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Modelling Firm-Product Level Trade: A Multi-Dimensional Random Effects Panel Data Approach

by

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2013/2

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Abstract

The paper deals with the problems of formalizing econometric models on firm-product level trade data sets, or similar economic flows. A multi-dimensional random effects panel data approach is adopted. Several models are introduced taking into account different types of specific effects, interactions and cross correlations. The respective covariance matrixes are derived, as well as procedures to estimate the unknown variance and covariance components, in order to make the Feasible Generalized Least Squares estimation operational. Whenever possible, the spectral decomposition of the covariance matrixes is also provided to make the estimation procedure simpler to implement. Both balanced and unbalanced data sets are considered.

Key words: panel data, multidimensional panel data, random effects, error components model, trade model, gravity model, firm and product level data, micro trade data.

Acknowledgements

Support by Australian Research Council grant DP110103824 and INET grant OSI-20029822 is kindly acknowledged.

1. Introduction

The last decade or so, many new, large and very large socio-economic data sets have started to emerge. One area, where these large data sets have been compiled, relates to trade, where micro, firm, product and shipment level observations have become more readily available. Such data sets often present themselves in the form higher dimensional panels. While three-dimensional panel data, mostly related to macro trade, and other macro economic flows are now better understood (see, for example, *Matyas and Balazsi* [2012] and *Matyas, Hornok and Pus* [2012]), in higher dimensions, with potentially extremely large number of observations, the models and, even the simplest, estimation methods can quickly become very complex.

This paper focuses on four-dimensional (4D) panel data models and their estimation, with some outlook on higher dimensions as well. These 4D data sets, in a trade context, typically consist of firm or disaggregated sector (called in short firm) and product (or, again sector, called in short product) level observations, best formalized in a four-dimensional panel data model framework (see, for example, *Bekes and Murakozi* [2012], *Corcos et al.* [2012], *Gorg et al.* [2010], *Berthou and Fontagne* [2009], and *Defever and Toubal* [2007]). As the numbers of observation usually in these cases is (very) large, a fixed effects approach would mean the explicit or implicit inclusion into the model of tens of thousands of additional parameters and dummy variables. This would look in fact very much like a case of over-fitting, mostly "destroying" the explanatory power of any other variables. And also, in these higher dimension, different fixed effects specifications can substantially change the estimation results (see, for example, *Arkolakis and Muendler* [2009]), so instead, in this paper, we introduce and analyse several appropriate random effects model specifications. The models considered are extended to include across firms or products cross correlations, and are adapted to deal with problems related to unbalanced data as well.

The framework of the analysis remains, throughout the paper, within the standard panel data approach. While it can be argued, for example, that the number of products traded by a firm is in itself endogenous, as this is in fact one of our four data dimensions, it will be tread as given. In general, all data dimensions are going to be treated as fixed and given. Similarly, the balanced and unbalanced data panels can be defined, unlike in the "usual" panel data case, in several different ways. So we are going to apply some restrictions on the assumed data structure which best characterize these micro trade data sets.

2. The Model Specifications Considered

In this paper we introduce different types of random effects model specifications suited for this four-dimensional panel data approach, derive proper estimation methods for each of them and analyze their properties under different data structures.

The baseline model to be considered is

$$y_{ijst} = \beta' x_{IS,t} + u_{ijst}$$

where x are the explanatory variables of the model, β are the the unknown parameters, u are the idiosyncratic disturbance terms (which are assumed to be uncorrelated with the explanatory variables x), IS is the time-invariant Index Set (it can be: ijs, ij, is, js or just have a single index for the explanatory variables, and can be different for different for each one of them). It is important to be specific about the sample size and sample structure. First of all, the baseline sample structure, let us call it the balanced one, is when $i = 1, \ldots, N^{(1)}$, $j = 1, \ldots, N^{(2)}$, $s = 1, \ldots, N^{(3)}$ and $t = 1, \ldots, T, \forall i, s, j$. Let us note here that a "real" balanced sample would mean, as in *Davis* [2002], that $N^{(1)} = N^{(2)} = N^{(3)}$, but in our case this makes little sense, as essentially we are dealing here with micro trade data. Typically i stands for firms, j for products (or disaggregated sectors like ISIC level 1, 2 or 3 classifications), and s for the trade destination countries. An important unbalanced data structure is when $N^{(1)}$, $N^{(2)}$ and $N^{(3)}$ are different for each (sj), (ij) and (is) index pairs. Let us call this N-unbalanced case. Then, $i = 1, \ldots, N^{(1)}_{sj}$, $j = 1, \ldots, N^{(2)}_{ij}$ and $s = 1, \ldots, N^{(3)}_{is}$. The data can also be unbalanced time-series wise. From a practical point of view, perhaps the most relevant is the case when $t = 1, \ldots, T_{ijs}$. Let us call this the T unbalanced case. It is worth noting that there is a kind of symmetry between the N and T unbalanced cases. For most data sets if we consider the "individuals" (i, j, and/or s) balanced, then T is going to be unbalanced, and of course the other way round. In order to keep the complexity of the models studied within reasonable limits, however, we will assume throughout this paper that the data is N-balanced and we are going to deal only with the T-unbalanced case.

As we are using here a random effects approach, the different model specifications are characterized by different structures of the disturbance terms u_{ijst}. *Moulton* [1990] already pointed out more than two decades ago, how important these structures are in fact from a practical point of view. For each of them we derive the covariance matrix of the model, and then proper estimators for its variance and covariance components in order to be able to use the Feasible GLS (FGLS) estimator to estimate the unknown parameters of the model.

The simplest model considered is a straight generalization of the "usual" error components panel data model (see, for example, *Matyas* [1997], and *Baltagi et al.* [2008])

$$u_{ijst} = \mu_i + \gamma_j + \alpha_s + \lambda_t + \varepsilon_{ijst} \tag{1}$$

where the error components are pair-wise uncorrelated, have zero expected values, and their variances are

$$E(\mu_i \mu_{i'}) = \begin{cases} \sigma_\mu^2 & \text{if } i = i' \\ 0 & \text{otherwise} \end{cases} ; \qquad E(\gamma_j \gamma_{j'}) = \begin{cases} \sigma_\gamma^2 & \text{if } j = j' \\ 0 & \text{otherwise} \end{cases}$$

$$E(\alpha_s \alpha_{s'}) = \begin{cases} \sigma_\alpha^2 & \text{if } s = s' \\ 0 & \text{otherwise} \end{cases} ; \qquad E(\lambda_t \lambda_{t'}) = \begin{cases} \sigma_\lambda^2 & \text{if } t = t' \\ 0 & \text{otherwise} \end{cases}$$

The next model to be considered is

$$u_{ijst} = \mu_{ijs} + \varepsilon_{ijst} \tag{2}$$

$$E(\mu_{ijs} \mu_{i'j's'}) = \begin{cases} \sigma_\mu^2 & \text{if } i = i',\ j = j' \text{ and } s = s' \\ 0 & \text{otherwise} \end{cases}$$

This is the "usual" panel data model with random individual effects, where the individual effects correspond to the (ijs) triplets. An extended version of this model is

$$u_{ijst} = \mu_{ijs} + \lambda_t + \varepsilon_{ijst} \tag{3}$$

where

$$E(\lambda_t \lambda_{t'}) = \begin{cases} \sigma_\lambda^2 & \text{if } t = t' \\ o & \text{otherwise} \end{cases}$$

The next model to be considered is with pair-wise interaction effects

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \varepsilon_{ijst} \tag{4}$$

where $\mu_{ij}^{(1)}$, $\mu_{is}^{(2)}$, $\mu_{js}^{(3)}$ and ε_{ijst} are pair-wise uncorrelated, have zero expected value, and

$$E(\mu_{ij} \mu_{i'j'}) = \begin{cases} \sigma_\mu^{(1)^2} & \text{if } i = i', \text{ and } j = j' \\ 0 & \text{otherwise} \end{cases}$$

$$E(\mu_{is} \mu_{i's'}) = \begin{cases} \sigma_\mu^{(2)^2} & \text{if } i = i', \text{ and } s = s' \\ 0 & \text{otherwise} \end{cases}$$

$$E(\mu_{js} \mu_{j's'}) = \begin{cases} \sigma_\mu^{(3)^2} & \text{if } j = j', \text{ and } s = s' \\ 0 & \text{otherwise} \end{cases}$$

The next model is the extension of model (4) with a time effect

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \lambda_t + \varepsilon_{ijst} \tag{5}$$

Another form of heterogeneity is to use individual-time-varying effects. This in fact is the generalization of the approach used in multilevel modeling, see for example, *Snijders and Boske* [1999], *Ebbes, Bockenholt and Wedel* [2004], *Hubler* [2006] or *Gelman* [2006]. In this case model (2) is extended with pair-wise split individual specific time effects

$$u_{ijst} = \mu_{ijs} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \varepsilon_{ijst} \tag{6}$$

where $v_{it}^{(1)}$, $v_{jt}^{(2)}$, $v_{st}^{(3)}$ and ε_{ijst} are pair-wise uncorrelated, have zero expected value, and

$$E(v_{it}v_{i't'}) = \begin{cases} \sigma_v^{(1)^2} & \text{if } i = i', \text{ and } t = t' \\ 0 & \text{otherwise} \end{cases}$$

$$E(v_{jt}v_{j't'}) = \begin{cases} \sigma_v^{(2)^2} & \text{if } j = j', \text{ and } t = t' \\ 0 & \text{otherwise} \end{cases}$$

$$E(v_{st}v_{s't'}) = \begin{cases} \sigma_v^{(3)^2} & \text{if } s = s', \text{ and } t = t' \\ 0 & \text{otherwise} \end{cases}$$

And finally, the last model to be considered is an all-encompassing model with

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \varepsilon_{ijst} \tag{7}$$

In some cases it is important to deal with cross-correlations as well. The cross-correlations to be considered are for models (2), (3) and (6)

$$E(\mu_{ijs}\mu_{i'j's'}) = \begin{cases} \sigma_\mu^2 & i = i', \ j = j' \text{ and } s = s' \\ \rho_{(1)} & i \neq i', \ j = j' \text{ and } s = s' \\ \rho_{(2)} & i = i', \ j \neq j' \text{ and } s = s' \\ \rho_{(3)} & i = i', \ j = j' \text{ and } s \neq s' \\ 0 & \text{otherwise} \end{cases}$$

and for models (4), (5) and (7)

$$E(\mu_{ij}\mu_{i'j'}) = \begin{cases} \sigma_\mu^{(1)^2} & i = i' \text{ and } j = j' \\ \rho_{(1)}^{(1)} & i \neq i' \text{ and } j = j' \\ \rho_{(2)}^{(1)} & i = i' \text{ and } j \neq j' \\ 0 & \text{otherwise} \end{cases}$$

$$E(\mu_{is}\mu_{i's'}) = \begin{cases} \sigma_\mu^{(2)^2} & i = i' \text{ and } s = s' \\ \rho_{(1)}^{(2)} & i \neq i' \text{ and } s = s' \\ \rho_{(2)}^{(2)} & i = i' \text{ and } s \neq s' \\ 0 & \text{otherwise} \end{cases}$$

and

$$E(\mu_{js}\mu_{j's'}) = \begin{cases} \sigma_\mu^{(3)^2} & j = j' \text{ and } s = s' \\ \rho_{(1)}^{(3)} & j \neq j' \text{ and } s = s' \\ \rho_{(2)}^{(3)} & j = j' \text{ and } s \neq s' \\ 0 & \text{otherwise} \end{cases}$$

3. Covariance Matrixes and the Estimation of the Variance Components

As it is well known, the most efficient way to estimate the models introduced in Section 2 is through the Feasible GLS estimator. First, starting with the balanced case, we need to derive the covariance matrix of each model (1) - (7). However, given the four dimensions, the sample size can become very large quite quickly, meaning that the inverse of the covariance matrix (needed to perform a the FGLS estimation) frequently cannot easily be calculated in practice. To overcome this problem we also derive the spectral decomposition for each covariance matrix, which makes the inverse operation much more handy to perform. Then, we estimate the unknown variance and covariance components of the respective covariance matrixes in order to make the FGLS operational.

3.1 Covariance Matrixes of the Different Models

As the four dimensional setup makes the matrix algebra a bit more complex, we need to introduce some new notations upfront. Let us make the following definitions:

$$
\begin{aligned}
B_i &= I_{N^{(1)}} \otimes \frac{J_{N^{(2)}N^{(3)}T}}{N^{(2)}N^{(3)}T} \\
B_j &= \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}} \otimes \frac{J_{N^{(3)}T}}{N^{(3)}T} \\
B_s &= \frac{J_{N^{(1)}N^{(2)}}}{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}} \otimes \frac{J_T}{T} \\
B_t &= \frac{J_{N^{(1)}N^{(2)}N^{(3)}}}{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T \\
B_{ij} &= I_{N^{(1)}N^{(2)}} \otimes \frac{J_{N^{(3)}T}}{N^{(3)}T} \\
B_{is} &= I_{N^{(1)}} \otimes \frac{J_{N^{(2)}}}{N^{(2)}} \otimes I_{N^{(3)}} \otimes \frac{J_T}{T} \\
B_{js} &= \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes \frac{J_T}{T} \\
B_{it} &= I_{N^{(1)}} \otimes \frac{J_{N^{(2)}N^{(3)}}}{N^{(2)}N^{(3)}} \otimes I_T
\end{aligned}
$$

$$
\begin{aligned}
B_{jt} &= \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}} \frac{J_{N^{(3)}}}{N^{(3)}} \otimes I_T \\
B_{st} &= \frac{J_{N^{(1)}N^{(2)}}}{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}T} \\
B_{ijs} &= I_{N^{(1)}N^{(2)}N^{(3)}} \otimes \frac{J_T}{T} \\
B_{ijt} &= I_{N^{(1)}N^{(2)}} \otimes \frac{J_{N^{(3)}}}{N^{(3)}} \otimes I_T \\
B_{jst} &= \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}T} \\
B_{ist} &= I_{N^{(1)}} \otimes \frac{J_{N^{(2)}}}{N^{(2)}} \\
J &= \frac{J_{N^{(1)}N^{(2)}N^{(3)}T}}{N^{(1)}N^{(2)}N^{(3)}T} \\
I &= I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

$$B_i^* = I_{N^{(1)}} \otimes \frac{J_{N^{(2)}N^{(3)}}}{N^{(2)}N^{(3)}}$$
$$B_j^* = \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}} \otimes \frac{J_{N^{(3)}}}{N^{(3)}}$$
$$B_s^* = \frac{J_{N^{(1)}N^{(2)}}}{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}}$$
$$B_{ij}^* = I_{N^{(1)}N^{(2)}} \otimes \frac{J_{N^{(3)}}}{N^{(3)}}$$
$$B_{is}^* = I_{N^{(1)}} \otimes \frac{J_{N^{(2)}}}{N^{(2)}} \otimes I_{N^{(3)}}$$
$$B_{js}^* = \frac{J_{N^{(1)}}}{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}}$$
$$J^* = \frac{J_{N^{(1)}N^{(2)}N^{(3)}}}{N^{(1)}N^{(2)}N^{(3)}}$$
$$I^* = I_{N^{(1)}N^{(2)}N^{(3)}}$$

Model (1)

To derive the covariance matrix of model (1) we start from composite disturbance term

$$u_{ijst} = \mu_i + \gamma_j + \alpha_s + \lambda_t + \epsilon_{ijst}$$

For all T observations we get

$$\begin{aligned}
u_{ijs} &= \mu_i \otimes l_T + \gamma_j \otimes l_T + \alpha_s \otimes l_T + \lambda + \epsilon_{ijs} \\
E[u_{ijs}u_{ijs}'] &= E[(\mu_i \otimes l_T)(\mu_i \otimes l_T)'] + E[(\gamma_j \otimes l_T)(\gamma_j \otimes l_T)']+ \\
&\quad + E[(\alpha_s \otimes l_T)(\alpha_s \otimes l_T)'] + E[\lambda\lambda'] + E[\epsilon_{ijs}\epsilon_{ijs}'] = \\
&= \sigma_\mu^2 J_T + \sigma_\gamma^2 J_T + \sigma_\alpha^2 J_T + \sigma_\lambda^2 I_T + \sigma_\epsilon^2 I_T
\end{aligned}$$

