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TITLE: "Getting a Step Ahead: Using the Regularized Horseshoe Prior to
Select Cross-Loadings in Bayesian CFA"

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Introduction

The art of statistical modeling revolves around coming up with an appropriate simplification, a *model*, of a true *data-generating process*. Hereby, a fundamental trade-off between model simplicity and model complexity arises, that is mostly known as *bias-variance trade-off*. Simple models with few parameters have high bias, meaning that they deviate substantially from the true data-generating process, and low variance, such that they generalize well to other datasets from the same population. Moreover, simple models are easily identified and easy to interpret. Complex models with large numbers of parameters tend to have low bias and high variance. They are thus prone to over-fitting, i.e. picking up patterns that are only relevant in the dataset at hand, but do not generalize well to other datasets. Moreover, complex models can be cumbersome to interpret and often a large number of observations is required to estimate them (Cox, 2006; James, Witten, Hastie, & Tibshirani, 2021).

Regularization

A classic method of trying to find a balance between model complexity and model simplicity is *regularization* (Hastie, Tibshirani, & Wainwright, 2015). Regularization entails adding some bias to a model on purpose to reduce its variance. This helps to make models easier to interpret and more generalizable. In a frequentist context, regularization is achieved by adding a penalty term to the cost function of a model. This ensures that model parameters that are irrelevant, e.g. small regression coefficients in a regression model with a large number of predictors, are shrunk to (or towards) zero. In general, for a regression model:

$$y_i = \beta \mathbf{x}_i + e_i, \text{ where}$$

$$e_i \sim \mathcal{N}(0, \sigma^2).$$

In Least Squared Residuals estimation the estimates of β are obtained by minimizing the sum of squared residuals.

$$\hat{\beta} = \underset{\beta}{\operatorname{argmin}} \{ \sum_{i=1}^N (y_i - \mathbf{x}_i \beta)^2 \}.$$

Penalized regression adds a a penalty term to this cost function, which is generally denoted as $\|\beta\|_L$:

$$\hat{\beta} = \underset{\beta}{\operatorname{argmin}} \{ \sum_{i=1}^N (y_i - \mathbf{x}_i \beta)^2 + \|\beta\|_L \}.$$

When $L = 1$, the so-called L-1 norm, $\|\beta\|_1 = \sum_{j=1}^p |\beta_j|$ the well-known LASSO penalty (Tibshirani, 1996, 2011). When, $L = 2$, the L2-norm, $\|\beta\|_2 = \sqrt{\sum_{j=1}^p \beta_j^2}$. This is the famous ridge penalty (Hoerl & Kennard, 2000).

Hier ook alvast ingaan op Jacobucci, Grimm, and McArdle (2016)

In a Bayesian context, instead of adding a penalty to the cost function of a model, so-called shrinkage-priors are set for the parameters (see Van Erp, Oberski, & Mulder, 2019 for an overview). In Bayesian model estimation, the so-called Joint Posterior Distribution of the model-parameters given the data $P(\text{data})$ is a combination of the data and the prior. Priors can not only be set to steer model estimates towards expected outcomes, for instance based on previous research. Also shrinking model parameters to(wards) zero can be achieved by setting priors that, in general, attach a lot of prior mass to the parameter in question being zero. In the most simple case one can simply set a normal prior for regression coefficients that is centered around zero, which resembles the ridge-penalty (Hoerl & Kennard, 2000). The lasso penalty can be mirrored by setting a Laplace-prior for the regression coefficients (Park & Casella, 2008; see Van Erp et al., 2019 for the Bayesian equivalents of other relevant penalties).

Bayesian CFA: The Small Variance Normal Prior (SVNP)

Confirmatory Factor Analysis (CFA, Bollen, 1989) is an essential tool for modeling measurement structures. For every individual i , the scores on a vector of observed

indicators \mathbf{y}_i (typically items of a psychological test):

$$\mathbf{y}_i =$$

In confirmatory factor analysis it is common practice to deal with the bias-variance trade-off in a brute-force manner, by imposing a so-called simple structure. While generally, the model allows for some cross-loadings to not be fixed to zeros, this practice entails fixing all cross-loadings to zero to yield an identified and interpretable model. This often leads to poor model fit, which forces researchers to free some cross-loadings after the fact based on empirical grounds (modification indices) to improve fit. This procedure is flawed, as it risks capitalization on chance and thereby over-fitting (MacCallum, Roznowski, & Necowitz, 1992).

