 + \text{tr}(Q_{ac}) \sigma_{abc}^2 + (ac - 1) \sigma_e^2
\]
\[
E(BC) = \text{tr}(V_{bc} Q_{bc}) \sigma_{bc}^2 + \text{tr}(Q_{bc}) \sigma_{abc}^2 + (bc - 1) \sigma_e^2
\]
\[
E(ABC) = \text{tr}(Q_{abc}) \sigma_{abc}^2,
\]

where

\[
V_a = \sigma_a^2 J_a \otimes J_b \otimes I_a
\]
\[
V_b = \sigma_b^2 J_c \otimes I_b \otimes J_a
\]
\[
V_c = \sigma_c^2 I_c \otimes J_b \otimes J_a
\]
\[
V_{ab} = \sigma_{ab}^2 J_c \otimes I_b \otimes I_a
\]
\[
V_{ac} = \sigma_{ac}^2 I_c \otimes J_b \otimes I_a
\]
\[
V_{bc} = \sigma_{bc}^2 I_c \otimes I_b \otimes J_a
\]
\[
V_{abc} = \sigma_{abc}^2 I_{abc}.
\]

Note that, \( \otimes \) indicates the direct product of two matrices and

\[I_p = I(P \times P); J_p = J(P \times P)\] a matrix of all ones. These derivations can be simplified by noting that for a three-way classification,

\[
V = \sigma_a^2 V_a + \sigma_b^2 V_b + \sigma_c^2 V_c + \sigma_{ab}^2 V_{ab} + \sigma_{ac}^2 V_{ac} + \sigma_{bc}^2 V_{bc}
\]
\[
t \times t
\]
\[+ \sigma_{abc}^2 V_{abc} + \sigma_e^2 V_e.
\]

The dimensions of the matrices involved in these computations are dependent only on the number of occupied cells \( (t) \) and not the number of observations \( (n) \).
The result is presented as follows:

\[
\begin{align*}
SS \ A &= \hat{r}' Q_a \hat{r} = 2,906.22 \\
SS \ B &= \hat{r}' Q_b \hat{r} = 62,154.26 \\
SS \ C &= \hat{r}' Q_c \hat{r} = 3,330.31 \\
SS \ AB &= \hat{r}' Q_{ab} \hat{r} = 425,314.10 \\
SS \ BC &= \hat{r}' Q_{bc} \hat{r} = 36,992.00 \\
SS \ ABC &= \hat{r}' Q_{abc} \hat{r} = 36,992.00
\end{align*}
\]

The coefficients in the expected sums of squares are:

\[
\begin{align*}
\text{tr}(V_a Q_a) &= 18.34 \\
\text{tr}(V_{ab} Q_a) &= 0.0 \\
\text{tr}(Q_a) &= 8.04 \\
\text{tr}(V_b Q_b) &= 6.76 \\
\text{tr}(V_{ab} Q_b) &= 0.0 \\
\text{tr}(V_{bc} Q_b) &= 10.88 \\
\text{tr}(Q_b) &= 7.66 \\
\text{tr}(V_c Q_c) &= 5.94 \\
\text{tr}(V_{bc} Q_c) &= 7.44 \\
\text{tr}(Q_c) &= 7.44 \\
\text{tr}(V_{ab} Q_{ab}) &= 1.26 \\
\text{tr}(Q_{ab}) &= 7.76 \\
\text{tr}(V_{bc} Q_{bc}) &= 4.00 \\
\text{tr}(Q_{bc}) &= 4.00 \\
\text{tr}(Q_{abc}) &= 4.00
\end{align*}
\]
DISCUSSION

Some points are worthy of mention. By applying other methods it becomes clear why Henderson (1953) chose the model:

\[ Y_{hijk} = \mu + a_h + b_i + c_j + (bc)_{ij} + \varepsilon_{hijk} \]

to apply to his numerical example. Application of a complete threetway classification model to this particular data is destined to failure. This is not surprising when one looks at the table for the AC interaction:

<table>
<thead>
<tr>
<th>(C)</th>
<th>(A) Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Sire</td>
<td>1 2 3 4</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>7 13 0 0</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>0 8 9 0</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>0 0 7 13</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>7 21 16 13</td>
<td>57</td>
</tr>
</tbody>
</table>

The degree of freedom of this interaction is obviously zero and this prevents one from working with a complete model. Furthermore, this example has 31 empty cells out of total 4 x 4 x 3 = 48.