Continuing this building up of the observations for the s index and then the j and i indexes as well, we get

$$\begin{aligned}
u_{ij} &= \mu_i \otimes l_T \otimes l_{N^{(3)}} + \gamma_j \otimes l_T \otimes l_{N^{(3)}} + \alpha \otimes l_T + l_{N^{(3)}} \otimes \lambda + \epsilon_{ij} \\
E[u_{ij}u_{ij}'] &= \sigma_\mu^2 J_{N^{(3)}T} + \sigma_\gamma^2 J_{N^{(3)}T} + \sigma_\alpha^2 I_{N^{(3)}} \otimes J_T + \sigma_\lambda^2 J_{N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(3)}T}
\end{aligned}$$

$$\begin{aligned}
u_i &= \mu_i \otimes l_T \otimes l_{N^{(3)}} \otimes l_{N^{(2)}} + \gamma \otimes l_T \otimes l_{N^{(3)}} + l_{N^{(2)}} \otimes \alpha \otimes l_T + l_{N^{(2)}} \otimes l_{N^{(3)}} \otimes \lambda + \epsilon_i \\
E[u_iu_i'] &= \sigma_\mu^2 J_{N^{(2)}N^{(3)}T} + \sigma_\gamma^2 I_{N^{(2)}} \otimes J_{N^{(3)}T} + \sigma_\alpha^2 J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T+ \\
&\quad + \sigma_\lambda^2 J_{N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(2)}N^{(3)}T}
\end{aligned}$$

So this gives finally

$$
\begin{aligned}
u &= \mu \otimes l_T \otimes l_{N^{(3)}} \otimes l_{N^{(2)}} + l_{N^{(1)}} \otimes \gamma \otimes l_T \otimes l_{N^{(3)}} + l_{N^{(1)}} \otimes l_{N^{(2)}} \otimes \alpha \otimes l_T \\
&\quad + l_{N^{(1)}} \otimes l_{N^{(2)}} \otimes l_{N^{(3)}} \otimes \lambda + \epsilon \\
E[uu'] &= \sigma_\mu^2 I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} + \sigma_\gamma^2 J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}T} + \sigma_\alpha^2 J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T + \\
&\quad + \sigma_\lambda^2 J_{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T} = \Omega
\end{aligned}
$$

where l is the vector of ones (all elements being 1) with its size in the index, J is the matrix of ones with its size in the index and I is the identity matrix, with its size in the index, and μ, α, γ, λ and ϵ are the vectors containing the elements of μ_i, γ_j, α_s, λ_t, and ϵ_{ijst} respectively.

Like in the usual panel data case let us work out the spectral decomposition of this matrix to simplify the inverse needed for the FGLS. Using the notation

$$
\begin{aligned}
C_{11} &= B_i - J \\
C_{12} &= B_j - J \\
C_{13} &= B_s - J \\
C_{14} &= B_t - J \\
W_1 &= I - C_{11} - C_{12} - C_{13} - C_{14} - J
\end{aligned}
$$

we get

$$
\begin{aligned}
\Omega &= N^{(2)}N^{(3)}T\sigma_\mu^2 (C_{11} + J) + N^{(1)}N^{(3)}T\sigma_\gamma^2 (C_{12} + J) + N^{(2)}N^{(3)}T\sigma_\alpha^2 (C_{13} + J) + \\
&+ N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 (C_{14} + J) + +\sigma_\epsilon^2 (W_1 + C_{11} + C_{12} + C_{13} + C_{14} + J) = \\
&= \left(N^{(2)}N^{(3)}T\sigma_\mu^2 + N^{(1)}N^{(3)}T\sigma_\gamma^2 + N^{(2)}N^{(3)}T\sigma_\alpha^2 + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2\right) J + \\
&+ \left(N^{(2)}N^{(3)}T\sigma_\mu^2 + \sigma_\epsilon^2\right) C_{11} + \left(N^{(1)}N^{(3)}T\sigma_\gamma^2 + \sigma_\epsilon^2\right) C_{12} + \\
&+ \left(N^{(2)}N^{(3)}T\sigma_\alpha^2 + \sigma_\epsilon^2\right) C_{13} + \left(N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2\right) C_{14} + \sigma_\epsilon^2 W_1
\end{aligned}
$$

Now using

$$
\begin{aligned}
\theta_1 &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}T\sigma_\mu^2 + \sigma_\epsilon^2} \\
\theta_2 &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(3)}T\sigma_\gamma^2 + \sigma_\epsilon^2} \\
\theta_3 &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}T\sigma_\alpha^2 + \sigma_\epsilon^2} \\
\theta_4 &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2} \\
\theta_5 &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}T\sigma_\mu^2 + N^{(1)}N^{(3)}T\sigma_\gamma^2 + N^{(1)}N^{(2)}T\sigma_\alpha^2 + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2}
\end{aligned}
$$

we get for the inverse of the covariance matrix

$$\begin{aligned}\sigma_\epsilon^2\Omega^{-1} &= \theta_1 C_{11} + \theta_2 C_{12} + \theta_3 C_{13} + \theta_4 C_{14} + \theta_5 J + W_1 = \\ &= I - (1-\theta_1) B_i - (1-\theta_2) B_j - (1-\theta_3) B_s - (1-\theta_4) B_t + \\ &+ (3 - \theta_1 - \theta_2 - \theta_3 - \theta_4 + \theta_5) J\end{aligned}$$

Now this model is suited to deal with purely cross sectional data as well, that is when $T = 1$. In this case

$$E[uu'] = \sigma_\mu^2 I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}} + \sigma_\gamma^2 J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}} + \sigma_\alpha^2 J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}} = \Omega$$

with

$$\begin{aligned}C_{11}^* &= B_i^* - J^* \\ C_{12}^* &= B_j^* - J^* \\ C_{13}^* &= B_s^* - J^* \\ W_1^* &= I^* - C_{11}^* - C_{12}^* - C_{13}^* - J^*\end{aligned}$$

and we get

$$\begin{aligned}\Omega &= N^{(2)}N^{(3)}\sigma_\mu^2 (C_{11}^* + J^*) + N^{(1)}N^{(3)}\sigma_\gamma^2 (C_{12}^* + J^*) + N^{(2)}N^{(3)}\sigma_\alpha^2 (C_{13}^* + J^*) + \\ &\quad + \sigma_\epsilon^2 (W_1^* + C_{11}^* + C_{12}^* + C_{13}^* + J^*) = \\ &= \left(N^{(2)}N^{(3)}\sigma_\mu^2 + N^{(1)}N^{(3)}\sigma_\gamma^2 + N^{(2)}N^{(3)}\sigma_\alpha^2 + \sigma_\epsilon^2\right) J^* + \left(N^{(2)}N^{(3)}\sigma_\mu^2 + \sigma_\epsilon^2\right) C_{11}^* + \\ &\quad + \left(N^{(1)}N^{(3)}\sigma_\gamma^2 + \sigma_\epsilon^2\right) C_{12}^* + \left(N^{(2)}N^{(3)}\sigma_\alpha^2 + \sigma_\epsilon^2\right) C_{13}^* + \sigma_\epsilon^2 W_1^*\end{aligned}$$

Proceeding like in the panel data case above, with the notation

$$\begin{aligned}\theta_1^* &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}\sigma_\mu^2 + \sigma_\epsilon^2} \\ \theta_2^* &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(3)}\sigma_\gamma^2 + \sigma_\epsilon^2} \\ \theta_3^* &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}\sigma_\alpha^2 + \sigma_\epsilon^2} \\ \theta_4^* &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}\sigma_\mu^2 + N^{(1)}N^{(3)}\sigma_\gamma^2 + N^{(1)}N^{(2)}\sigma_\alpha^2 + \sigma_\epsilon^2}\end{aligned}$$

we get

$$\begin{aligned}\sigma_\epsilon^2\Omega^{-1} &= \theta_1^* C_{11}^* + \theta_2^* C_{12}^* + \theta_3^* C_{13}^* + \theta_4^* J^* + W_1^* = \\ &= I - (1-\theta_1^*) B_i^* - (1-\theta_2^*) B_j^* - (1-\theta_3^*) B_s^* + (2 - \theta_1^* - \theta_2^* - \theta_3^* + \theta_4^*) J^*\end{aligned}$$

Model (2)

Proceeding likewise for model (2) we first build up the covariance matrix

$$
\begin{aligned}
u_{ijst} &= \mu_{ijs} + \epsilon_{ijst} \\
u_{ijs} &= \mu_{ijs} \otimes l_T + \epsilon_{ijs} \\
E[u_{ijs}u'_{ijs}] &= \sigma_\mu^2 J_T + \sigma_\epsilon^2 I_T \\
u_{ij} &= \mu_{ij} \otimes l_T + \epsilon_{ij} \\
E[u_{ij}u'_{ij}] &= \sigma_\mu^2 I_{N^{(3)}} J_T + \sigma_\epsilon^2 I_{N^{(3)}T} \\
u_i &= \mu_i \otimes l_T + \epsilon_i \\
E[u_i u'_i] &= \sigma_\mu^2 I_{N^{(2)}N^{(3)}} \otimes J_T + \sigma_\epsilon^2 I_{N^{(2)}N^{(3)}T} \\
u &= \mu \otimes l_T + \epsilon \\
E[uu'] &= \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T} = \Omega
\end{aligned}
$$

Then using

$$
\begin{aligned}
C_2 &= B_{ijs} - J \\
W_2 &= I - B_{ijs}
\end{aligned}
$$

we get for the covariance matrix

$$
\Omega = T\sigma_\mu^2 (C_2 + J) + \sigma_\epsilon^2 (W_2 + C_2 + J) = \left(T\sigma_\mu^2 + \sigma_\epsilon^2\right) J + \left(T\sigma_\mu^2 + \sigma_\epsilon^2\right) C_2 + \sigma_\epsilon^2 W_2
$$

and for the spectral decomposition

$$
\sigma_\epsilon^2 \Omega^{-1} = \theta J + \theta C_2 + W_2 = I - (1-\theta) B_{ijs}
$$

with

$$
\theta = \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + \sigma_\epsilon^2}
$$

The GLS estimator then is

$$
\hat{\beta}_{GLS} = \left[X' \left(I - (1-\theta)B_{ijs}\right) X\right]^{-1} X' \left(I - (1-\theta)B_{ijs}\right) y
$$

The GLS estimator is in fact an OLS estimator on the transformed model, where all the variable of the model are transformed like $\tilde{y}_{ijst} = y_{ijst} - (1-\theta) \sum_{t=1}^{T} \frac{1}{T} y_{ijst}$.

Model (3)

Proceeding in the same way as above for model (3) we get

$$
\begin{aligned}
u_{ijst} &= \mu_{ijs} + \lambda_t + \epsilon_{ijst} \\
E[uu'] &= \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T + \sigma_\lambda^2 J_{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T} = \Omega
\end{aligned}
$$

and so

$$\Omega = T\sigma_\mu^2 \left(C_{32} + J\right) + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 \left(C_{31} + J\right) + \sigma_\epsilon^2 \left(W_3 + C_{31} + C_{32} + J\right) =$$
$$= \left(T\sigma_\mu^2 + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2\right) J + \left(T\sigma_\mu^2 + \sigma_\epsilon^2\right) C_{32} + \left(N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2\right) C_{31} + \sigma_\epsilon^2 W_3$$

with

$$C_{31} = B_t - J$$
$$C_{32} = B_{ijs} - J$$
$$W_3 = I - C_{31} - C_{32} - J$$

For the spectral decomposition we get

$$\sigma_\epsilon^2 \Omega^{-1} = \theta_1 J + \theta_2 C_{32} + \theta_3 C_{31} + W_3 = I - \left(1 - \theta_2\right) B_{ijs} - \left(1 - \theta_3\right) B_t + \left(1 + \theta_1 - \theta_2 - \theta_3\right) J$$

with

$$\theta_1 = \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2}$$
$$\theta_2 = \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + \sigma_\epsilon^2}$$
$$\theta_3 = \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2}$$

Model (4)

For model (4) we get

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \epsilon_{ijst}$$
$$E[uu'] = \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T +$$
$$+ \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}$$

and

$$\Omega = N^{(3)}T\sigma_\mu^{(1)^2} \left(C_{41} + B_i + B_j - J\right) + N^{(2)}T\sigma_\mu^{(2)^2} \left(C_{42} + B_i + B_s - J\right) +$$
$$+ N^{(1)}T\sigma_\mu^{(3)^2} \left(C_{43} + B_j + B_s - J\right) + \sigma_\epsilon^2 \left(W_4 + B_i + B_j + B_s + C41 + C_{42} + C_{43} - 2J\right)$$
$$= \sigma_\epsilon^2 W_4 + + \left(N^{(3)}T\sigma_\mu^{(1)^2} + \sigma_\epsilon^2\right) C_{41} + \left(N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) C_{42} +$$
$$+ \left(N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) C_{43} + \left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) B_i +$$
$$+ \left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_j + \left(N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_s -$$
$$- \left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + 2\sigma_\epsilon^2\right) J$$

with

$$\begin{aligned}C_{41} &= B_{ij} - B_i - B_j + J \\ C_{42} &= B_{is} - B_i - B_s + J \\ C_{43} &= B_{js} - B_j - B_s + J \\ W_4 &= I - B_i - B_j - B_s - C_{41} - C_{42} - C_{43} + 2J\end{aligned}$$

The spectral decomposition now is

$$\begin{aligned}\sigma_\epsilon^2\Omega^{-1} &= W_4 + \theta_1 C_{41} + \theta_2 C_{42} + \theta_3 C_{43} + \theta_4 B_i + \theta_5 B_j + \theta_6 B_s - \theta_7 J = \\ &= I - (1-\theta_1)\, B_{ij} - (1-\theta_2)\, B_{is} - (1-\theta_3)\, B_{js} + (1-\theta_1-\theta_2+\theta_4)\, B_i + \\ &+ (1-\theta_1-\theta_3+\theta_5)\, B_j + (1-\theta_2-\theta_3+\theta_6)\, B_s - (1-\theta_1-\theta_2-\theta_3+\theta_7)\, J\end{aligned}$$

with

$$\begin{aligned}\theta_1 &= \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + \sigma_\epsilon^2} \\ \theta_2 &= \frac{\sigma_\epsilon^2}{N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2} \\ \theta_3 &= \frac{\sigma_\epsilon^2}{N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\ \theta_4 &= \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2} \\ \theta_5 &= \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\ \theta_6 &= \frac{\sigma_\epsilon^2}{N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\ \theta_7 &= \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + 2\sigma_\epsilon^2}\end{aligned}$$