As solution to the issue Muthén and Asparouhov (2012) proposed *Bayesian CFA*, an alternative, more flexible approach for identifying CFA models, which can be viewed as a form of regularized SEM. Rather than identifying models by fixing *all* cross-loadings to zero, one should assume that *most* cross-loadings are zero. This is achieved by setting the so-called *Small Variance Normal Prior* (SVNP) for the cross-loadings, which is a normal distribution with mean zero and a very small variance (e.g. $\sigma^2 = 0.01$). This prior has a large peak at zero, and very thin tails (Figure 1). Hence, it attaches large prior mass to cross-loadings of or near zero, while attaching almost no prior mass to cross-loadings further from zero. Consequently, all cross-loadings in the model are shrunk. The larger the prior's variance, the more admissive the model is in the amount of deviation from zero it allows.

An issue with Muthén and Asparouhov (2012)'s Bayesian CFA is that not only the cross-loadings close to zero, which are considered irrelevant, are shrunk to zero, as desired. Also the ones further from zero are shrunk heavily towards zero, which introduces bias (Lu, Chow, & Loken, 2016). First, bias naturally occurs in the large

cross-loadings itself. However, also in other parameters, such as factor-correlations or main-loadings, substantial bias can arise, as they are estimated conditionally on the cross-loadings. Consequently, Bayesian CFA requires two steps in practice. First, the model is estimated with the SVNPs set for the cross-loadings. In the original approach, cross-loadings are then selected as non-zero when their 95% credible intervals do not contain zero (Muthén & Asparouhov, 2012). The model is then re-estimated, where cross-loadings that have been selected to be non-zero are freely estimated without shrinkage, and the remaining cross-loadings are fixed to zero, avoiding the bias in the model of the previous step. Correctly selecting cross-loadings as non-zero can pose a challenge in practice, as the performance of different selection criteria depends on a broad set of conditions, making it difficult to formulate general recommendations for researchers (Zhang, Pan, & Ip, 2021). It is thus desirable to identify shrinkage-priors that can regularize CFA models without causing substantial bias, within a single step.

- ADD little alinea on LASSO here?

The Spike and Slab Prior

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One suitable regularization prior for the purpose of selecting cross-loadings in regularized Bayesian SEM is the so-called Spike-and-Slab Prior (George & McCulloch, 1993; Ishwaran & Rao, 2005; Mitchell & Beauchamp, 1988). This prior is a discrete mixture of an extremely peaked prior around zero (the spike), and a very flat prior for larger cross-loadings (the slab). Formally, and applied to the cross-loadings in CFA, for every Cross-loading of factor j on item k , the Spike-and-Slab Prior can be specified as (Lu et al., 2016):

$$\lambda_{c,jk} | r_{jk} \sim (1 - r_{jk})\delta_0 + r_{jk}\mathcal{N}(0, c_{jk}^2), \text{ with}$$

$$r_{jk} \sim \text{Bernoulli}(p_{jk}).$$

The basic intuition is as follows. When $r_{jk} = 1$, $\lambda_{c,jk} \sim \mathcal{N}(0, c^2)$, hence $\lambda_{c,jk}$ is assigned to the slab. When $r_{jk} = 0$, $\lambda_{c,jk} \sim \delta_0$, and is thus assigned to the spike. This ensures that large cross-loadings, that are relevant are not shrunk while small, negligible cross-loadings are shrunk to zero.

Lu et al. (2016) found that this prior is performing well in shrinking truly zero cross-loadings to zero, while not shrinking (relevant) large cross-loadings to avoid bias, especially under favorable conditions with large sample sizes and cross-loadings. However, the Spike and Slab Prior cannot be implemented in STAN, as STAN does not allow for discrete mixture priors (Betancourt, 2018; Stan Development Team, 2021). Not only is STAN the most advisable MCMC-package for complex, highly-dimensional Bayesian models. STAN also forms the basis of the R-packages that allow to apply Bayesian SEM in practice (e.g., Blavaan, Merkle et al., 2022). It is thus crucial that a prior with the desired properties can be implemented in STAN, such that it can be added to existing software packages, making it accessible to applied researchers. This calls for a *non-discrete* alternative shrinkage-prior that also outperforms the SVNPP within a single estimation step.

