Contents

Preface 5

Summary 6

Table of Contents 7

List of Tables 11

1 Basic Principles of Model Building 13
- 1.1 Empirical and Theoretical Concepts . . . 13
  - 1.1.1 Levels of Theory and Data . . . 13
- 1.2 Causation and Prediction . . . 16
- 1.3 Data Modeling vs. Covariance Modeling . . . 22
- 1.4 Notation . . . 23

2 The Basic and the Extended PLS Method 27
- 2.1 Wold's Basic Method of Soft Modeling . . . 28
  - 2.1.1 Model Specification . . . 28
  - 2.1.2 The Basic PLS Algorithm . . . 30
  - 2.1.3 Extensions and Properties . . . 31
- 2.2 The Extended Method: Specification and Properties . . . 31
  - 2.2.1 Formal Specification . . . 31
  - 2.2.2 Deductive Properties of the LVP Model . . . 32
  - 2.2.3 Inductive Properties of the LVP Model . . . 33
  - 2.2.4 Specification of an LVP Model . . . 35
- 2.3 Estimation in the Extended Method . . . 37
  - 2.3.1 Partial Least Squares . . . 37
  - 2.3.2 LS Modules for PLS Algorithms . . . 39
  - 2.3.3 The Inner Weighting Modes . . . 41
  - 2.3.4 Patterned Orthogonalization of LVs . . . 43
  - 2.3.5 Weights and Loadings . . . 46
  - 2.3.6 Three Solutions for Conflicting Constraints . . . 47
- 2.4 Assessment of Results . . . 49
  - 2.4.1 Information from the Model . . . 49
  - 2.4.2 Five Predictions, Five Residuals . . . 50
  - 2.4.3 Fit Indices . . . 52

2.4.4 Reliability Indices 53
2.4.5 Some Advice 55
2.5 Application: Home Environment and Intelligence 56

3 Foundations of Partial Least Squares **63**
3.1 Conditional Expectation and Predictor Specification 63
3.1.1 The Notion of Conditional Expectation 64
3.1.2 Properties of the Conditional Expectation 67
3.1.3 The Linear Expectation 69
3.1.4 Predictor Specification 72
3.1.5 Estimation 73
3.1.6 Interlocking Conditional Expectation 75
3.1.7 Eigenvalue Problem and Power Method 77
3.1.8 Convergence of Power Algorithm 80
3.2 Principal and Other Components 81
3.2.1 Concepts and Notations 82
3.2.2 Aggregates, Composites 86
3.2.3 Factors 86
3.2.4 Components 88
3.2.5 Principal Components 91
3.2.6 The Principal Components Model 94
3.3 Factor Score Estimation 99
3.3.1 Properties of Factor Scores 99
3.3.2 Factor Estimation ModeB 102
3.3.3 Factor Estimation ModeB, Reestimated Loadings 104
3.3.4 Factor Estimation ModeA 106
3.3.5 Factor Estimation ModeA, Reestimated Loadings 108
3.3.6 Summary of Factor Estimation 109
3.4 Predictive Two-Block Models 110
3.4.1 The Two-Block Factor Model 111
3.4.2 The Canonical Correlation Model 112
3.4.3 The Principal Predictor Model 117
3.4.4 The Interbattery Factor Model 121
3.4.5 Fortier's Simultaneous Linear Prediction Model 124
3.4.6 The MIMIC Model 125
3.4.7 Discussion 127
3.5 Split Principal Components 128
3.5.1 Hierarchical Component Model 128
3.5.2 Splitting Principal Components 133
3.5.3 Horst's Maximum Variance Algorithm 137
3.5.4 The Principle of Constant Proportionality 137
3.5.5 Principal Component, One Variable Omitted. 139
3.5.6 Hierarchical Component Model, One Block Omitted 141
3.5.7 Applications of the Split PC Theorem 144
3.6 Split Multiple Regression 147
3.6.1 Split Multiple Regression and PLS Approach 147

3.6.2 How Great is the Loss in R^2? . . . 149
3.6.3 Conclusions and Recommendations . . . 152
3.7 Uncorrelated Dimensions in Generalized Canonical Correlation Analysis . . . 153

4 Mixed Measurement Level Multivariate Data 155
4.1 Categorical Variables and LS Methods . . . 155
4.1.1 Super Contingency Tables . . . 156
4.1.2 Canonical Analysis of Contingency Tables . . . 162
4.1.3 Principal Components of Contingency Tables . . . 165
4.1.4 Categorical Scaling . . . 167
4.1.5 LV Path Analysis of Super Contingency Tables . . . 169
4.2 Mixture of Categorical and Interval-Scaled Variables . . . 172
4.2.1 The Mixed Product Moment Matrix . . . 172
4.2.2 One Categorical Predictor . . . 173
4.2.3 Two Categorical Predictors . . . 175
4.2.4 One Categorical Predictand . . . 177
4.2.5 More Variables . . . 180
4.3 Application: SES and Educational Aspiration . . . 181
4.4 Different Slopes in Different Groups . . . 185
4.4.1 MV Path Models with Product Variables . . . 185
4.4.2 LV Path Models with Product Variables . . . 189
4.4.3 Metric of Product Variables . . . 190
4.5 Application: TV Consumption and Fear of Crime . . . 193
4.6 Conclusion . . . 197

5 Predictive vs. Structural Modeling: PLS vs. ML 199
5.1 Covariance vs. Data Structure Models . . . 200
5.2 Scored and Unscored LVs . . . 204
5.3 Consistency and Bias in a Two-Block Model . . . 209
5.4 The Interpretation of Consistency at Large . . . 213
5.5 Some PLS - LISREL Comparisons . . . 216
5.6 The PLS Solution of the Identification Problem . . . 222
5.6.1 Restriction for Scale Unambiguity (RSU) . . . 222
5.6.2 Restrictions for Identifiability . . . 225
5.6.3 Identifiability in PLS Model . . . 225

6 Latent Variables Three-Mode Path (LVP3) Analysis 227
6.1 Three-Way Data Models . . . 227
6.2 The Kronecker Principal Component (KPC) Model . . . 228
6.3 The Three-Mode LV Path (LVP3) Model . . . 232
6.4 Special Cases and Properties . . . 233
6.5 The PLS Estimation of LVP3 Models . . . 235
6.6 Application: Longitudinal Data . . . 236
6.7 Concluding Remarks . . . 239

7 PLS Programs and Applications **241**
7.1 PLS Programs 241
7.2 Applications 242
7.2.1 Applications to Non-Individual Data 242
7.2.2 Applications in Psychological and Educational Research . . 245

Bibliography **249**

Author Index **273**

Subject Index **277**