This model seems to be the perfect choice when one is dealing with cross sectional data. In this case

$$\begin{aligned}E[uu'] = \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}} + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} + \\ + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}} = \Omega\end{aligned}$$

with the notation

$$\begin{aligned}C_{41}^* &= B_{ij}^* - B_i^* - B_j^* + J^* \\ C_{42}^* &= B_{is}^* - B_i^* - B_s^* + J^* \\ C_{43}^* &= B_{js}^* - B_j^* - B_s^* + J^* \\ W_4^* &= I^* - B_i^* - B_j^* - B_s^* - C_{41}^* - C_{42}^* - C_{43}^* + 2J^*\end{aligned}$$

we get

$$
\begin{aligned}
\Omega = {} & N^{(3)}\sigma_\mu^{(1)^2}\left(C_{41}^* + B_i^* + B_j^* - J^*\right) + N^{(2)}\sigma_\mu^{(2)^2}\left(C_{42}^* + B_i^* + B_s^* - J^*\right) + \\
& + N^{(1)}\sigma_\mu^{(3)^2}\left(C_{43}^* + B_j^* + B_s^* - J^*\right) + \\
& + \sigma_\epsilon^2\left(W_4^* + B_i^* + B_j^* + B_s^* + C_{41}^* + C_{42}^* + C_{43}^* - 2J^*\right) \\
= {} & \sigma_\epsilon^2 W_4^* + \left(N^{(3)}\sigma_\mu^{(1)^2} + \sigma_\epsilon^2\right) C_{41}^* + \left(N^{(2)}\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) C_{42}^* + \\
& + \left(N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) C_{43}^* + \left(N^{(3)}\sigma_\mu^{(1)^2} + N^{(2)}\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) B_i^* + \\
& + \left(N^{(3)}\sigma_\mu^{(1)^2} + N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_j^* + \left(N^{(2)}\sigma_\mu^{(2)^2} + N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_s^* - \\
& - \left(N^{(3)}\sigma_\mu^{(1)^2} + N^{(2)}\sigma_\mu^{(2)^2} + N^{(1)}\sigma_\mu^{(3)^2} + 2\sigma_\epsilon^2\right) J^*
\end{aligned}
$$

Introducing a similar notation than earlier

$$
\begin{aligned}
\theta_1^* &= \frac{\sigma_\epsilon^2}{N^{(3)}\sigma_\mu^{(1)^2} + \sigma_\epsilon^2} \\
\theta_2^* &= \frac{\sigma_\epsilon^2}{N^{(2)}\sigma_\mu^{(2)^2} + \sigma_\epsilon^2} \\
\theta_3^* &= \frac{\sigma_\epsilon^2}{N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\
\theta_4^* &= \frac{\sigma_\epsilon^2}{N^{(3)}\sigma_\mu^{(1)^2} + N^{(2)}\sigma_\mu^{(2)^2} + \sigma_\epsilon^2} \\
\theta_5^* &= \frac{\sigma_\epsilon^2}{N^{(3)}\sigma_\mu^{(1)^2} + N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\
\theta_6^* &= \frac{\sigma_\epsilon^2}{N^{(2)}\sigma_\mu^{(2)^2} + N^{(1)}\sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\
\theta_7^* &= \frac{\sigma_\epsilon^2}{N^{(3)}\sigma_\mu^{(1)^2} + N^{(2)}\sigma_\mu^{(2)^2} + N^{(1)}\sigma_\mu^{(3)^2} + 2\sigma_\epsilon^2}
\end{aligned}
$$

we get

$$
\begin{aligned}
\sigma_\epsilon^2\Omega^{-1} = {} & W_4^* + \theta_1^* C_{41}^* + \theta_2^* C_{42}^* + \theta_3^* C_{43}^* + \theta_4^* B_i^* + \theta_5^* B_j^* + \theta_6^* B_s^* - \theta_7^* J^* = \\
= {} & I^* - \left(1-\theta_1^*\right) B_{ij}^* - \left(1-\theta_2^*\right) B_{is}^* - \left(1-\theta_3^*\right) B_{js}^* + \left(1-\theta_1^*-\theta_2^*+\theta_4^*\right) B_i^* + \\
& + \left(1-\theta_1^*-\theta_3^*+\theta_5^*\right) B_j^* + \left(1-\theta_2^*-\theta_3^*+\theta_6^*\right) B_s^* - \\
& - \left(1-\theta_1^*-\theta_2^*-\theta_3^*+\theta_7^*\right) J^*
\end{aligned}
$$

Model (5)

For model (5) we get

$$
\begin{aligned}
u_{ijst} &= \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \lambda_t + \epsilon_{ijst} \\
E[uu'] = \Omega &= \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T \\
&\quad + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \sigma_\lambda^2 J_{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

This leads to

$$
\begin{aligned}
\Omega = {} & N^{(3)}T\sigma_\mu^{(1)^2}\left(C_{51} + B_i + B_j\right) + N^{(2)}T\sigma_\mu^{(2)^2}\left(C_{52} + B_i + B_s\right) + N^{(1)}T\sigma_\mu^{(3)^2}\left(C_{53} + B_s + B_j\right) + \\
& + N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 C_{54} + \sigma_\epsilon^2\left(W_5 + C_{51} + C_{52} + C_{53} + C_{54} + B_i + B_j + B_s\right) = \\
& = \sigma_\epsilon^2 W_5 + \left(N^{(3)}T\sigma_\mu^{(1)^2} + \sigma_\epsilon^2\right) C_{51} + \left(N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) C_{52} + \left(N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) C_{53} + \\
& + \left(N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2\right) C_{54} + \left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) B_i + \\
& + \left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_j + \left(N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) B_s
\end{aligned}
$$

with

$$
\begin{aligned}
C_{51} &= B_{ij} - B_i - B_j \\
C_{52} &= B_{is} - B_s - B_i \\
C_{53} &= B_{js} - B_s - B_j \\
C_{54} &= B_t \\
W_5 &= I - C_{51} - C_{52} - C_{53} - C_{54} - B_i - B_j - B_s
\end{aligned}
$$

and the spectral decomposition is

$$
\begin{aligned}
\sigma_\epsilon^2\Omega^{-1} &= W_5 + \theta_1 C_{51} + \theta_2 C_{52} + \theta_3 C_{53} + \theta_4 C_{54} + \theta_5 B_i + \theta_6 B_j + \theta_7 B_s = \\
&= I - (1-\theta_1)B_{ij} - (1-\theta_2)B_{is} - (1-\theta_3)B_{js} - (1-\theta_4)B_t + (1-\theta_1-\theta_2+\theta_5)B_i + \\
&+ (1-\theta_1-\theta_3+\theta_6)B_j + (1-\theta_2-\theta_3+\theta_7)B_s
\end{aligned}
$$

with

$$\theta_1 = \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + \sigma_\epsilon^2}$$
$$\theta_2 = \frac{\sigma_\epsilon^2}{N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2}$$
$$\theta_3 = \frac{\sigma_\epsilon^2}{N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2}$$
$$\theta_4 = \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}N^{(3)}\sigma_\lambda^2 + \sigma_\epsilon^2}$$
$$\theta_5 = \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2}$$
$$\theta_6 = \frac{\sigma_\epsilon^2}{N^{(3)}T\sigma_\mu^{(1)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + +\sigma_\epsilon^2}$$
$$\theta_7 = \frac{\sigma_\epsilon^2}{N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2}$$

Model (6)

For model (6) we get

$$\begin{aligned}
u_{ijst} &= \mu_{ijs} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \epsilon_{ijst} \\
E[uu'] &= \Omega = \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T + \sigma_v^{(1)^2} I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}} \otimes I_T + \\
&\quad + \sigma_v^{(2)^2} J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}} \otimes I_T + \sigma_v^{(3)^2} J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}T} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}$$

leading to

$$\begin{aligned}
\Omega &= T\sigma_\mu^2 (C_{61} + B_i + B_j + B_s - J) + N^{(2)}N^{(3)}\sigma_v^{(1)^2} (C_{62} + B_i + B_t - J) + \\
&+ N^{(1)}N^{(3)}\sigma_v^{(2)^2} (C_{63} + B_j + B_t - J) + N^{(1)}N^{(2)}\sigma_v^{(3)^2} (C_{64} + B_s + B_t - J) + \\
&+ \sigma_\epsilon^2 (W_6 + C_{61} + C_{62} + C_{63} + C_{64} + B_i + B_j + B_s + B_t - 2J) = \\
&= \left(T\sigma_\mu^2 + \sigma_\epsilon^2\right) C_{61} + \left(N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2\right) C_{62} + \left(N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2\right) C_{63} + \\
&+ \left(N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) C_{64} + \left(T\sigma_\mu^2 + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2\right) B_i + \\
&+ \left(T\sigma_\mu^2 + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2\right) B_j + \left(T\sigma_\mu^2 + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) B_s + \\
&+ \left(N^{(2)}N^{(3)}\sigma_v^{(1)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) B_t - \\
&- \left(T\sigma_\mu^2 + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + 2\sigma_\epsilon^2\right) J + \sigma_\epsilon^2 W_6
\end{aligned}$$

with

$$
\begin{aligned}
C_{61} &= B_{ijs} - B_i - B_j - B_s + J \\
C_{62} &= B_{it} - B_i - B_t + J \\
C_{63} &= B_{jt} - B_j - B_t + J \\
C_{64} &= B_{st} - B_s - B_t + J \\
W_6 &= I - C_{61} - C_{62} - C_{63} - C_{64} - B_i - B_j - B_s - B_t + 2J
\end{aligned}
$$

The spectral decomposition now is

$$
\begin{aligned}
\sigma_\epsilon^2 \Omega^{-1} &= W_6 + \theta_1 C_{61} + \theta_2 C_{62} + \theta_3 C_{63} + \theta_4 C_{64} + \theta_5 B_i + \theta_6 B_j + \theta_7 B_s + \theta_8 B_t - \theta_9 J = \\
&= I - (1-\theta_1) B_{ijs} - (1-\theta_2) B_{it} - (1-\theta_3) B_{jt} - (1-\theta_4) B_{st} + (1-\theta_1-\theta_2+\theta_5) B_i + \\
&+ (1-\theta_1-\theta_3+\theta_6) B_j + (1-\theta_1-\theta_4+\theta_7) B_s + (2-\theta_2-\theta_3-\theta_4+\theta_8) B_t - \\
&- (2-\theta_1-\theta_2-\theta_3-\theta_4+\theta_9) J
\end{aligned}
$$

with

$$
\begin{aligned}
\theta_1 &= \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + \sigma_\epsilon^2} \\
\theta_2 &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2} \\
\theta_3 &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2} \\
\theta_4 &= \frac{\sigma_\epsilon^2}{N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_5 &= \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2} \\
\theta_6 &= \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2} \\
\theta_7 &= \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_8 &= \frac{\sigma_\epsilon^2}{N^{(2)}N^{(3)}\sigma_v^{(1)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_9 &= \frac{\sigma_\epsilon^2}{T\sigma_\mu^2 + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + 2\sigma_\epsilon^2}
\end{aligned}
$$

Model (7)

And finally, for model (7) we get

$$
\begin{aligned}
u_{ijst} &= \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \epsilon_{ijst} \\
E[uu'] &= \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T + \\
&\quad + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \sigma_v^{(1)^2} I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}} \otimes I_T + \\
&\quad + \sigma_v^{(2)^2} J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}} \otimes I_T + \sigma_v^{(3)^2} J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}T} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

leading to

$$
\begin{aligned}
\Omega &= N^{(3)}T\sigma_\mu^{(1)^2}\left(C_{71} + B_i + B_j - J\right) + N^{(2)}T\sigma_\mu^{(2)^2}\left(C_{72} + B_i + B_s - J\right) + \\
&+ N^{(1)}T\sigma_\mu^{(3)^2}\left(C_{73} + B_j + B_s - J\right) + N^{(2)}N^{(3)}\sigma_v^{(1)^2}\left(C_{74} + B_i + B_t - J\right) + \\
&+ N^{(1)}N^{(3)}\sigma_v^{(2)^2}\left(C_{75} + B_j + B_t - J\right) + N^{(1)}N^{(2)}\sigma_v^{(3)^2}\left(C_{76} + B_s + B_t - J\right) + \\
&+ \sigma_\epsilon^2\left(W_7 + C_{71} + C_{72} + C_{73} + C_{75} + C_{76} + B_i + B_j + B_s + B_t - 3J\right) = \\
&= \sigma_\epsilon^2 W_7 + C_{71}\left(N^{(3)}T\sigma_\mu^{(1)^2} + \sigma_\epsilon^2\right) + C_{72}\left(N^{(2)}T\sigma_\mu^{(2)^2} + \sigma_\epsilon^2\right) + C_{73}\left(N^{(1)}T\sigma_\mu^{(3)^2} + \sigma_\epsilon^2\right) + \\
&+ C_{74}\left(N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2\right) + C_{75}\left(N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2\right) + \\
&+ C_{76}\left(N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) + B_i\left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \sigma_\epsilon^2\right) + \\
&+ B_j\left(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + \sigma_\epsilon^2\right) + \\
&+ B_s\left(N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) \\
&+ B_t\left(N^{(2)}N^{(3)}\sigma_v^{(1)^2} + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + \sigma_\epsilon^2\right) - \\
&- J\Bigg(N^{(3)}T\sigma_\mu^{(1)^2} + N^{(2)}T\sigma_\mu^{(2)^2} + N^{(1)}T\sigma_\mu^{(3)^2} + N^{(2)}N^{(3)}\sigma_v^{(1)^2} + \\
&\qquad + N^{(1)}N^{(3)}\sigma_v^{(2)^2} + N^{(1)}N^{(2)}\sigma_v^{(3)^2} + 3\sigma_\epsilon^2\Bigg)
\end{aligned}
$$

with

$$
\begin{aligned}
C_{71} &= B_{ij} - B_i - B_j + J \\
C_{72} &= B_{is} - B_i - B_s + J \\
C_{73} &= B_{js} - B_j - B_s + J \\
C_{74} &= B_{it} - B_i - B_t + J \\
C_{75} &= B_{jt} - B_j - B_t + J \\
C_{76} &= B_{st} - B_s - B_t + J \\
W_7 &= I - C_{71} - C_{72} - C_{73} - C_{74} - C_{75} - C_{76} - B_i - B_j - B_s - B_t + 3J
\end{aligned}
$$

The spectral decomposition now is

$$
\begin{aligned}
\sigma_\epsilon^2\Omega^{-1} &= W_7 + \theta_1 C_{71} + \theta_2 C_{72} + \theta_3 C73 + \theta_4 C_{74} + \theta_5 C_{75} + \theta_6 C_{76} + \theta_7 B_i + \theta_8 B_j + \\
&\qquad + \theta_9 B_s + \theta_{10} B_t - \theta_{11} J = \\
&= I - (1-\theta_1) B_{ij} - (1-\theta_2) B_{is} - (1-\theta_3) B_{js} - (1-\theta_4) B_{it} - (1-\theta_5) B_{jt} - \\
&- (1-\theta_6) B_{st} + (2-\theta_1-\theta_2-\theta_4+\theta_7) B_i + (2-\theta_1-\theta_3-\theta_5+\theta_8) B_j + \\
&+ (2-\theta_2-\theta_3-\theta_6+\theta_9) B_s + (2-\theta_4-\theta_5-\theta_6+\theta_{10}) B_t - \\
&- (3-\theta_1-\theta_2-\theta_3-\theta_4-\theta_5-\theta_6+\theta_{11}) J
\end{aligned}
$$

with

$$
\begin{aligned}
\theta_1 &= \frac{\sigma_\epsilon^2}{N^{(3)} T \sigma_\mu^{(1)^2} + \sigma_\epsilon^2} \\
\theta_2 &= \frac{\sigma_\epsilon^2}{N^{(2)} T \sigma_\mu^{(2)^2} + \sigma_\epsilon^2} \\
\theta_3 &= \frac{\sigma_\epsilon^2}{N^{(1)} T \sigma_\mu^{(3)^2} + \sigma_\epsilon^2} \\
\theta_4 &= \frac{\sigma_\epsilon^2}{N^{(2)} N^{(3)} \sigma_v^{(1)^2} + \sigma_\epsilon^2} \\
\theta_5 &= \frac{\sigma_\epsilon^2}{N^{(1)} N^{(3)} \sigma_v^{(2)^2} + \sigma_\epsilon^2} \\
\theta_6 &= \frac{\sigma_\epsilon^2}{N^{(1)} N^{(2)} \sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_7 &= \frac{\sigma_\epsilon^2}{N^{(3)} T \sigma_\mu^{(1)^2} + N^{(2)} T \sigma_\mu^{(2)^2} + N^{(2)} N^{(3)} \sigma_v^{(1)^2} + \sigma_\epsilon^2} \\
\theta_8 &= \frac{\sigma_\epsilon^2}{N^{(3)} T \sigma_\mu^{(1)^2} + N^{(1)} T \sigma_\mu^{(3)^2} + N^{(1)} N^{(3)} \sigma_v^{(2)^2} + \sigma_\epsilon^2} \\
\theta_9 &= \frac{\sigma_\epsilon^2}{N^{(2)} T \sigma_\mu^{(2)^2} + N^{(1)} T \sigma_\mu^{(3)^2} + N^{(1)} N^{(2)} \sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_{10} &= \frac{\sigma_\epsilon^2}{N^{(2)} N^{(3)} \sigma_v^{(1)^2} + N^{(1)} N^{(3)} \sigma_v^{(2)^2} + N^{(1)} N^{(2)} \sigma_v^{(3)^2} + \sigma_\epsilon^2} \\
\theta_{11} &= \frac{\sigma_\epsilon^2}{N^{(3)} T \sigma_\mu^{(1)^2} + N^{(2)} T \sigma_\mu^{(2)^2} + N^{(1)} T \sigma_\mu^{(3)^2} + N^{(2)} N^{(3)} \sigma_v^{(1)^2} + A} \\
A &= N^{(1)} N^{(3)} \sigma_v^{(2)^2} + N^{(1)} N^{(2)} \sigma_v^{(3)^2} + 3\sigma_\epsilon^2
\end{aligned}
$$

3.2 Estimation of the Variance Components

In order to make the GLS estimator feasible we need to estimate the variance components of the different models. Given the four dimensions this quite tedious and unfortunately there is no way to go around. This is done below for all models in two steps. First, using the appropriate Within transformation for each model which cancels out the specific effects (see *Matyas and Balazsi* [2012]), identifying equations are derived for the unknown variance components. Then, using these identifying equations, estimators for the variance components are derived one by one.