The Regularized Horseshoe Prior (RHSP)

A fully continuous alternative to the Spike and Slab prior that is implementable in STAN is the so-called *Regularized Horseshoe Prior* (RHSP, Piironen & Vehtari, 2017a, 2017b). This prior is an extension of the Horseshoe Prior (Carvalho, Polson, & Scott, 2010). The main idea of the original Horseshoe Prior is that there is a *global shrinkage parameter* τ , shrinking all cross-loadings to zero. Next to this, there is a *local shrinkage parameter* $\bar{\omega}_{jk}$ ¹ that allows truly large cross-loadings to escape the shrinkage, by setting thick Cauchy tails for the local scales ω_{jk} (Polson & Scott, 2010). Formally, the Horseshoe

¹ We deviate from the common notation of the local shrinkage parameter as $\bar{\lambda}$, as this letter is commonly used to denote factor loadings in CFA.

prior for every cross-loading of factor j on item k is specified as follows:

$$\lambda_{c,jk} | \omega_{jk}, \tau, c \sim \mathcal{N}(0, \omega_{jk}^2 \tau^2), \text{ where}$$

$$\omega_{jk} \sim \mathcal{C}^+(0, 1).$$

The name-giving intuition behind the horseshoe prior becomes clear when considering the finding that (Carvalho et al., 2010; Piironen & Vehtari, 2017b):

$$\bar{\lambda}_{c,jk} = (1 - k_{jk}) \hat{\lambda}_{c,jk}, \text{ where}$$

$$k_{jk} = \frac{1}{1 + n\sigma^{-2}\tau^2 s_{jk}\omega_{jk}^2}.$$

Here k_{jk} , denotes the so-called *shrinkage factor* for cross-loading $\lambda_{c,jk}$. When plotting the density of k_{jk} there is a very high peak at low values around... and a very high peak of high values around..., resulting in a plot that resembles a horseshoe (See Figure...). This illustrates that the horseshoe prior possesses the desired property of either shrinking parameters very little, or very much, with very few parameters that are shrunk in a non-extreme fashion.

The Horseshoe Prior was found consistently to possess the theoretical properties outlined above in practice (Carvalho et al., 2010; Datta & Ghosh, 2013; Polson & Scott, 2010; Van Der Pas, Kleijn, & Van Der Vaart, 2014). However, due to its Cauchy tails it suffers from the same issues as a Cauchy prior. Specifically, not shrinking large parameters at all can lead to estimation issues, especially when parameters are weakly identified. This, for instance, happens in logistic regression with separable data, where a flat likelihood and thereby a weakly identified model arises (Ghosh, Li, & Mitra, 2018). The RHSP prevents such issues by shrinking also large parameters a little bit. For every cross-loading of factor j on item k :

$$\lambda_{c,jk} | \bar{\omega}_{jk}, \tau, c \sim \mathcal{N}(0, \bar{\omega}_{jk}^2 \tau^2), \text{ with } \bar{\omega}_{jk}^2 = \frac{c^2 \omega_{jk}^2}{c^2 + \tau^2 \omega_{jk}^2},$$

$$\tau | df_{global}, s_{global} \sim half - t_{df_{global}}(0, s_{global}^2), \text{ with } s_{global} = \frac{p_0}{p - p_0} \frac{\sigma}{\sqrt{N}},$$

$$\begin{aligned}\omega_{jk}|df_{local}, s_{local} &\sim half - t_{df_{local}}(0, s_{local}^2), \\ c^2|df_{slab}, s_{slab} &\sim \mathcal{IG}(\frac{df_{slab}}{2}, df_{slab} \times \frac{s_{slab}^2}{2}),\end{aligned}$$

where p_0 represents a prior guess of the number of relevant cross-loadings. It is, however, not necessary to use p_0 . One can simply set s_{global} manually, whereby it is worth to consider that a s_{global} created based on a p_0 will typically be much lower than 1 (Piironen & Vehtari, 2017b). Note that we specify the RHSP in its most general form. Setting the degrees of freedoms of the half-t-distributions to 1 results in half-Cauchy distributions. Strictly speaking, the prior is only a Regularized *Horseshoe* Prior when this is the case. In the current study we vary the degrees of freedoms of all scale parameters to assess the extent to which the specifying properties as well as the convergence of the RHSP are influenced by these parameters.

The intuiting of how the RHSP shrinks large parameters a little bit becomes clear by assuming that c is a given constant. Now, When $\tau^2\omega_{jk}^2 < c^2$, which is the case under small cross-loadings $\bar{\omega}_{jk}^2 \rightarrow \omega_{jk}^2$. Hence, in this case the RHSP approaches the original Horseshoe Prior, with equally pronounced shrinkage to zero. However, when τ is far from zero, hence with large cross-loadings, $\tau^2\omega_{jk}^2 > c^2$, and $\bar{\omega}_{jk}^2 \rightarrow \frac{c^2}{\tau^2}$. Then, the prior approaches a slab $\mathcal{N}(0, c^2)$. Under the above specification, when c is no constant but a parameter for which an Inverse-Gamma hyper-prior is set, the slab becomes a t-distribution with df_{slab} degrees of freedom, a mean of zero and a scale of $scale_{slab}^2$ (@ Piironen & Vehtari, 2017b).