The methods presented herein have their own peculiar characteristics. The first technique depends upon unadjusted sums of squares. An increasing \( \sigma_c^2 \), say, causes an increasing \( \text{var}(\sigma_b^2) \) and \( \text{var}(\sigma_a^2) \), if \( \sigma_b^2, \sigma_a^2 \), and their interactions as well as \( \sigma_e^2 \) are held fixed. In the last two methods, the \( \text{var}(\sigma_c^2) \) remains invariant over any change in \( \sigma_a^2 \) and \( \sigma_b^2 \), and vice versa.

Where possible one should use the complete model since Harvey (1960) indicated that estimates of variance components obtained from least-squares analysis, presumably have smaller sampling errors than others.
REFERENCES


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ESTIMATION OF VARIANCE COMPONENTS
IN A THREE-WAY CLASSIFICATION

by

HOU-PEN CHEN

B. A. National Taiwan University, 1954

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MASTER OF SCIENCE

Department of Statistics
KANSAS STATE UNIVERSITY
Manhattan, Kansas

1965

Approved by:

[Signature]
Major Professor
AN ABSTRACT OF

ESTIMATION OF VARIANCE COMPONENTS

IN A THREE-WAY CLASSIFICATION

The purpose of this report is to describe some different unbiased methods for estimating variance components by using a complete three-way classification linear model with unequal subclass numbers. The methods are discussed by C. R. Henderson, W. R. Harvey and R. L. Anderson.

Under Eisenhart's Model II, it is assumed that, except for \( \mu \), all elements of the model are uncorrelated variables with mean zero and variances \( \sigma_1^2, \sigma_2^2, \ldots \), or \( \sigma_0^2 \). In the method of unadjusted sums of squares the sums of squares are computed as in the standard analysis of variance of corresponding orthogonal data. This method suggested by Henderson equates computed sums of squares to their expectations and solves for the unknown variances.

The bias in estimating variance components due to the assumption that fixed elements of the model are random variables can be eliminated by "correcting" the data for a mixed model. Henderson obtained least squares estimates of fixed effects, and used the corrected data in place of the original data for computation.

Harvey discussed the general least squares method for a two-way classification. The mathematical model can be expressed by matrix notation.

\[ Y = X B + e. \]

For a three-way classification, the normal equations are
\[ X'XB = X'Y = \begin{bmatrix} G & T_a & T_b & T_c & T_{ab} & T_{ac} & T_{bc} & T_{abc} \end{bmatrix}' \]

where \( G \) is the grand total and \( T \)'s are subtotals of corresponding effects indicated by subscripts. Under the assumptions of Model II, the \( A, B, C, AB, AC, BC, ABC \) and \( e \) are independently distributed as \( N(0, \sigma_a^2 I) \), \( N(0, \sigma_b^2 I) \) ..., \( N(0, \sigma_{abc}^2 I) \) and \( N(0, \sigma_e^2 I) \) respectively, where \( I \) is identity matrix of suitable order.

The method of fitting constants involves computation of mean squares by a conventional least squares analysis of non-orthogonal data. The mean squares are equated to their expectations and the resulting system solved for the unknown variances. N. Bush and R. L. Anderson developed the technique for a three factor design and applied it to the problem of estimating variance components. The difference between this and the general least square method is that in this method the sums of squares for the three main effects are computed are the same as when the interactions were assumed to be non-existant.

Bush and Anderson using weighted squares of means require that sums of squares be in the form

\[
SS_j = \hat{r}' C_j \left[ C_j^\dagger (A'A)^{-1} C_j \right]^{-1} C_j^\dagger \hat{r}
\]

where \( \hat{r} \) is simply a vector of the sample means for the non-empty cells of the design; \( (A'A)^{-1} \) is a diagonal matrix in which the diagonal elements are the reciprocals of the cell frequencies; the \( C' \)-matrix reflects a contrast between effects and is of rank \( s \); \( t \) is the number of occupied cells and \( j = 1, 2, \ldots \).