Model (1)

The Within transformation that cancels out the specific effects for this model is

$$u_{ijst} - \bar{u}_i - \bar{u}_j - \bar{u}_s - \bar{u}_t + 3\bar{u} = \epsilon_{ijst} - \bar{\epsilon}_i - \bar{\epsilon}_j - \bar{\epsilon}_s - \bar{\epsilon}_t + 3\bar{\epsilon}$$

which leads to the following identifying equations

$$E\left[(u_{ijst} - \bar{u}_i - \bar{u}_j - \bar{u}_s - \bar{u}_t + 3\bar{u})^2\right] = \sigma_\epsilon^2 \frac{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)} - N^{(2)} - N^{(3)} - T + 3}{N^{(1)}N^{(2)}N^{(3)}T}$$

$$E\left[u_{ijst}^2\right] = E\left[(\mu_i + \gamma_j + \alpha_s + \lambda_t + \epsilon_{ijst})^2\right] = \sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{T}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = E\left[\left(\frac{1}{T}\sum_{t=1}^{T}(\mu_i + \gamma_j + \alpha_s + \lambda_t + \epsilon_{ijst})\right)^2\right] =$$

$$= E\left[\mu_i^2\right] + E\left[\gamma_j^2\right] + E\left[\alpha_s^2\right] + \frac{1}{T^2}E\left[\sum_{t=1}^{T}\lambda_t^2\right] + \frac{1}{T^2}E\left[\sum_{t=1}^{T}\epsilon_{ijst}^2\right] =$$

$$= \sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \frac{1}{T}\sigma_\lambda^2 + \frac{1}{T}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \sigma_\mu^2 + \frac{1}{N^{(2)}}\sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

So the appropriate estimators for the variance components are

$$
\begin{aligned}
\hat{\sigma}_\epsilon^2 &= \frac{N^{(1)}N^{(2)}N^{(3)}T}{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)} - N^{(2)} - N^{(3)} - T + 3}\hat{u}'_{within}\hat{u}_{within} \\
\hat{\sigma}_\mu^2 &= \frac{1}{\left(N^{(1)}-1\right)N^{(2)}N^{(3)}T}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}^2 - \frac{1}{N^{(1)}}\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}\right)^2\right) - \hat{\sigma}_\epsilon^2 \\
\hat{\sigma}_\gamma^2 &= \frac{1}{N^{(1)}\left(N^{(2)}-1\right)N^{(3)}T}\sum_i^{N^{(1)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}^2 - \frac{1}{N^{(2)}}\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2\right) - \hat{\sigma}_\epsilon^2 \\
\hat{\sigma}_\lambda^2 &= \frac{1}{N^{(1)}N^{(2)}N^{(3)}(T-1)}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\left(\sum_t^{T}\hat{u}_{ijst}^2 - \frac{1}{T}\left(\sum_t^{T}\hat{u}_{ijst}\right)^2\right) - \hat{\sigma}_\epsilon^2 \\
\hat{\sigma}_\alpha^2 &= \frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\hat{u}_{ijst}^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\gamma^2 - \hat{\sigma}_\lambda^2 - \hat{\sigma}_\epsilon^2
\end{aligned}
$$

where the "within" index means that it is the residual obtained from the appropriate Within estimation of the model.

For cross sectional data only, the Within transformation that cancels out the specific effects for this model is

$$u_{ijs} - \bar{u}_i - \bar{u}_j - \bar{u}_s + 2\bar{u} = \epsilon_{ijs} - \bar{\epsilon}_i - \bar{\epsilon}_j - \bar{\epsilon}_s + 2\bar{\epsilon}$$

which leads us to the following identification equations

$$
\begin{aligned}
E\left[\left(u_{ijs} - \bar{u}_i - \bar{u}_j - \bar{u}_s + 2\bar{u}\right)^2\right] &= \sigma_\epsilon^2\frac{N^{(1)}N^{(2)}N^{(3)} - N^{(1)} - N^{(2)} - N^{(3)} + 2}{N^{(1)}N^{(2)}N^{(3)}} \\
E\left[u_{ijs}^2\right] &= \sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\epsilon^2 \\
E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijs}\right)^2\right] &= \frac{1}{N^{(1)}}\sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 \\
E\left[\left(\frac{1}{N^{(2)}}\sum_{i=1}^{N^{(2)}}u_{ijs}\right)^2\right] &= \sigma_\mu^2 + \frac{1}{N^{(2)}}\sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2
\end{aligned}
$$

Thus the estimators for the variance components are

$$\hat{\sigma}^2_\epsilon = \frac{N^{(1)}N^{(2)}N^{(3)}}{N^{(1)}N^{(2)}N^{(3)} - N^{(1)} - N^{(2)} - N^{(3)} + 2}\hat{u}'_{within}\hat{u}_{within}$$

$$\hat{\sigma}^2_\mu = \frac{1}{\left(N^{(1)} - 1\right) N^{(2)}N^{(3)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \left(\sum_i^{N^{(1)}} \hat{u}^2_{ijs} - \frac{1}{N^{(1)}} \left(\sum_i^{N^{(1)}} \hat{u}_{ijs} \right)^2 \right) - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}^2_\gamma = \frac{1}{N^{(1)} \left(N^{(2)} - 1\right) N^{(3)}} \sum_i^{N^{(1)}} \sum_s^{N^{(3)}} \left(\sum_j^{N^{(2)}} \hat{u}^2_{ijs} - \frac{1}{N^{(2)}} \left(\sum_j^{N^{(2)}} \hat{u}_{ijs} \right)^2 \right) - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}^2_\alpha = \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \hat{u}^2_{ijs} - \hat{\sigma}^2_\mu - \hat{\sigma}^2_\gamma - \hat{\sigma}^2_\epsilon$$

Model (2)

The Within transformation now is

$$u_{ijst} - \bar{u}_{ijs} = \epsilon_{ijst} - \bar{\epsilon}_{ijs}$$

The identifying equations are

$$E\left[(u_{ijst} - \bar{u}_{ijs})^2\right] = E\left[(\epsilon_{ijst} - \bar{\epsilon}_{ijs})^2\right] = E\left[\epsilon^2_{ijst} - 2\epsilon_{ijst}\bar{\epsilon}_{ijs} + \bar{\epsilon}^2_{ijs}\right] =$$
$$= \sigma^2_\epsilon - \frac{2}{T}\sigma^2_\epsilon + \frac{1}{T}\sigma^2_\epsilon = \sigma^2_\epsilon \frac{T-1}{T}$$

$$E\left[{u^\star}^2_{ijst}\right] = E\left[(\mu_{ij} + \epsilon_{ijst})^2\right] = E\left[\mu^2_{ij}\right] + E\left[\epsilon^2_{ijst}\right] = \sigma^2_\mu + \sigma^2_\epsilon$$

So the estimators for the variance components are

$$\hat{\sigma}^2_\epsilon = \frac{T}{T-1}\hat{u}'_{within}\hat{u}_{within}$$
$$\hat{\sigma}^2_\mu = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \sum_t^{T} \hat{u}^2_{ijst} - \hat{\sigma}^2_\epsilon$$

Model (3)

The Within transformation is

$$u_{ijst} - \bar{u}_{ijs} - \bar{u}_t + \bar{u} = \epsilon_{ijst} - \bar{\epsilon}_{ijs} - \bar{\epsilon}_t + \bar{\epsilon}$$

which leads to the following identifying equations

$$
\begin{aligned}
& E\left[\left(u_{ijst}-\bar{u}_{ijs}-\bar{u}_t+\bar{u}\right)^2\right]=E\left[\left(\epsilon_{ijst}-\bar{\epsilon}_{ijs}-\bar{\epsilon}_t+\bar{\epsilon}\right)^2\right]= \\
& \quad =E\left[\epsilon_{ijst}^2\right]+E\left[\bar{\epsilon}_{ijs}^2\right]+E\left[\bar{\epsilon}_t^2\right]+E\left[\bar{\epsilon}^2\right]-2E\left[\epsilon_{ijst}\bar{\epsilon}_{ijs}\right]-2E\left[\epsilon_{ijst}\bar{\epsilon}_t\right]+ \\
& \quad +2E\left[\epsilon_{ijst}\bar{\epsilon}\right]+2E\left[\bar{\epsilon}_{ijs}\bar{\epsilon}_t\right]-2E\left[\bar{\epsilon}_{ijs}\bar{\epsilon}\right]-2E\left[\bar{\epsilon}_t\bar{\epsilon}\right]= \\
& \quad =\sigma_\epsilon^2+\frac{1}{T}\sigma_\epsilon^2+\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sigma_\epsilon^2+\frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sigma_\epsilon^2-\frac{2}{T}\sigma_\epsilon^2-\frac{2}{N^{(1)}N^{(2)}N^{(3)}}\sigma_\epsilon^2+ \\
& \quad +\frac{2}{N^{(1)}N^{(2)}N^{(3)}T}\sigma_\epsilon^2+\frac{2}{N^{(1)}N^{(2)}N^{(3)}T}\sigma_\epsilon^2-\frac{2}{N^{(1)}N^{(2)}N^{(3)}T}\sigma_\epsilon^2- \\
& \quad -\frac{2}{N^{(1)}N^{(2)}N^{(3)}T}\sigma_\epsilon^2=\sigma_\epsilon^2\frac{\left(N^{(1)}N^{(2)}N^{(3)}-1\right)(T-1)}{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

The estimators for the variance components now are

$$
\begin{aligned}
\hat{\sigma}_\epsilon^2 &= \frac{N^{(1)}N^{(2)}N^{(3)}T}{\left(N^{(1)}N^{(2)}N^{(3)}-1\right)(T-1)}\hat{u}'_{within}\hat{u}_{within} \\
\hat{\sigma}_\mu^2 &= \frac{1}{N^{(1)}N^{(2)}N^{(3)}T(T-1)}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\left(\left(\sum_t^T\hat{u}_{ijst}\right)^2-\sum_t^T\hat{u}_{ijst}^2\right) \\
\hat{\sigma}_\lambda^2 &= \frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^T\hat{u}_{ijst}^2-\hat{\sigma}_\mu^2-\hat{\sigma}_\epsilon^2
\end{aligned}
$$

Model (4)

The Within transformation now is

$$
u_{ijst}-\bar{u}_{ij}-\bar{u}_{is}-\bar{u}_{js}+\bar{u}_i+\bar{u}_j+\bar{u}_s-\bar{u}
$$

The identifying equations are

$$
\begin{aligned}
& E\left[\left(u_{ijst}-\bar{u}_{ij}-\bar{u}_{is}-\bar{u}_{js}+\bar{u}_i+\bar{u}_j+\bar{u}_s-\bar{u}\right)^2\right]= \\
& =\sigma_\epsilon^2\frac{N^{(1)}N^{(2)}N^{(3)}T-N^{(1)}N^{(2)}-N^{(1)}N^{(3)}-N^{(2)}N^{(3)}+N^{(1)}+N^{(2)}+N^{(3)}-1}{N^{(1)}N^{(2)}N^{(3)}T} \\
& E\left[u_{ijst}^2\right]=\sigma_\mu^{(1)^2}+\sigma_\mu^{(2)^2}+\sigma_\mu^{(3)^2}+\sigma_\epsilon^2 \\
& E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}}\sigma_\mu^{(2)^2}+\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_\epsilon^2 \\
& E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}}\sigma_\mu^{(1)^2}+\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(2)}}\sigma_\epsilon^2
\end{aligned}
$$

The estimators of the variance components now are

$$\hat{\sigma}_\epsilon^2 = \frac{N^{(1)}N^{(2)}N^{(3)}T}{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)}N^{(2)} - N^{(1)}N^{(3)} - N^{(2)}N^{(3)} + N^{(1)} + N^{(2)} + N^{(3)} - 1}\hat{u}'_{with}\hat{u}_{with}$$

$$\hat{\sigma}_\mu^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}\right)^2 - \sum_i^{N^{(1)}}\hat{u}_{ijst}^2\right)$$

$$\hat{\sigma}_\mu^{(2)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)}\sum_i^{N^{(1)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2 - \sum_j^{N^{(2)}}\hat{u}_{ijst}^2\right)$$

$$\hat{\sigma}_\mu^{(1)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\hat{u}_{ijst}^2 - \hat{\sigma}_\mu^{(2)^2} - \hat{\sigma}_\mu^{(3)^2} - \hat{\sigma}_\epsilon^2$$

For cross sectional data only, the Within transformation now is

$$u_{ijs} - \bar{u}_{ij} - \bar{u}_{is} - \bar{u}_{js} + \bar{u}_i + \bar{u}_j + \bar{u}_s - \bar{u}$$

The identifying equations are

$$E\left[\left(u_{ijs} - \bar{u}_{ij} - \bar{u}_{is} - \bar{u}_{js} + \bar{u}_i + \bar{u}_j + \bar{u}_s - \bar{u}\right)^2\right] =$$
$$= \sigma_\epsilon^2\frac{N^{(1)}N^{(2)}N^{(3)} - N^{(1)}N^{(2)} - N^{(1)}N^{(3)} - N^{(2)}N^{(3)} + N^{(1)} + N^{(2)} + N^{(3)} - 1}{N^{(1)}N^{(2)}N^{(3)}}$$

$$E\left[u_{ijs}^2\right] = \sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijs}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^{(1)^2} + \frac{1}{N^{(1)}}\sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{i=1}^{N^{(2)}}u_{ijs}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \frac{1}{N^{(2)}}\sigma_\mu^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