Figure 1 compares the two shrinkage-priors that are the focus of our study. Both priors share a large peak at zero, which ensures that cross-loadings are shrunk to(wards) zero. However, the RHSP has much thicker tails. Here, for larger cross-loadings, there is thus much more prior mass than with the SVN. This ensures large cross-loadings (and consequently other model parameters) can be estimated without bias within a single estimation step.

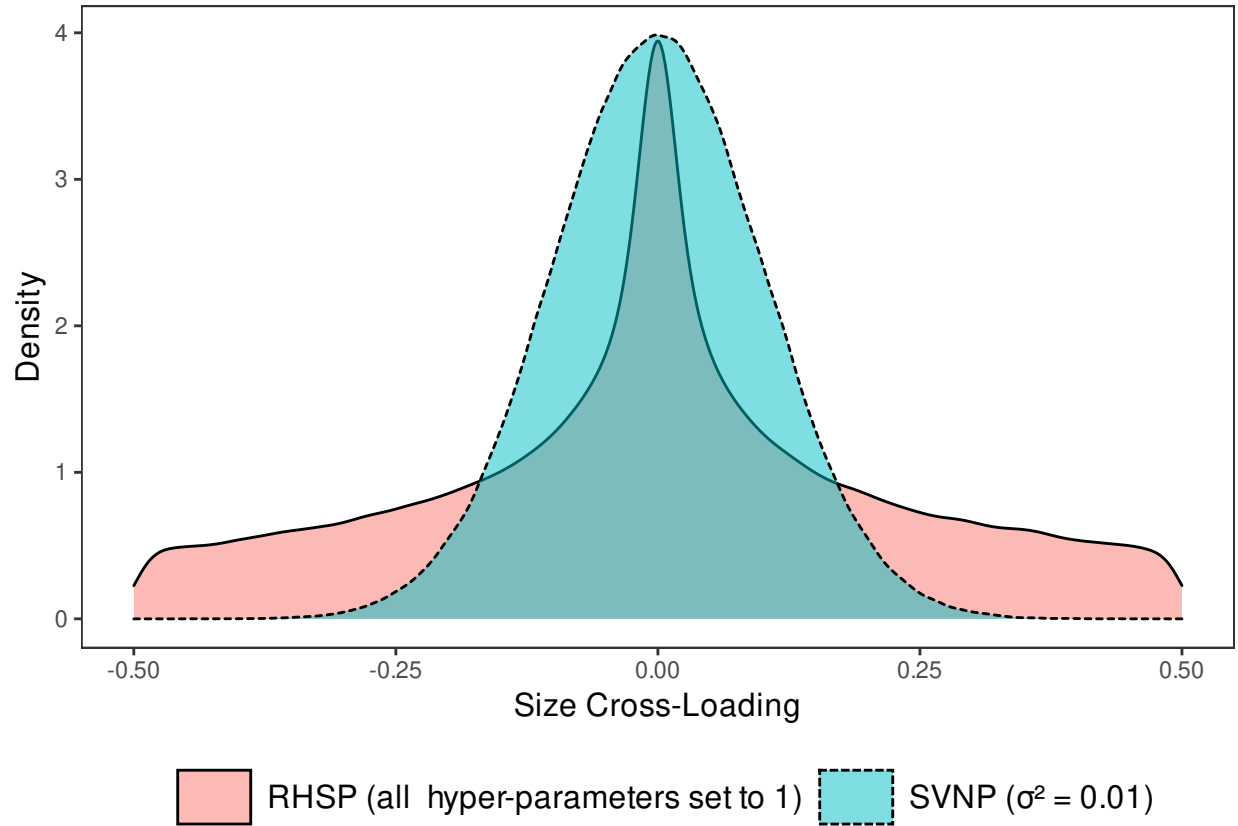


Figure 1. Density Plots of the Regularization Priors of Interest.

The current study

While the Regularized Horseshoe Prior has been shown to perform excellently in the selection of relevant predictors in regression (Piironen & Vehtari, 2017b; Van Erp et al., 2019), no previous research has validated its performance in selecting relevant cross-loadings in CFA. We therefore aim to compare the RHSP to the SVN P in their performance in regularizing cross-loadings in Bayesian CFA. Below we present our preliminary results regarding the performance of the SVN P.

Study Procedure and Parameters

A Monte Carlo simulation study was conducted using STAN (Stan Development Team, 2021) and R (R Core Team, 2021). All code that was used to run the simulations

can be openly accessed on the author’s [github](#)². The models were sampled using the No-U-Turn-Sampler (Homan & Gelman, 2014), with two chains, a burnin-period of 2000 and a chain-length of 4000. These sampling parameters were identified in pilot runs to be required for the RHSP to reach convergence, and were therefore also used for the SVNP in order to ensure a fair comparison.

