- k is always lies between 0 and 1 so $\hat{u}_j \le \bar{r}_j$

- For large n_j, k will be close to 1 and so $\hat{u}_j$ will be close to $\bar{r}_j$

- k also close to 1 when $\hat{\sigma}_e^2$ small relative to $\hat{\sigma}_u^2$

- Greater shrinkage (k closer to zero) when n_j small or $\hat{\sigma}_e^2$ is large relative to $\hat{\sigma}_u^2$ (high within-group variability), i.e. when we have little information about the group. Then the group mean $\hat{\beta}_0 + \hat{u}_j$ is pulled towards the overall mean $\hat{\beta}_0$