And so the estimators of variance components now are

$$\hat{\sigma}_{\epsilon}^{2} = \frac{N^{(1)}N^{(2)}N^{(3)}}{N^{(1)}N^{(2)}N^{(3)} - N^{(1)}N^{(2)} - N^{(1)}N^{(3)} - N^{(2)}N^{(3)} + N^{(1)} + N^{(2)} + N^{(3)} - 1} \times$$
$$\times \hat{u}'_{within}\hat{u}_{within}$$

$$\hat{\sigma}_{\mu}^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}\left(N^{(1)}-1\right)} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \left(\left(\sum_{i}^{N^{(1)}} \hat{u}_{ijs} \right)^2 - \sum_{i}^{N^{(1)}} \hat{u}_{ijs}^2 \right)$$

$$\hat{\sigma}_{\mu}^{(2)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}\left(N^{(2)}-1\right)} \sum_{i}^{N^{(1)}} \sum_{s}^{N^{(3)}} \left(\left(\sum_{j}^{N^{(2)}} \hat{u}_{ijs} \right)^2 - \sum_{j}^{N^{(2)}} \hat{u}_{ijs}^2 \right)$$

$$\hat{\sigma}_{\mu}^{(1)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \hat{u}_{ijs}^2 - \hat{\sigma}_{\mu}^{(2)^2} - \hat{\sigma}_{\mu}^{(3)^2} - \hat{\sigma}_{\epsilon}^2$$

Model (5)

The Within transformation now is

$$u_{ijst} - \bar{u}_{ij} - \bar{u}_{is} - \bar{u}_{js} - \bar{u}_t + \bar{u}_i + \bar{u}_j + \bar{u}_s$$

The identifying equations are

$$E\left[\left(u_{ijst} - \bar{u}_{ij} - \bar{u}_{is} - \bar{u}_{js} - \bar{u}_t + \bar{u}_i + \bar{u}_j + \bar{u}_s\right)^2\right] =$$
$$= \sigma_{\epsilon}^2 \frac{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)}N^{(2)} - N^{(1)}N^{(3)} - N^{(2)}N^{(3)} - T + N^{(1)} + N^{(2)} + N^{(3)}}{N^{(1)}N^{(2)}N^{(3)}T}$$

$$E\left[u_{ijst}^2\right] = \sigma_{\mu}^{(1)^2} + \sigma_{\mu}^{(2)^2} + \sigma_{\mu}^{(3)^2} + \sigma_{\lambda}^2 + \sigma_{\epsilon}^2$$

$$E\left[\left(\frac{1}{T}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = \sigma_{\mu}^{(1)^2} + \sigma_{\mu}^{(2)^2} + \sigma_{\mu}^{(3)^2} + \frac{1}{T}\sigma_{\lambda}^2 + \frac{1}{T}\sigma_{\epsilon}^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_{\mu}^{(1)^2} + \frac{1}{N^{(1)}}\sigma_{\mu}^{(2)^2} + \sigma_{\mu}^{(3)^2} + \sigma_{\lambda}^2 + \frac{1}{N^{(1)}}\sigma_{\epsilon}^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_{\mu}^{(1)^2} + \sigma_{\mu}^{(2)^2} + \frac{1}{N^{(2)}}\sigma_{\mu}^{(3)^2} + \sigma_{\lambda}^2 + \frac{1}{N^{(2)}}\sigma_{\epsilon}^2$$

The estimators of the variance components now are

$$\hat{\sigma}_\epsilon^2 = \frac{N^{(1)}N^{(2)}N^{(3)}T}{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)}N^{(2)} - N^{(1)}N^{(3)} - N^{(2)}N^{(3)} - T + N^{(1)} + N^{(2)} + N^{(3)}} \hat{u}'_{with}\hat{u}_{with}$$

$$\hat{\sigma}_\lambda^2 = \frac{1}{N^{(1)}N^{(2)}N^{(3)}(T-1)} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \left(\sum_t^T \hat{u}_{ijst}^2 - \frac{1}{T}\left(\sum_t^T \hat{u}_{ijst}\right)^2 \right) - \hat{\sigma}_\epsilon^2$$

$$\hat{\sigma}_\mu^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \sum_t^T \left(\left(\sum_i^{N^{(1)}} \hat{u}_{ijst}\right)^2 - \sum_i^{N^{(1)}} \hat{u}_{ijst}^2 \right) - \hat{\sigma}_\lambda^2$$

$$\hat{\sigma}_\mu^{(2)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)} \sum_i^{N^{(1)}} \sum_s^{N^{(3)}} \sum_t^T \left(\left(\sum_j^{N^{(2)}} \hat{u}_{ijst}\right)^2 - \sum_j^{N^{(2)}} \hat{u}_{ijst}^2 \right) - \hat{\sigma}_\lambda^2$$

$$\hat{\sigma}_\mu^{(1)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \sum_t^T \hat{u}_{ijst}^2 - \hat{\sigma}_\mu^{(2)^2} - \hat{\sigma}_\mu^{(3)^2} - \hat{\sigma}_\lambda^2 - \hat{\sigma}_\epsilon^2$$

Model (6)

The Within transformation now is

$$u_{ijst} - \bar{u}_{ijs} - \bar{u}_{it} - \bar{u}_{jt} - \bar{u}_{st} + \bar{u}_i + \bar{u}_j + \bar{u}_s + 2\bar{u}_t - 2\bar{u}$$

and the identifying equations are

$$E\left[\left(u_{ijst} - \bar{u}_{ijs} - \bar{u}_{it} - \bar{u}_{jt} - \bar{u}_{st} + \bar{u}_i + \bar{u}_j + \bar{u}_s + 2\bar{u}_t - 2\bar{u}\right)^2\right] =$$

$$= \sigma_\epsilon^2 \frac{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)}N^{(2)}N^{(3)} - N^{(1)}T - N^{(2)}T - N^{(3)}T + N^{(1)} + N^{(2)} + N^{(3)} + 2T - 2}{N^{(1)}N^{(2)}N^{(3)}T}$$

$$E\left[u_{ijst}^2\right] = \sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{T}\sum_{t=1}^T u_{ijst}\right)^2\right] = \sigma_\mu^2 + \frac{1}{T}\sigma_v^{(1)^2} + \frac{1}{T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + \frac{1}{T}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

The estimators of the variance components now are

$$\hat{\sigma}^2_\epsilon = \frac{N^{(1)}N^{(2)}N^{(3)}T}{N^{(1)}N^{(2)}N^{(3)}T - N^{(1)}N^{(2)}N^{(3)} - N^{(1)}T - N^{(2)}T - N^{(3)}T + A}\hat{u}'_{within}\hat{u}_{within}$$

$$\text{with } A = N^{(1)} + N^{(2)} + N^{(3)} + 2T - 2$$

$$\hat{\sigma}^2_\mu = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T(T-1)} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \left(\left(\sum_t^T \hat{u}_{ijst} \right)^2 - \sum_t^T \hat{u}^2_{ijst} \right)$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{\left(N^{(1)}-1\right) N^{(2)}N^{(3)}T} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \sum_t^T \left(\sum_i^{N^{(1)}} \hat{u}^2_{ijst} - \frac{1}{N^{(1)}} \left(\sum_i^{N^{(1)}} \hat{u}_{ijst} \right)^2 \right) - \hat{\sigma}^2_\mu - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{N^{(1)} \left(N^{(2)}-1\right) N^{(3)}T} \sum_i^{N^{(1)}} \sum_s^{N^{(3)}} \sum_t^T \left(\sum_j^{N^{(2)}} \hat{u}^2_{ijst} - \frac{1}{N^{(2)}} \left(\sum_j^{N^{(2)}} \hat{u}_{ijst} \right)^2 \right) - \hat{\sigma}^2_\mu - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}_v^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T} \sum_i^{N^{(1)}} \sum_j^{N^{(2)}} \sum_s^{N^{(3)}} \sum_t^T \hat{u}^2_{ijst} - \hat{\sigma}^2_\mu - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \hat{\sigma}^2_\epsilon$$

Model (7)

The Within transformation for this last model is

$$u_{ijst} - \bar{u}_{ij} - \bar{u}_{is} - \bar{u}_{js} - \bar{u}_{it} - \bar{u}_{jt} - \bar{u}_{st} + 2\bar{u}_i + 2\bar{u}_j + 2\bar{u}_s + 2\bar{u}_t - 3\bar{u}$$

The identifying equations are

$$E\left[\left(u_{ijst}-\bar{u}_{ij}-\bar{u}_{is}-\bar{u}_{js}-\bar{u}_{it}-\bar{u}_{jt}-\bar{u}_{st}+2\bar{u}_i+2\bar{u}_j+2\bar{u}_s+2\bar{u}_t-3\bar{u}\right)^2\right]=$$

$$=\sigma_\epsilon^2\frac{N^{(1)}N^{(2)}N^{(3)}T-N^{(1)}N^{(2)}-N^{(1)}N^{(3)}-N^{(2)}N^{(3)}-N^{(1)}T-N^{(2)}T-N^{(3)}T+A}{N^{(1)}N^{(2)}N^{(3)}T}$$

$$\text{with } A=2N^{(1)}+2N^{(2)}+2N^{(3)}+2T-3$$

$$E\left[u_{ijst}^2\right]=\sigma_\mu^{(1)^2}+\sigma_\mu^{(2)^2}+\sigma_\mu^{(3)^2}+\sigma_v^{(1)^2}+\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}}\sigma_\mu^{(2)^2}+\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+\frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}}\sigma_\mu^{(1)^2}+\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}}\sigma_\mu^{(3)^2}+\sigma_v^{(1)^2}+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+\frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\sigma_\mu^{(1)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(3)^2}+\sigma_v^{(1)^2}+\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+\frac{1}{N^{(3)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+$$

$$+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+\frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+$$

$$+\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\epsilon^2$$

Finally, the estimators of the variance components are

$$\hat{\sigma}_\epsilon^2=\frac{N^{(1)}N^{(2)}N^{(3)}T}{N^{(1)}N^{(2)}N^{(3)}T-N^{(1)}N^{(2)}-N^{(1)}N^{(3)}-N^{(2)}N^{(3)}+A}\hat{u}_{within}'\hat{u}_{within}$$

$$\text{with } A=-N^{(1)}T-N^{(2)}T-N^{(3)}T+2N^{(1)}+2N^{(2)}+2N^{(3)}+2T-3$$

$$\hat{\sigma}_v^{(3)^2}=\frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)\left(N^{(2)}-1\right)}\times$$

$$\times\sum_s^{N^{(3)}}\sum_t^{T}\left(\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\hat{u}_{ijst}^2-\sum_i^{N^{(1)}}\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2-\sum_j^{N^{(2)}}\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}\right)^2+\left(\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2\right)$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)\left(N^{(3)}-1\right)}\times$$
$$\times\sum_j^{N^{(2)}}\sum_t^{T}\left(\sum_i^{N^{(1)}}\sum_s^{N^{(3)}}\hat{u}_{ijst}^2-\sum_i^{N^{(1)}}\left(\sum_s^{N^{(3)}}\hat{u}_{ijst}\right)^2-\sum_s^{N^{(3)}}\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}\right)^2+\left(\sum_i^{N^{(1)}}\sum_s^{N^{(3)}}\hat{u}_{ijst}\right)^2\right)$$
$$\hat{\sigma}_v^{(1)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)\left(N^{(3)}-1\right)}\times$$
$$\times\sum_i^{N^{(2)}}\sum_t^{T}\left(\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\hat{u}_{ijst}^2-\sum_j^{N^{(2)}}\left(\sum_s^{N^{(3)}}\hat{u}_{ijst}\right)^2-\sum_s^{N^{(3)}}\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2+\left(\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\hat{u}_{ijst}\right)^2\right)$$
$$\hat{\sigma}_\mu^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\left(\sum_i^{N^{(1)}}\hat{u}_{ijst}\right)^2-\sum_i^{N^{(1)}}\hat{u}_{ijst}^2\right)-\hat{\sigma}_v^{(2)^2}-\hat{\sigma}_v^{(3)^2}$$
$$\hat{\sigma}_\mu^{(2)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)}\sum_i^{N^{(1)}}\sum_s^{N^{(3)}}\sum_t^{T}\left(\left(\sum_j^{N^{(2)}}\hat{u}_{ijst}\right)^2-\sum_j^{N^{(2)}}\hat{u}_{ijst}^2\right)-\hat{\sigma}_v^{(1)^2}-\hat{\sigma}_v^{(3)^2}$$
$$\hat{\sigma}_\mu^{(1)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T}\hat{u}_{ijst}^2-\hat{\sigma}_\mu^{(2)^2}-\hat{\sigma}_\mu^{(3)^2}-\hat{\sigma}_v^{(1)^2}-\hat{\sigma}_v^{(2)^2}-\hat{\sigma}_v^{(3)^2}-\hat{\sigma}_\epsilon^2$$

3.3 Covariance Matrixes of the Models with Cross Correlations

Models (2), (3) and (6)

Both for models (2), (3) and (6) we have

$$\begin{aligned}
&E[\mu_{ij}\mu_{ij}'] = \sigma_\mu^2 I_{N^{(3)}}\otimes J_T+\rho_{(3)}\left(J_{N^{(3)}T}-I_{N^{(3)}}\otimes J_T\right)\\
&E[\mu_i\mu_i'] = \sigma_\mu^2 I_{N^{(2)}N^{(3)}}\otimes J_T+\rho_{(3)}\left(I_{N^{(2)}}\otimes J_{N^{(3)}T}-I_{N^{(2)}N^{(3)}}\otimes J_T\right)+\\
&\quad+\rho_{(2)}\left(\left(J_{N^{(2)}}-I_{N^{(2)}}\right)\otimes\left(I_{N^{(3)}}\otimes J_T\right)\right)\\
&E[\mu\mu'] = \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}}\otimes J_T+\rho_{(3)}\left(I_{N^{(1)}N^{(2)}}\otimes J_{N^{(3)}T}-I_{N^{(1)}N^{(2)}N^{(3)}}\otimes J_T\right)+\\
&\quad+\rho_{(2)}\left(I_{N^{(1)}}\otimes\left(J_{N^{(2)}}-I_{N^{(2)}}\right)\otimes\left(I_{N^{(3)}}\otimes J_T\right)\right)+\rho_{(1)}\left(J_{N^{(1)}}-I_{N^{(1)}}\right)\otimes\left(I_{N^{(2)}N^{(3)}}\otimes J_T\right)
\end{aligned}$$

Thus, the covariance matrix of model (2) takes the form

$$\begin{aligned}
E[uu'] = {}&\sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}}\otimes J_T+\rho_{(3)}\left(I_{N^{(1)}N^{(2)}}\otimes J_{N^{(3)}T}-I_{N^{(1)}N^{(2)}N^{(3)}}\otimes J_T\right)+\\
&+\rho_{(2)}\left(I_{N^{(1)}}\otimes\left(J_{N^{(2)}}-I_{N^{(2)}}\right)\otimes\left(I_{N^{(3)}}\otimes J_T\right)\right)+\rho_{(1)}\left(J_{N^{(1)}}-I_{N^{(1)}}\right)\otimes\left(I_{N^{(2)}N^{(3)}}\otimes J_T\right)+\\
&+\sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}$$

the covariance matrix of model (3) looks like

$$
\begin{aligned}
E[uu'] = & \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T + \rho_{(3)} \left(I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} - I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(2)} \left(I_{N^{(1)}} \otimes (J_{N^{(2)}} - I_{N^{(2)}}) \otimes (I_{N^{(3)}} \otimes J_T)\right) + \rho_{(1)} \left(J_{N^{(1)}} - I_{N^{(1)}}\right) \otimes \left(I_{N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \sigma_\lambda^2 J_{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

and finally, the covariance matrix of model (6) is

$$
\begin{aligned}
E[uu'] = & \sigma_\mu^2 I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T + \rho_{(3)} \left(I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} - I_{N^{(1)}N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(2)} \left(I_{N^{(1)}} \otimes (J_{N^{(2)}} - I_{N^{(2)}}) \otimes (I_{N^{(3)}} \otimes J_T)\right) + \rho_{(1)} \left(J_{N^{(1)}} - I_{N^{(1)}}\right) \otimes \left(I_{N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \sigma_v^{(1)^2} I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}} \otimes I_T + \sigma_v^{(2)^2} J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}} \otimes I_T + \\
& + \sigma_v^{(3)^2} J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}T} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