Population Conditions

The datasets were simulated based on a true 2-factor model, with three items per factor, and a factor correlation of 0.5. The true model is summarized below, both in equations (Appendix A) and graphically (Figure 2).³ The factors were scaled by fixing their means to zero and their variances to 1. All main-loadings were set to 0.75, and all residual variances to 0.3, to ensure that the largest proportion of variance in the items would be explained by their corresponding factor. We varied the size of the two truly non-zero cross-loadings λ_{c5} and λ_{c6} between 0.2, a negligible magnitude such that shrinkage to zero is desired, and 0.5, a size for which shrinkage towards zero should be avoided. We varied the sample sizes of the simulated datasets between 100 and 200. Larger sample sizes of for instance 500 were not included despite being common place in the literature, because adding them would have rendered the run-time of the simulations for the RHSP unfeasible. This is appropriate because for simple factor models researchers are unlikely to collect such larger sample sizes in practice. Finally, based on Muthén and Asparouhov (2012), we varied σ^2 between 0.001, 0.01 and 0.1. This left us with a total number of $2 \times 2 \times 3 = 12$ individual sets of conditions. Per set of conditions, 200

² Specifically, the R-scripts needed to run the simulation can be found on

<https://github.com/JMBKoch/1vs2StepBayesianRegSEM/tree/main/R>. `parameters.R` can be adjusted to adjust study parameters, and `main.R` is used to run the main simulation. Required packages are listed at the top of `parameters.R`.

³ The stan code of the model can be found on

<https://github.com/JMBKoch/1vs2StepBayesianRegSEM/blob/main/stan/SVNP.stan>.

replications were run, yielding a total of 2400 replications.

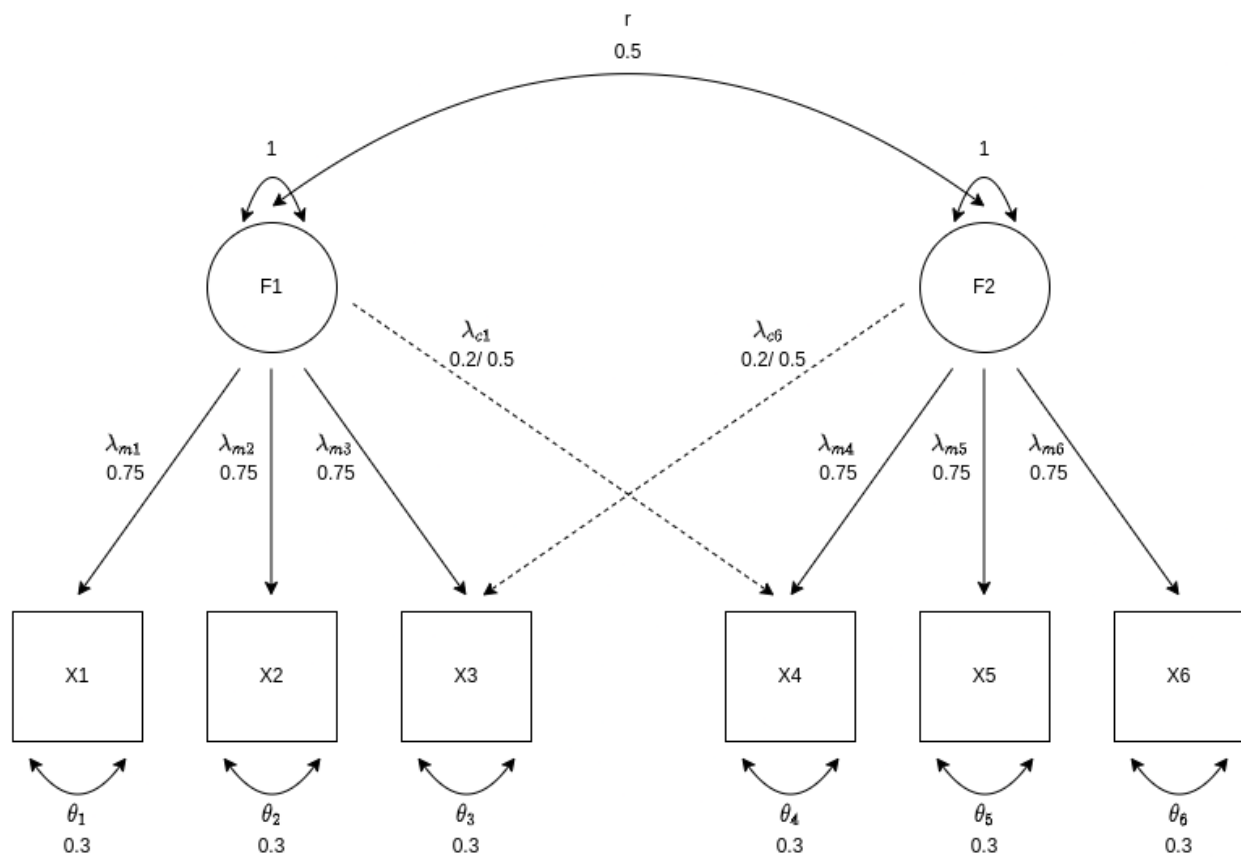


Figure 2. Graphical Representation of the True Model.

- tabel: Overzicht condities Populatie

SVNP: Prior Conditions

- tabel: Overzicht condities SVNP

RHSP: Prior Conditions

- tabel: Overzicht condities RHSP

Outcomes

We focus⁴ on the Mean (Absolute) Bias of the posterior mean estimates of all model parameters, per set of conditions ($\bar{\theta}|conditions$).

For every model parameter θ and for every set of conditions that has been sampled from for N_{rep} replications:

$$Bias_{\bar{\theta}|conditions} = \frac{1}{N} \sum_{i=1}^{N_{rep}} |\bar{\theta}_i - \theta_{true}|.$$

Results

SVNP: Convergence

In terms of convergence, the SVNP shows excellent performance. Across all 2400 replications there is no single parameter for which $\hat{R} > 1.05$. Across all parameters, the minimum value of the Effective Sample Size N_{eff} is 39.4% of the chain length. For the largest majority of runs N_{eff} even exceeds 50% of the chain length. Moreover, across all runs there is not a single divergent transition. All 2400 replications are therefore included in the results.

SVNP: Main Results

Mean Absolute Bias. The Mean Absolute Bias of the SVNP for all parameters is summarized in Figure 3. For parameter estimates that show an identical pattern ($\bar{\lambda}_{c2-5}$, $\bar{\lambda}_{c1,6}$, $\bar{\lambda}_{m1,2,5,6}$, $\bar{\lambda}_{m3-4}$, and $\bar{\theta}_{1-6}$), the first respecting estimate is presented representative

⁴ We also computed the Mean Squared Error and Relative Bias of the posterior mean estimates, the Power in selecting truly non-zero cross-loadings as non-zero (see also Appendix B) and the Type-I-Error-Rate in selecting truly zero cross-loadings as non-zero (based on several selection criteria). Outcomes were also computed for median posterior estimates. Summaries of all outcomes can be found on

<https://github.com/JMBKoch/1vs2StepBayesianRegSEM/tree/main/Rmd/plots>.

for all, both in Figure 3 and in the numbers presented below. As results are almost identical for the two sample sizes, we focus on presenting the findings for $N = 100$, to not distract from our main conclusions.⁵

Figure 3 shows that, as expected, there is substantial bias in some parameter estimates. While the bias in the posterior means of the truly zero cross-loadings $\bar{\lambda}_{c2-5}$ is relatively small, it is pronounced in the estimates of the truly non-zero cross-loadings $\bar{\lambda}_{c1}$ and $\bar{\lambda}_{c6}$. Particularly with a large true cross-loading of 0.5 and $\sigma^2 = 0.001$ the bias is very large, e.g. $Bias_{\bar{\lambda}_{c1}} = 0.49$, since the estimates of the true cross-loadings of 0.5 are shrunk almost entirely to zero (e.g. $\bar{\lambda}_{c1} = 0.01$). The choice of σ^2 plays a crucial role here. Also with $\sigma^2 = 0.01$ (and true cross-loadings of 0.5) substantial bias occurs (e.g. $Bias_{\bar{\lambda}_{c1}} = 0.35$), as the cross-loading are still under-estimated considerably ($\bar{\lambda}_{c1} = 0.15$), though not entirely shrunk to zero. With $\sigma^2 = 0.1$ the bias in the estimates of the cross-loadings is less pronounced (e.g. $Bias_{\bar{\lambda}_{c1}} = 0.14$). Here σ^2 is large enough to estimate the cross-loadings closer to their true value, $\bar{\lambda}_{c1} = 0.37$.

Also the estimates of the main loadings of factor 1 on item 3 ($\bar{\lambda}_{m3}$) and of factor 2 on item 4 ($\bar{\lambda}_{m4}$) are substantially biased when the true cross-loadings are 0.5 and $\sigma^2 = 0.001$ (e.g. $Bias_{\bar{\lambda}_{m3}} = 0.40$). These two loadings show much higher bias than the other four main-loadings as they load on the same two items as the two non-zero cross-loadings ($\bar{\lambda}_{c1}$ and $\bar{\lambda}_{c6}$, see Figure 2). As the cross-loadings are shrunk to zero, these main loadings now also account for the variance in the items that is truly explained by the cross-loadings. Consequently, the two main-loadings are over-estimated, e.g. $\bar{\lambda}_{m3} = 1.15$.