Models (4), (5) and (7)

The covariance matrixes of models (4), (5) and (7) are slightly more complicated as there more variance components to take into account. The covariance matrix of model (4) now is

$$
\begin{aligned}
E[uu'] = & \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \rho_{(2)}^{(1)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T}\right) + \\
& + \rho_{(1)}^{(1)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes (I_{N^{(2)}} \otimes J_{N^{(3)}T})\right) + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T + \\
& + \rho_{(2)}^{(2)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(1)}^{(2)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T\right) + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \\
& + \rho_{(2)}^{(3)} \left(J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}T} - J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(1)}^{(3)} \left(J_{N^{(1)}} \otimes (J_{N^{(2)}} - I_{N^{(2)}}) \otimes I_{N^{(3)}} \otimes J_T\right) + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

For model (5) we get

$$
\begin{aligned}
E[uu'] = & \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \rho_{(2)}^{(1)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T}\right) + \\
& + \rho_{(1)}^{(1)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes (I_{N^{(2)}} \otimes J_{N^{(3)}T})\right) + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T + \\
& + \rho_{(2)}^{(2)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(1)}^{(2)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T\right) + \\
& + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \rho_{(2)}^{(3)} \left(J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}T} - J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T\right) + \\
& + \rho_{(1)}^{(3)} \left(J_{N^{(1)}} \otimes (J_{N^{(2)}} - I_{N^{(2)}}) \otimes I_{N^{(3)}} \otimes J_T\right) + \sigma_\lambda^2 J_{N^{(1)}N^{(2)}N^{(3)}} \otimes I_T + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

And finally, for model (7) we get the covariance matrix

$$
\begin{aligned}
E[uu'] = {} & \sigma_\mu^{(1)^2} I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} + \rho_{(2)}^{(1)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}N^{(2)}} \otimes J_{N^{(3)}T} \right) + \\
& + \rho_{(1)}^{(1)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes (I_{N^{(2)}} \otimes J_{N^{(3)}T}) \right) + \sigma_\mu^{(2)^2} I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T + \\
& + \rho_{(2)}^{(2)} \left(I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}T} - I_{N^{(1)}} \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T \right) + \\
& + \rho_{(1)}^{(2)} \left((J_{N^{(1)}} - I_{N^{(1)}}) \otimes J_{N^{(2)}} \otimes I_{N^{(3)}} \otimes J_T \right) + \sigma_\mu^{(3)^2} J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T + \\
& + \rho_{(2)}^{(3)} \left(J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}T} - J_{N^{(1)}} \otimes I_{N^{(2)}N^{(3)}} \otimes J_T \right) + \\
& + \rho_{(1)}^{(3)} \left(J_{N^{(1)}} \otimes (J_{N^{(2)}} - I_{N^{(2)}}) \otimes I_{N^{(3)}} \otimes J_T \right) + \sigma_v^{(1)^2} I_{N^{(1)}} \otimes J_{N^{(2)}N^{(3)}} \otimes I_T + \\
& + \sigma_v^{(2)^2} J_{N^{(1)}} \otimes I_{N^{(2)}} \otimes J_{N^{(3)}} \otimes I_T + \sigma_v^{(3)^2} J_{N^{(1)}N^{(2)}} \otimes I_{N^{(3)}T} + \sigma_\epsilon^2 I_{N^{(1)}N^{(2)}N^{(3)}T}
\end{aligned}
$$

3.4 Estimation of the Variance Components and Cross Correlations

Models (2) and (3)

The estimation of the variance components for models (2) and (3) does not change in this case, but of course the cross correlation coefficients need to be estimated. For model (2) the identifying equation are

$$
E\left[\left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} u_{ijst} \right)^2 \right] = \frac{1}{N^{(1)}} \sigma_\mu^2 + \frac{1}{N^{(1)}} \sigma_\epsilon^2 + \frac{N^{(1)} - 1}{N^{(1)}} \rho_{(1)}
$$

$$
E\left[\left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} u_{ijst} \right)^2 \right] = \frac{1}{N^{(2)}} \sigma_\mu^2 + \frac{1}{N^{(2)}} \sigma_\epsilon^2 + \frac{N^{(2)} - 1}{N^{(2)}} \rho_{(2)}
$$

$$
E\left[\left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} u_{ijst} \right)^2 \right] = \frac{1}{N^{(3)}} \sigma_\mu^2 + \frac{1}{N^{(3)}} \sigma_\epsilon^2 + \frac{N^{(3)} - 1}{N^{(3)}} \rho_{(3)}
$$

So we get

$$
\hat{\rho}_{(1)} = \frac{1}{\left(N^{(1)} - 1\right) N^{(1)} N^{(2)} N^{(3)} T} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 - \frac{1}{N^{(1)} - 1} \hat{\sigma}_\mu^2 - \frac{1}{N^{(1)} - 1} \hat{\sigma}_\epsilon^2
$$

$$
\hat{\rho}_{(2)} = \frac{1}{\left(N^{(2)} - 1\right) N^{(1)} N^{(2)} N^{(3)} T} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \frac{1}{N^{(2)} - 1} \hat{\sigma}_\mu^2 - \frac{1}{N^{(2)} - 1} \hat{\sigma}_\epsilon^2
$$

$$
\hat{\rho}_{(3)} = \frac{1}{\left(N^{(3)} - 1\right) N^{(1)} N^{(2)} N^{(3)} T} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T} \left(\sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \frac{1}{N^{(3)} - 1} \hat{\sigma}_\mu^2 - \frac{1}{N^{(3)} - 1} \hat{\sigma}_\epsilon^2
$$

Turning our attention to model (3) now

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^2+\sigma_\lambda^2+\frac{1}{N^{(1)}}\sigma_\epsilon^2+\frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$
$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}}\sigma_\mu^2+\sigma_\lambda^2+\frac{1}{N^{(2)}}\sigma_\epsilon^2+\frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$
$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(3)}}\sigma_\mu^2+\sigma_\lambda^2+\frac{1}{N^{(3)}}\sigma_\epsilon^2+\frac{N^{(3)}-1}{N^{(3)}}\rho_{(3)}$$

and so

$$\begin{aligned}\hat{\rho}_{(1)}=&\frac{1}{\left(N^{(1)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\times\\&\times\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2-\frac{1}{N^{(1)}-1}\hat{\sigma}_\mu^2-\frac{N^{(1)}}{N^{(1)}-1}\hat{\sigma}_\lambda^2-\frac{1}{N^{(1)}-1}\hat{\sigma}_\epsilon^2\\\hat{\rho}_{(2)}=&\frac{1}{\left(N^{(2)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\times\\&\times\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2-\frac{1}{N^{(2)}-1}\hat{\sigma}_\mu^2-\frac{N^{(2)}}{N^{(2)}-1}\hat{\sigma}_\lambda^2-\frac{1}{N^{(2)}-1}\hat{\sigma}_\epsilon^2\\\hat{\rho}_{(3)}=&\frac{1}{\left(N^{(3)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\times\\&\times\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T}\left(\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2-\frac{1}{N^{(3)}-1}\hat{\sigma}_\mu^2-\frac{N^{(3)}}{N^{(3)}-1}\hat{\sigma}_\lambda^2-\frac{1}{N^{(3)}-1}\hat{\sigma}_\epsilon^2\end{aligned}$$

Models (6)

In the case of model (6) the estimation of the variance components of ϵ and μ remain unchanged (i.e., are as in the case of the model without cross correlation), otherwise

$$E\left[u_{ijst}^2\right] = \sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(3)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \frac{1}{N^{(3)}}\sigma_v^{(3)^2} + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(1)}T}\sum_{i=1}^{N^{(1)}}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}T}\sigma_v^{(1)^2} + \frac{1}{T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + $$
$$+ \frac{1}{N^{(1)}T}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$

$$E\left[\left(\frac{1}{N^{(2)}T}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \frac{1}{T}\sigma_v^{(1)^2} + \frac{1}{N^{(2)}T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + \frac{1}{N^{(2)}T}\sigma_\epsilon^2 + $$
$$+ \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$

So we get for the estimation of the cross correlations and the variance components

$$\hat{\rho}_{(1)} = \frac{1}{(T-1)\left(N^{(1)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\times$$
$$\times\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left[\left(\sum_{i=1}^{N^{(1)}}\sum_{t=1}^{T}\hat{u}_{ijst}\right)^2 - \sum_{t=1}^{T}\left(\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\right] - \frac{1}{N^{(1)}-1}\hat{\sigma}_\mu^2$$

$$\hat{\rho}_{(2)} = \frac{1}{(T-1)\left(N^{(2)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\times$$
$$\times\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\left[\left(\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T}\hat{u}_{ijst}\right)^2 - \sum_{t=1}^{T}\left(\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\right] - \frac{1}{N^{(2)}-1}\hat{\sigma}_\mu^2$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{\left(N^{(1)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t}^{T}\left(N^{(1)}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}^2 - \left(\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\right) + \hat{\rho}_{(1)}$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{\left(N^{(2)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t}^{T}\left(N^{(2)}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}^2 - \left(\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\right) + \hat{\rho}_{(2)}$$

$$\hat{\sigma}_v^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\hat{u}_{ijst}^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_\epsilon^2$$

$$\hat{\rho_{(3)}} = \frac{1}{\left(N^{(3)}-1\right)N^{(1)}N^{(2)}N^{(3)}T}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t}^{T}\left(\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2 - \frac{1}{N^{(3)}-1}\hat{\sigma}_\mu^2 - \frac{N^{(3)}}{N^{(3)}-1}\hat{\sigma}_v^{(1)^2} -$$

$$- \frac{N^{(3)}}{N^{(3)}-1}\hat{\sigma}_v^{(2)^2} - \frac{1}{N^{(3)}-1}\hat{\sigma}_v^{(3)^2} - \frac{1}{N^{(3)}-1}\hat{\sigma}_\epsilon^2$$

Models (4)

For model (4) the Within transformation remains as for the model without cross correlation, so the estimation of the variance of ϵ is exactly as in section 3.2. Overall, the following identifying equations can be derived

$$E\left[u_{ijst}^2\right] = \sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^{(1)^2} + \frac{1}{N^{(1)}}\sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2 +$$

$$+ \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}^{(1)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}^{(2)}$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \frac{1}{N^{(2)}}\sigma_\mu^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2 +$$

$$+ \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}^{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)}^{(3)}$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right] = \sigma_\mu^{(1)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(2)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(3)^2} + \frac{1}{N^{(3)}}\sigma_\epsilon^2 +$$

$$+ \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)}^{(2)} + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)}^{(3)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2+$$
$$+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(1)}^{(1)}+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(1)}^{(2)}+\frac{N^{(2)}-1}{N^{(2)}N^{(1)}}\rho_{(2)}^{(1)}+\frac{N^{(2)}-1}{N^{(2)}N^{(1)}}\rho_{(1)}^{(3)}$$
$$E\left[\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\epsilon^2+$$
$$+\frac{N^{(1)}-1}{N^{(1)}N^{(3)}}\rho_{(1)}^{(1)}+\frac{N^{(1)}-1}{N^{(1)}N^{(3)}}\rho_{(1)}^{(2)}+\frac{N^{(3)}-1}{N^{(1)}N^{(3)}}\rho_{(2)}^{(2)}+\frac{N^{(3)}-1}{N^{(1)}N^{(3)}}\rho_{(2)}^{(3)}$$
$$E\left[\left(\frac{1}{N^{(2)}N^{(3)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}N^{(3)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(2)}N^{(3)}}\sigma_\epsilon^2+$$
$$+\frac{N^{(2)}-1}{N^{(2)}N^{(3)}}\rho_{(2)}^{(1)}+\frac{N^{(2)}-1}{N^{(2)}N^{(3)}}\rho_{(1)}^{(3)}+\frac{N^{(3)}-1}{N^{(2)}N^{(3)}}\rho_{(2)}^{(2)}+\frac{N^{(3)}-1}{N^{(2)}N^{(3)}}\rho_{(2)}^{(3)}$$
$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}N^{(3)}}\sigma_\mu^{(3)^2}+$$
$$+\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sigma_\epsilon^2+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(1)}^{(1)}+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(1)}^{(2)}+\frac{N^{(2)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(2)}^{(1)}+$$
$$+\frac{N^{(2)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(1)}^{(3)}+\frac{N^{(3)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(2)}^{(2)}+\frac{N^{(3)}-1}{N^{(1)}N^{(2)}N^{(3)}}\rho_{(2)}^{(3)}$$

Altogether we have 8 identifying equations but unfortunately 9 unknown variance components and correlation coefficients. These cannot be estimated without further restrictions on the parameters. Let us impose the additional assumption that $\sigma_\mu^{(1)^2}=\sigma_\mu^{(2)^2}=\sigma_\mu^{(3)^2}=\sigma_\mu^2$. Under this assumption we need to estimate only 7 unknown parameters. From the first identifying equation

$$\hat\sigma_\mu^2=\frac{1}{3N^{(1)}N^{(2)}N^{(3)}T}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\hat u_{ijst}^2-\frac{1}{3}\hat\sigma_\epsilon^2$$

Notice however, that the above identifying equations 5 – 8 are, unfortunately, linear combinations of the equations 2 – 5. This means that we need to impose further restrictions on the model. Let us assume, in addition, that

$$E[\mu_{ij}^{(1)}\mu_{i'j'}^{(1)}]=\begin{cases}\sigma_\mu^2 & i=i' \text{ and } j=j'\\ \rho_{(1)} & i=i' \text{ and } j\neq j'\\ \rho_{(2)} & i\neq i' \text{ and } j=j'\\ 0 & i\neq i' \text{ and } j\neq j'\end{cases}$$

$$E[\mu_{is}^{(2)}\mu_{i's'}^{(2)}] = \begin{cases} \sigma_\mu^2 & i=i' \text{ and } s=s' \\ \rho_{(1)} & i=i' \text{ and } s\neq s' \\ \rho_{(3)} & i\neq i' \text{ and } s=s' \\ 0 & i\neq i' \text{ and } j\neq j' \end{cases}$$

$$E[\mu_{js}^{(3)}\mu_{j's'}^{(3)}] = \begin{cases} \sigma_\mu^2 & j=j' \text{ and } s=s' \\ \rho_{(2)} & j=j' \text{ and } s\neq s' \\ \rho_{(3)} & j\neq j' \text{ and } s=s' \\ 0 & i\neq i' \text{ and } j\neq j' \end{cases}$$

Now, the identifying equations take the form

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{2+N^{(1)}}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(2)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{2+N^{(2)}}{N^{(2)}}\sigma_\mu^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{2+N^{(3)}}{N^{(3)}}\sigma_\mu^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(1)} + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)}$$

So we get the following estimators for the cross correlations

$$\begin{aligned} \hat\rho_{(1)} = {} & \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{j=1}^{N^{(2)}}\hat u_{ijst}\right)^2 + \\ & + \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T}\left(\sum_{s=1}^{N^{(3)}}\hat u_{ijst}\right)^2 - \\ & - \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{i=1}^{N^{(1)}}\hat u_{ijst}\right)^2 - \\ & - \hat\sigma_\mu^2\frac{1}{2}\left(\frac{N^{(3)}+2}{N^{(3)}-1} + \frac{N^{(2)}+2}{N^{(2)}-1} - \frac{N^{(1)}+2}{N^{(1)}-1}\right) - \\ & - \hat\sigma_\epsilon^2\frac{1}{2}\left(\frac{1}{N^{(3)}-1} + \frac{1}{N^{(2)}-1} - \frac{1}{N^{(1)}-1}\right) \end{aligned}$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T} \left(\sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 \frac{N^{(3)}+2}{N^{(3)}-1} - \hat{\sigma}_\epsilon^2 \frac{1}{N^{(3)}-1} - \hat{\rho}_{(1)}$$

$$\hat{\rho}_{(3)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 \frac{N^{(2)}+2}{N^{(2)}-1} - \hat{\sigma}_\epsilon^2 \frac{1}{N^{(2)}-1} - \hat{\rho}_{(1)}$$