In the factor correlation the bias is also relatively small and approximately the same for the different values of σ^2 when the truly non-zero cross-loadings are 0.2. Again, bias

⁵ The Mean Absolute Bias visualized for the different sample sizes separately can be found on <https://github.com/JMBKoch/1vs2StepBayesianRegSEM/blob/main/Rmd/plots/plotsBiasSVNP.html>.

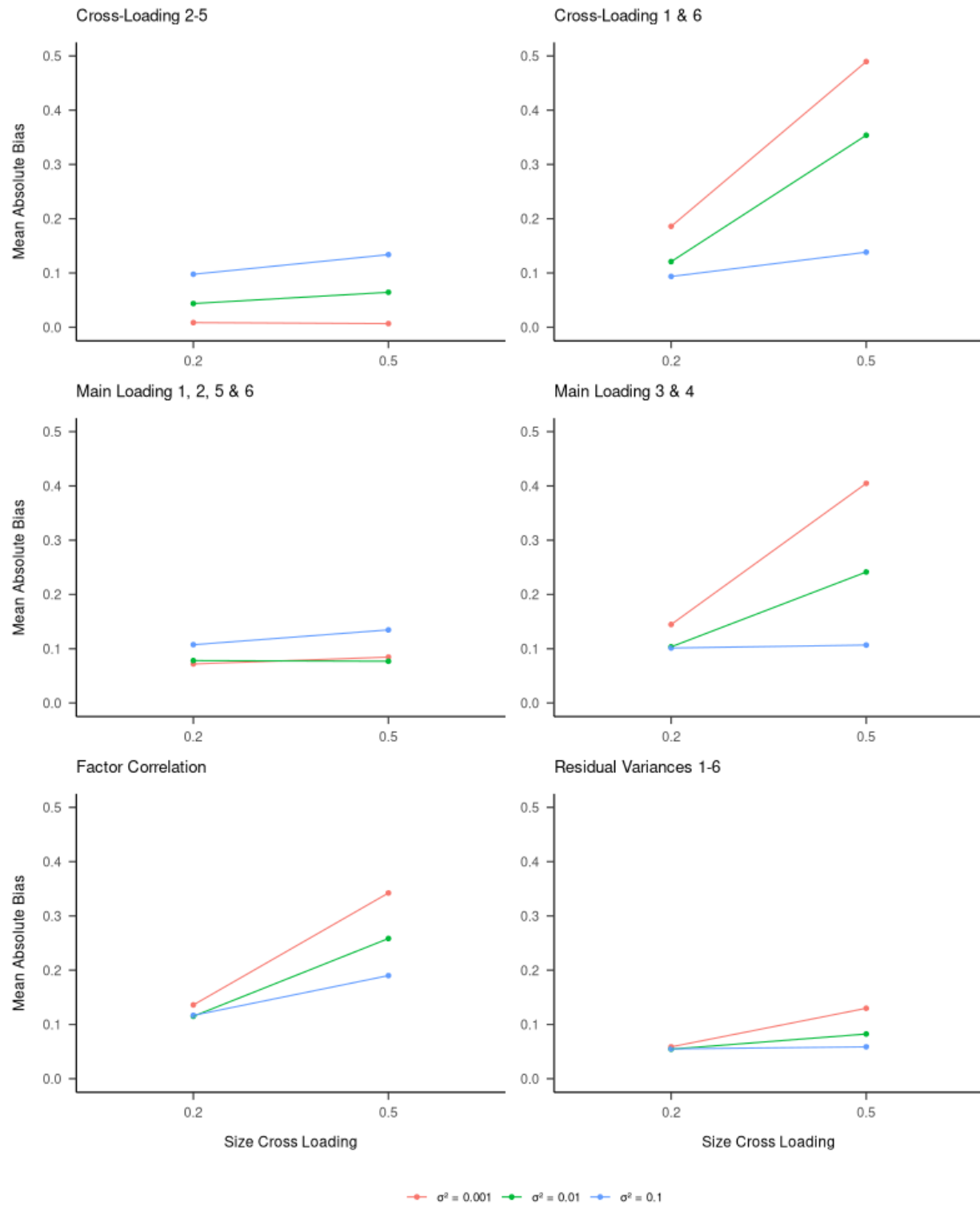


Figure 3. Main Results: Mean Absolute Bias in the Model Parameters (N = 100).

becomes much more pronounced with true cross-loadings of 0.5, especially when $\sigma^2 = 0.001$ ($\bar{Bias}_{\bar{r}} = 0.34$). In this situation the factor correlation is heavily over-estimated ($\bar{r} = 0.84$). This is because the covariance between item 3 and 4 that arises from the two cross-loadings, is mis-attributed to the factor-correlation, as the cross-loadings are shrunk to zero.

The bias in the estimates of the residual variances $\bar{\theta}_{1-6}$ is not large across different conditions, although also here a noticeable increase occurs between true cross-loadings of 0.2 and 0.5 when $\sigma^2 = 0.001$.

Power and Type-I-Error Rate.

RHSP: Convergence

RHSP: Main Results

Mean Absolute Bias.

Power and Type-I-Error Rate.

Discussion

The results show a clear and consistent pattern. The SVNP performs well when the truly non-zero cross-loadings are small, in terms of estimating the model without substantial bias. This can be interpreted as a successful instance of regularization, where an acceptable amount of bias is added to the model by shrinking some parameters to zero, to reach a more sparse solution. However, with larger truly non-zero cross-loadings, the performance of the SVNP decreases. With smaller values of σ^2 , particularly with $\sigma^2 = 0.001$, these cross-loadings are still shrunk to zero, even though they are much larger in practice. This causes substantial bias in some main-loadings, and in the factor correlation. In practice, bias in structural parameters is particularly concerning, as it may lead to wrong conclusions in research on structural relationships between latent constructs.

Bias occurs much less when $\sigma^2 = 0.1$. Such relatively large variance still allows for

enough deviations from zero in the cross-loadings to yield relatively accurate estimates of the non-zero cross-loadings itself and consequently the other model parameters. However, simply using larger values of σ^2 is no general solution. In practice, models may include more structural parameters, even more cross-loadings, or a number of residual co-variances. Under these circumstances, large values of σ^2 may lead to identification issues. Moreover, the larger σ^2 , the more cross-loadings will be selected as non-zero, which may ultimately lead to over-fitting.

The high bias of the SVNP under large true cross-loadings and low values of σ^2 is not surprising, as it is clearly noted that the method requires a 2-step approach to avoid bias. However, this approach depends on a successful selection of non-zero cross-loadings. Muthén and Asparouhov (2012) advise a power (true positive rate) in selecting non-zero cross-loadings of at least .80. However, only under a single set of conditions ($N = 200$, $\sigma^2 = 0.01$, size cross-loadings = 0.5) this power was reached in our study (see Table B1), which suggests that also the 2-step approach is no robust solution. This serves to illustrate the need for more advanced priors such as the RHSP, although different selection rules (see Zhang et al., 2021) may show a better performance than the 95% credible intervals suggested by Muthén and Asparouhov (2012).

The RHSP is expected to show less bias in the parameter estimates of the model within a single estimation step, even with true cross-loadings of 0.5. Estimates of these larger cross-loadings are expected to escape the shrinkage, which also prevents bias in other parameter estimates.

Future Research:

- Residual Co-variances
- Binary, ordinal, nominal outcomes
- Larger sample sizes

- Invite reader to do this based on my code.

Other important steps: - Implementation in Practice!

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Appendix A

For every individual i in $i = 1, \dots, N$:

$$Y_i \sim \mathcal{N}(\mathbf{0}, \Sigma),$$

where

$$\begin{aligned} \Sigma &= \Lambda \Psi \Lambda', \\ \Lambda &= \begin{bmatrix} 0.75 & 0 \\ 0.75 & 0 \\ 0.75 & 0.2/0.5 \\ 0.2/0.5 & 0.75 \\ 0 & 0.75 \\ 0 & 0.75 \end{bmatrix}, \\ \Psi &= \begin{bmatrix} 1 & 0.5 \\ 0.5 & 1 \end{bmatrix}, \end{aligned}$$

and

$$\Theta = \text{diag}[0.3, 0.3, 0.3, 0.3, 0.3, 0.3].$$

Appendix B

Table B1

Power in selecting non-zero cross-loadings.

N	σ^2	size $\lambda_{c1,6}$	Power λ_{c1}	Power λ_{c6}
100	0.00	0.20	0.00	0.00
100	0.01	0.20	0.01	0.01
100	0.10	0.20	0.00	0.00
100	0.00	0.50	0.00	0.00
100	0.01	0.50	0.22	0.18
100	0.10	0.50	0.30	0.28
200	0.00	0.20	0.00	0.00
200	0.01	0.20	0.12	0.12
200	0.10	0.20	0.00	0.00
200	0.00	0.50	0.00	0.00
200	0.01	0.50	0.92	0.91
200	0.10	0.50	0.60	0.52

Note. Selection based on 95% credible intervals.