Models (5)

Let us continue with model (5). Like for the previous model, the Within transformation is still as for the model without cross correlation, so the estimation of the variance of ϵ and that of λ remains as in section 3.2. Making the same assumption as above for model (4), the identifying equations now are

$$E[u_{ijst}^2] = 3\sigma_\mu^2 + \sigma_\lambda^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{2+N^{(1)}}{N^{(1)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(2)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{2+N^{(2)}}{N^{(2)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{2+N^{(3)}}{N^{(3)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(1)} + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)}$$

And so this leads to

$$\hat{\sigma}_\mu^2 = \frac{1}{3N^{(1)}N^{(2)}N^{(3)}T} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \hat{u}_{ijst}^2 - \frac{1}{3}\hat{\sigma}_\lambda^2 - \frac{1}{3}\hat{\sigma}_\epsilon^2$$

$$\hat{\rho}_{(1)} = \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 +$$

$$+\frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T}\left(\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2 -$$

$$-\frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2 -$$

$$-\hat{\sigma}^2_{\mu}\frac{1}{2}\left(\frac{N^{(3)}+2}{N^{(3)}-1}+\frac{N^{(2)}+2}{N^{(2)}-1}-\frac{N^{(1)}+2}{N^{(1)}-1}\right)-\hat{\sigma}^2_{\lambda}\frac{1}{2}\left(\frac{N^{(3)}}{N^{(3)}-1}+\frac{N^{(2)}}{N^{(2)}-1}-\frac{N^{(1)}}{N^{(1)}-1}\right)-$$

$$-\hat{\sigma}^2_{\epsilon}\frac{1}{2}\left(\frac{1}{N^{(3)}-1}+\frac{1}{N^{(2)}-1}-\frac{1}{N^{(1)}-1}\right)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T}\left(\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2-\hat{\sigma}^2_{\mu}\frac{N^{(3)}+2}{N^{(3)}-1}-\hat{\sigma}^2_{\lambda}\frac{N^{(3)}}{N^{(3)}-1}-$$

$$-\hat{\sigma}^2_{\epsilon}\frac{1}{N^{(3)}-1}-\hat{\rho}_{(1)}$$

$$\hat{\rho}_{(3)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T}\left(\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2-\hat{\sigma}^2_{\mu}\frac{N^{(2)}+2}{N^{(2)}-1}-\hat{\sigma}^2_{\lambda}\frac{N^{(2)}}{N^{(2)}-1}-$$

$$-\hat{\sigma}^2_{\epsilon}\frac{1}{N^{(2)}-1}-\hat{\rho}_{(1)}$$

Models (7)

Finally, for model (7), making the same additional parameter restrictions as for models

(4) and (5) we get the following identifying equations

$$
\begin{aligned}
&E[u_{ijst}^2] = 3\sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \sigma_\epsilon^2 \\
&E\left[\left(\frac{1}{T}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = 3\sigma_\mu^2 + \frac{1}{T}\sigma_v^{(1)^2} + \frac{1}{T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + \frac{1}{T}\sigma_\epsilon^2 \\
&E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{2+N^{(1)}}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \\
&\qquad + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(2)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(3)} \\
&E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{2+N^{(2)}}{N^{(2)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \\
&\qquad + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(3)} \\
&E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{2+N^{(3)}}{N^{(3)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \frac{1}{N^{(3)}}\sigma_v^{(3)^2} + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \\
&\qquad + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(1)} + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)} \\
&E\left[\left(\frac{1}{N^{(1)}T}\sum_{i=1}^{N^{(1)}}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = \frac{2+N^{(1)}}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}T}\sigma_v^{(1)^2} + \frac{1}{T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + \\
&\qquad + \frac{1}{N^{(1)}T}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(2)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(3)} \\
&E\left[\left(\frac{1}{N^{(2)}T}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T} u_{ijst}\right)^2\right] = \frac{2+N^{(2)}}{N^{(2)}}\sigma_\mu^2 + \frac{1}{T}\sigma_v^{(1)^2} + \frac{1}{N^{(2)}T}\sigma_v^{(2)^2} + \frac{1}{T}\sigma_v^{(3)^2} + \\
&\qquad + \frac{1}{N^{(2)}T}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(3)}
\end{aligned}
$$

which lead to the following estimators

$$\hat{\sigma}_\mu^2 = \frac{1}{3N^{(1)}N^{(2)}N^{(3)}T(T-1)} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\left(\sum_{t=1}^{T} \hat{u}_{ijst} \right)^2 - \sum_{t=1}^{T} \hat{u}_{ijst}^2 \right)$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{\left(N^{(1)}-1\right) N^{(2)}N^{(3)}T} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \hat{u}_{ijst}^2 -$$

$$- \frac{1}{N^{(1)}\left(N^{(1)}-1\right) N^{(2)}N^{(3)}(T-1)} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{N^{(1)}\left(N^{(1)}-1\right) N^{(2)}N^{(3)}T(T-1)} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\sum_{i=1}^{N^{(1)}} \sum_{t=1}^{T} \hat{u}_{ijst} \right)^2 - \frac{3N^{(1)}}{N^{(1)}-1} \hat{\sigma}_\mu^2 - \hat{\sigma}_\epsilon^2$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{N^{(1)}\left(N^{(2)}-1\right) N^{(3)}T} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \hat{u}_{ijst}^2 -$$

$$- \frac{1}{N^{(1)}N^{(2)}\left(N^{(2)}-1\right) N^{(3)}(T-1)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{N^{(1)}N^{(2)}\left(N^{(2)}-1\right) N^{(3)}T(T-1)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \left(\sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T} \hat{u}_{ijst} \right)^2 - \frac{3N^{(2)}}{N^{(2)}-1} \hat{\sigma}_\mu^2 - \hat{\sigma}_\epsilon^2$$

$$\hat{\sigma}_v^{(3)^2} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \hat{u}_{ijst}^2 - 3\hat{\sigma}_\mu^2 - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_\epsilon^2$$

$$\hat{\rho}_{(1)} = \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T} \left(\sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{2N^{(1)}N^{(2)}N^{(3)}T\left(N^{(1)}-1\right)} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 -$$

$$- \hat{\sigma}_\mu^2 \frac{1}{2} \left(\frac{N^{(3)}+2}{N^{(3)}-1} + \frac{N^{(2)}+2}{N^{(2)}-1} - \frac{N^{(1)}+2}{N^{(1)}-1} \right) - \hat{\sigma}_\epsilon^2 \frac{1}{2} \left(\frac{1}{N^{(3)}-1} + \frac{1}{N^{(2)}-1} - \frac{1}{N^{(1)}-1} \right) -$$

$$- \hat{\sigma}_v^{(1)^2} \frac{2N^{(1)}-1}{2N^{(1)}} - \hat{\sigma}_v^{(2)^2} \frac{1}{2N^{(2)}} - \hat{\sigma}_v^{(3)^2} \frac{1}{2N^{(3)}}$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(3)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T} \left(\sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 \frac{N^{(3)}+2}{N^{(3)}-1} -$$

$$- \hat{\sigma}_\epsilon^2 \frac{1}{N^{(3)}-1} - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \frac{1}{N^{(3)}} \hat{\sigma}_v^{(3)^2} - \hat{\rho}_{(1)}$$

$$\hat{\rho}_{(3)} = \frac{1}{N^{(1)}N^{(2)}N^{(3)}T\left(N^{(2)}-1\right)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T} \left(\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 \frac{N^{(2)}+2}{N^{(2)}-1} -$$

$$- \hat{\sigma}_\epsilon^2 \frac{1}{N^{(2)}-1} - \hat{\sigma}_v^{(1)^2} - \frac{1}{N^{(2)}} \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_v^{(3)^2} - \hat{\rho}_{(1)}$$

4. T Unbalanced Data

Just a reminder: we are considering here the T unbalanced case when $i = 1, ..., N^{(1)}$, $j = 1, ...N^{(2)}$, $s = 1, ..., N^{(3)}$ and $t = 1, ..., T_{ijs}$

4.1 Covariance Matrixes of the Different Models

Models (1)

For this model we have

$$u_{ijst} = \mu_i + \gamma_j + \alpha_s + \lambda_t + \epsilon_{ijst}$$

So we can build up the covariance matrix in the following way

$$\begin{aligned}
u_{ijs} &= \mu_i \otimes l_{T_{ijs}} + \gamma_j \otimes l_{T_{ijs}} + \alpha_s \otimes l_{T_{ijs}} + \lambda + \epsilon_{ijs} \\
E\left[u_{ijs}u'_{ijs}\right] &= \sigma_\mu^2 J_{T_{ijs}} + \sigma_\gamma^2 J_{T_{ijs}} + \sigma_\alpha^2 J_{T_{ijs}} + \sigma_\lambda^2 I_{T_{ijs}} + \sigma_\epsilon^2 I_{T_{ijs}} \\
u_{ij} &= \mu_i \otimes l_{\sum_s T_{ijs}} + \gamma_j \otimes l_{\sum_s T_{ijs}} + \tilde{\alpha}_{ij} + \tilde{\lambda}_{ij} + \epsilon_{ij} \\
E\left[u_{ij}u'_{ij}\right] &= \sigma_\mu^2 J_{\sum_s T_{ijs}} + \sigma_\gamma^2 J_{\sum_s T_{ijs}} + \sigma_\alpha^2 A_{ij} + \sigma_\lambda^2 D_{ij} + \sigma_\epsilon^2 I_{\sum_s T_{ijs}} \\
u_i &= \mu_i \otimes l_{\sum_j \sum_s T_{ijs}} + \tilde{\gamma}_i + \tilde{\alpha}_i + \tilde{\lambda}_i + \epsilon_i \\
E\left[u_i u'_i\right] &= \sigma_\mu^2 J_{\sum_j \sum_s T_{ijs}} + \sigma_\gamma^2 B_i + \sigma_\alpha^2 F_{i,i} + \sigma_\lambda^2 D_i + \sigma_\epsilon^2 I_{\sum_j \sum_s T_{ijs}} \\
u &= \tilde{\mu} + \tilde{\gamma} + \tilde{\alpha} + \tilde{\lambda} + \epsilon \\
E\left[uu'\right] &= \sigma_\mu^2 C + \sigma_\gamma^2 B + \sigma_\alpha^2 F + \sigma_\lambda^2 D + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}
\end{aligned}$$

where

$$\tilde{\mu}' = \left(\underbrace{\mu_1 \ldots \mu_1}_{\sum_j \sum_s T_{1js} \text{ times}} \quad \underbrace{\mu_2 \ldots \mu_2}_{\sum_j \sum_s T_{2js} \text{ times}} \quad \cdots \quad \underbrace{\mu_N^{(1)} \ldots \mu_N^{(1)}}_{\sum_j \sum_s T_{N^{(1)}js} \text{ times}} \right)$$

$$C = \begin{pmatrix} J_{\sum_j \sum_s T_{1js}} & 0 & \cdots & 0 \\ 0 & J_{\sum_j \sum_s T_{2js}} & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \cdots & J_{\sum_j \sum_s T_{N^{(1)}js}} \end{pmatrix}$$

$$\tilde{\gamma}_i' = \begin{pmatrix} \underbrace{\gamma_1 \ldots \gamma_1}_{\sum_s T_{i1s} \text{ times}} & \underbrace{\gamma_2 \ldots \gamma_2}_{\sum_s T_{i2s} \text{ times}} & \cdots & \underbrace{\gamma_N^{(2)} \ldots \gamma_N^{(2)}}_{\sum_s T_{iN^{(2)}s} \text{ times}} \end{pmatrix}$$

$$\tilde{\gamma}' = \left(\tilde{\gamma}_1', \tilde{\gamma}_2', ..., \tilde{\gamma}_{N^{(1)}}'\right)$$

$$B_i = \begin{pmatrix} J_{\sum_s T_{i1s}} & 0 & \cdots & 0 \\ 0 & J_{\sum_s T_{i2s}} & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \cdots & J_{\sum_s T_{iN^{(2)}s}} \end{pmatrix}, \quad B = \begin{pmatrix} P_{1,1} & P_{1,2} & \cdots & P_{1,N^{(1)}} \\ P_{2,1} & P_{2,2} & \cdots & P_{2,N^{(1)}} \\ \vdots & \vdots & \ddots & \vdots \\ P_{N^{(1)},1} & P_{N^{(1)},2} & \cdots & P_{N^{(1)},N^{(1)}} \end{pmatrix}$$

where

$$P_{i,p} = \begin{pmatrix} J_{\left(\sum_s T_{i1s} \times \sum_s T_{p1s}\right)} & 0 & \cdots & 0 \\ 0 & J_{\left(\sum_s T_{i2s} \times \sum_s T_{p2s}\right)} & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \cdots & J_{\left(\sum_s T_{iN^{(2)}s} \times \sum_s T_{pN^{(2)}s}\right)} \end{pmatrix}$$

$$\tilde{\alpha}_{ij}' = \begin{pmatrix} \underbrace{\alpha_1 \ldots \alpha_1}_{T_{ij1} \text{ times}} & \underbrace{\alpha_2 \ldots \alpha_2}_{T_{ji2} \text{ times}} & \cdots & \underbrace{\alpha_{N^{(3)}} \ldots \alpha_{N^{(3)}}}_{T_{ijN^{(3)}} \text{ times}} \end{pmatrix}$$

$$\tilde{\alpha}_i' = \left(\tilde{\alpha}_{i1}', \tilde{\alpha}_{i2}', ..., \tilde{\alpha}_{iN^{(2)}}'\right), \quad \tilde{\alpha}' = \left(\tilde{\alpha}_1', \tilde{\alpha}_2', ..., \tilde{\alpha}_{N^{(1)}}'\right)$$

$$A_{ij} = \begin{pmatrix} J_{T_{ij1}} & 0 & \cdots & 0 \\ 0 & J_{T_{ij2}} & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \cdots & J_{T_{ijN^{(3)}}} \end{pmatrix}$$

$$K_{i,p}^{j,l} = \begin{pmatrix} J_{(T_{ij1} \times T_{pl1})} & 0 & \cdots & 0 \\ 0 & J_{(T_{ij2} \times T_{pl2})} & \cdots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \cdots & J_{\left(T_{ijN^{(3)}} \times T_{plN^{(3)}}\right)} \end{pmatrix}$$

$$F_{i,p}=\begin{pmatrix} K_{i,p}^{1,1} & K_{i,p}^{1,2} & \dots & K_{i,p}^{1,N^{(2)}} \\ K_{i,p}^{2,1} & K_{i,p}^{2,2} & \dots & K_{i,p}^{2,N^{(2)}} \\ \vdots & \vdots & \ddots & \vdots \\ K_{i,p}^{N^{(2)},1} & K_{i,p}^{N^{(2)},2} & \dots & K_{i,p}^{N^{(2)},N^{(2)}} \end{pmatrix}, \quad F=\begin{pmatrix} F_{1,1} & F_{1,2} & \dots & F_{1,N^{(1)}} \\ F_{2,1} & F_{2,2} & \dots & F_{2,N^{(1)}} \\ \vdots & \vdots & \ddots & \vdots \\ F_{N^{(1)},1} & F_{N^{(1)},2} & \dots & F_{N^{(1)},N^{(1)}} \end{pmatrix}$$

$$\tilde{\lambda}'_{ij}=\left(\lambda_1,...,\lambda_{T_{ij1}},\lambda_1,...,\lambda_{T_{ij2}},...,\lambda_1,...,\lambda_{T_{ijN^{(3)}}}\right)$$

$$\tilde{\lambda}'_{i}=\left(\tilde{\lambda}'_{i1}\tilde{\lambda}'_{i2},...,\tilde{\lambda}'_{iN^{(2)}}\right)$$

$$\tilde{\lambda}'=\left(\tilde{\lambda}'_{1},\tilde{\lambda}'_{2},...,\tilde{\lambda}'_{N^{(1)}}\right)$$

$$M_{T_{ijs}\times T_{lpr}}=\left(\begin{matrix} 1 & 0 & \dots & 0 & 0 & 0 \\ 0 & 1 & \dots & 0 & 0 & 0 \\ \vdots & \vdots & \ddots & \vdots & \vdots & \vdots \\ \underbrace{0 \quad 0 \quad \dots \quad 1}_{T_{ijs}} & & & & \underbrace{0 \quad 0}_{T_{lpr}-T_{ijs}} \end{matrix}\right) \quad \text{if } T_{lpr}>T_{ijs}$$

$$M'_{T_{ijs}\times T_{lpr}}=\left(\begin{matrix} 1 & 0 & \dots & 0 & 0 & 0 \\ 0 & 1 & \dots & 0 & 0 & 0 \\ \vdots & \vdots & \ddots & \vdots & \vdots & \vdots \\ \underbrace{0 \quad 0 \quad \dots \quad 1}_{T_{lpr}} & & & & \underbrace{0 \quad 0}_{T_{ijs}-T_{lpr}} \end{matrix}\right) \quad \text{if } T_{lpr}<T_{ijs}$$

$$E_s=\begin{pmatrix} M_{T_{ij1}\times T_{ijs}} \\ M_{T_{ij2}\times T_{ijs}} \\ \dots \\ M_{T_{ijN^{(3)}}\times T_{ijs}} \end{pmatrix}, \quad D_{ij}=(E_1,E_2,...,E_{N^{(3)}})$$

$$E_{js}=\begin{pmatrix} M_{T_{i11}\times T_{ijs}} \\ M_{T_{i12}\times T_{ijs}} \\ \dots \\ M_{T_{iN^{(2)}N^{(3)}}\times T_{ijs}} \end{pmatrix}, \quad D_{i}=(E_{11},E_{12},...,E_{N^{(2)}N^{(3)}})$$

$$E_{ijs}=\begin{pmatrix} M_{T_{111}\times T_{ijs}} \\ M_{T_{112}\times T_{ijs}} \\ \dots \\ M_{T_{N^{(1)}N^{(2)}N^{(3)}}\times T_{ijs}} \end{pmatrix}, \quad D=(E_{111},E_{112},...,E_{N^{(1)}N^{(2)}N^{(3)}})$$

Models (2)

This is a slightly simpler case than model (1) above. We have

$$u_{ijst} = \mu_{ijs} + \epsilon_{ijst}$$

So we can build up the covariance matrix in the usual way

$$\begin{aligned}
u_{ijs} &= \mu_{ijs} \otimes l_{T_{ijs}} + \epsilon_{ijst} \\
E\left[u_{ijs}u'_{ijs}\right] &= \sigma_\mu^2 J_{T_{ijs}} + \sigma_\epsilon^2 I_{T_{ijs}} \\
u_{ij} &= \tilde{\mu}_{ij} + \epsilon_{ij} \\
E\left[u_{ij}u'_{ij}\right] &= \sigma_\mu^2 A_{ij} + \sigma_\epsilon^2 I_{\sum_s T_{ijs}} \\
u_i &= \tilde{\mu}_i + \epsilon_i \\
E\left[u_i u'_i\right] &= \sigma_\mu^2 A_i + \sigma_\epsilon^2 I_{\sum_j \sum_s T_{ijs}} \\
u &= \tilde{\mu} + \epsilon \\
E\left[uu'\right] &= \sigma_\mu^2 A + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}
\end{aligned}$$

where

$$\tilde{\mu}'_{ij} = \left(\underbrace{\mu_{ij1} \ldots \mu_{ij1}}_{T_{ij1} \text{ times}} \quad \underbrace{\mu_{ij2} \ldots \mu_{ij2}}_{T_{ij2} \text{ times}} \quad \cdots \quad \underbrace{\mu_{ijN^{(3)}} \ldots \mu_{ijN^{(3)}}}_{T_{ijN^{(3)}} \text{ times}} \right)$$

$$\tilde{\mu}'_i = \left(\tilde{\mu}'_{i1}, \tilde{\mu}'_{i2}, ..., \tilde{\mu}'_{i3}\right), \quad \tilde{\mu}' = \left(\tilde{\mu}'_1, \tilde{\mu}'_2, ..., \tilde{\mu}'_3\right)$$

$$A_i = \begin{pmatrix} A_{i1} & 0 & \ldots & 0 \\ 0 & A_{i2} & \ldots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \ldots & A_{iN^{(2)}} \end{pmatrix}, \quad A = \begin{pmatrix} A_{11} & 0 & \ldots & 0 \\ 0 & A_{12} & \ldots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \ldots & A_{N^{(1)}N^{(2)}} \end{pmatrix}$$

Model (3)

Now we have

$$u_{ijst} = \mu_{ijs} + \lambda_t + \epsilon_{ijst}$$

We have already derived the covariance matrix of μ_{ijs} in model (2) and λ_t in model (1). Thus for model (3) covariance matrix takes the form

$$E\left[uu'\right] = \sigma_\mu^2 A + \sigma_\lambda^2 D + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}$$

Model (4)

The composition of the disturbance term now is

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \epsilon_{ijst}$$

So we have

$$\begin{aligned}
u_{ijs} &= \mu_{ij}^{(1)} \otimes l_{T_{ijs}} + \mu_{is}^{(2)} \otimes l_{T_{ijs}} + \mu_{js}^{(3)} \otimes l_{T_{ijs}} + \epsilon_{ijs} \\
E\left[u_{ijs}u_{ijs}'\right] &= \sigma_\mu^{(1)^2} J_{T_{ijs}} + \sigma_\mu^{(2)^2} J_{T_{ijs}} + \sigma_\mu^{(3)^2} J_{T_{ijs}} + \sigma_\epsilon^2 I_{T_{ijs}} \\
u_{ij} &= \mu_{ij}^{(1)} \otimes l_{\sum_s T_{ijs}} + \tilde{\mu}_{ij}^{(2)} + \tilde{\mu}_{ij}^{(3)} + \epsilon_{ij} \\
E\left[u_{ij}u_{ij}'\right] &= \sigma_\mu^{(1)^2} J_{\sum_s T_{ijs}} + \sigma_\mu^{(2)^2} A_{ij} + \sigma_\mu^{(3)^2} A_{ij} + \sigma_\epsilon^2 I_{\sum_s T_{ijs}} \\
u_i &= \tilde{\mu}_i^{(1)} + \tilde{\mu}_i^{(2)} + \tilde{\mu}_i^{(3)} + \epsilon_i \\
E\left[u_i u_i'\right] &= \sigma_\mu^{(1)^2} B_i + \sigma_\mu^{(2)^2} F_{i,i} + \sigma_\mu^{(3)^2} A_i + \sigma_\epsilon^2 I_{\sum_j \sum_s T_{ijs}} \\
u &= \tilde{\mu}^{(1)} + \tilde{\mu}^{(2)} + \tilde{\mu}^{(3)} + \epsilon \\
E\left[uu'\right] &= \sigma_\mu^{(1)^2} G + \sigma_\mu^{(2)^2} L + \sigma_\mu^{(3)^2} M + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}
\end{aligned}$$

with

$$\begin{aligned}
\tilde{\mu}_{ij}^{(2)} &= \left(\underbrace{\mu_{i1}^{(2)} \cdots \mu_{i1}^{(2)}}_{T_{ij1}\text{ times}} \quad \underbrace{\mu_{i2}^{(2)} \cdots \mu_{i2}^{(2)}}_{T_{ij2}\text{ times}} \quad \cdots \quad \underbrace{\mu_{iN^{(3)}}^{(2)} \cdots \mu_{iN^{(3)}}^{(2)}}_{T_{ijN^{(3)}}\text{ times}} \right) \\
\tilde{\mu}_i^{(2)} &= \left(\tilde{\mu}_{i1}^{(2)}, \tilde{\mu}_{i2}^{(2)}, ..., \tilde{\mu}_{iN^{(2)}}^{(2)} \right) \\
\tilde{\mu}^{(2)} &= \left(\tilde{\mu}_1^{(2)}, \tilde{\mu}_2^{(2)}, ..., \tilde{\mu}_{N^{(1)}}^{(2)} \right) \\
\tilde{\mu}_{ij}^{(3)} &= \left(\underbrace{\mu_{j1}^{(3)} \cdots \mu_{j1}^{(3)}}_{T_{ij1}\text{ times}} \quad \underbrace{\mu_{j2}^{(3)} \cdots \mu_{j2}^{(3)}}_{T_{ij2}\text{ times}} \quad \cdots \quad \underbrace{\mu_{jN^{(3)}}^{(3)} \cdots \mu_{jN^{(3)}}^{(3)}}_{T_{ijN^{(3)}}\text{ times}} \right) \\
\tilde{\mu}_i^{(3)} &= \left(\tilde{\mu}_{i1}^{(3)}, \tilde{\mu}_{i2}^{(3)}, ..., \tilde{\mu}_{iN^{(2)}}^{(3)} \right) \\
\tilde{\mu}^{(3)} &= \left(\tilde{\mu}_1^{(3)}, \tilde{\mu}_2^{(3)}, ..., \tilde{\mu}_{N^{(1)}}^{(3)} \right) \\
\tilde{\mu}_i^{(1)} &= \left(\underbrace{\mu_{i1}^{(1)} \cdots \mu_{i1}^{(1)}}_{\sum_s T_{i1s}\text{ times}} \quad \underbrace{\mu_{i2}^{(1)} \cdots \mu_{i2}^{(1)}}_{\sum_s T_{i2s}\text{ times}} \quad \cdots \quad \underbrace{\mu_{iN^{(2)}}^{(1)} \cdots \mu_{iN^{(2)}}^{(1)}}_{\sum_s T_{iN^{(2)}s}\text{ times}} \right) \\
\tilde{\mu}^{(1)} &= \left(\tilde{\mu}_1^{(1)}, \tilde{\mu}_2^{(1)}, ..., \tilde{\mu}_{N^{(1)}}^{(1)} \right)
\end{aligned}$$

and

$$
G = \begin{pmatrix} B_1 & 0 & \dots & 0 \\ 0 & B_2 & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & B_{N^{(1)}} \end{pmatrix}, \quad L = \begin{pmatrix} F_{1,1} & 0 & \dots & 0 \\ 0 & F_{2,2} & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & F_{N^{(1)},N^{(1)}} \end{pmatrix}
$$

$$
Z_{i,p} = \begin{pmatrix} J_{(T_{i11} \times T_{p11})} & 0 & \dots & 0 \\ 0 & J_{(T_{i12} \times T_{p12})} & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & J_{\left(T_{iN^{(2)}N^{(3)}} \times T_{pN^{(2)}N^{(3)}}\right)} \end{pmatrix}
$$

$$
M = \begin{pmatrix} Z_{1,1} & Z_{1,2} & \dots & Z_{1,N^{(1)}} \\ Z_{2,1} & Z_{2,2} & \dots & Z_{2,N^{(1)}} \\ \vdots & \vdots & \ddots & \vdots \\ Z_{N^{(1)},1} & Z_{N^{(1)},2} & \dots & Z_{N^{(1)},N^{(1)}} \end{pmatrix}
$$

Model (5)

The disturbance term is now structured as

$$
u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + \lambda_t + \epsilon_{ijst}
$$

Given that we have already derived the covariance matrix of $\mu_{ij}^{(1)}$, $\mu_{is}^{(2)}$, and $\mu_{js}^{(3)}$ in model (4) and λ_t in model (1), for covariance matrix of model (5) we get

$$
E\left[uu'\right] = \sigma_\mu^{(1)^2} G + \sigma_\mu^{(2)^2} L + \sigma_\mu^{(3)^2} M + \sigma_\lambda^2 D + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}
$$

Model (6)

The disturbance term now is

$$
u_{ijst} = \mu_{ijs} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \epsilon_{ijst}
$$

so we get for the covariance matrix

$$
\begin{aligned}
u_{ijs} &= \mu_{ijs} \otimes l_{T_{ijs}} + v_i^{(1)} + v_j^{(2)} + v_s^{(3)} + \epsilon_{ijs} \\
E\left[u_{ijs} u_{ijs}'\right] &= \sigma_\mu^2 J_{T_{ijs}} + \sigma_v^{(1)^2} I_{T_{ijs}} + \sigma_v^{(2)^2} I_{T_{ijs}} + \sigma_v^{(3)^2} I_{T_{ijs}} + \sigma_\epsilon^2 I_{T_{ijs}} \\
u_{ij} &= \tilde{\mu}_{ij} + \tilde{v}_{ij}^{(1)} + \tilde{v}_{ij}^{(2)} + v^{(3)} + \epsilon_{ij} \\
E\left[u_{ij} u_{ij}'\right] &= \sigma_\mu^2 A_{ij} + \sigma_v^{(1)^2} D_{ij} + \sigma_v^{(2)^2} D_{ij} + \sigma_v^{(3)^2} I_{\sum_s T_{ijs}} + \sigma_\epsilon^2 I_{\sum_s T_{ijs}} \\
u_i &= \tilde{\mu}_i + \tilde{v}_i^{(1)} + \tilde{v}_i^{(2)} + \tilde{v}_i^{(3)} + \epsilon_i \\
E\left[u_i u_i'\right] &= \sigma_\mu^2 A_i + \sigma_v^{(1)^2} D_i + \sigma_v^{(2)^2} R_i^1 + \sigma_v^{(3)^2} N_{i,i} + \sigma_\epsilon^2 I_{\sum_j \sum_s T_{ijs}} \\
u &= \tilde{\mu} + \tilde{v}^{(1)} + \tilde{v}^{(2)} + \tilde{v}^{(3)} + \epsilon \\
E\left[u u'\right] &= \sigma_\mu^2 A + \sigma_v^{(1)^2} H + \sigma_v^{(2)^2} Q + \sigma_v^{(3)^2} N + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}
\end{aligned}
$$

where

$$
\begin{aligned}
&\tilde{v}_{ij}^{(1)} = \left(v_{i1}^{(1)}, ..., v_{iT_{ij1}}^{(1)}, v_{i1}^{(1)}, ..., v_{iT_{ij2}}^{(1)}, ..., v_{i1}^{(1)}, ..., v_{iT_{ijN^{(3)}}}^{(1)}\right), \ \tilde{v}_i^{(1)} = \left(\tilde{v}_{i1}^{(1)}, \tilde{v}_{i2}^{(1)}, ..., \tilde{v}_{iN^{(2)}}^{(1)}\right) \\
&\tilde{v}^{(1)} = \left(\tilde{v}_1^{(1)}, \tilde{v}_2^{(1)}, ..., \tilde{v}_{N^{(1)}}^{(1)}\right) \\
&\tilde{v}_{ij}^{(2)} = \left(v_{j1}^{(2)}, ..., v_{jT_{ij1}}^{(2)}, v_{j1}^{(2)}, ..., v_{jT_{ij2}}^{(2)}, ..., v_{j1}^{(2)}, ..., v_{jT_{ijN^{(3)}}}^{(2)}\right), \ \tilde{v}_i^{(2)} = \left(\tilde{v}_{i1}^{(2)}, \tilde{v}_{i2}^{(2)}, ..., \tilde{v}_{iN^{(2)}}^{(2)}\right) \\
&\tilde{v}^{(2)} = \left(\tilde{v}_1^{(2)}, \tilde{v}_2^{(2)}, ..., \tilde{v}_{N^{(1)}}^{(2)}\right) \\
&\tilde{v}_{ij}^{(3)} = \left(v_{11}^{(3)}, ..., v_{1T_{ij1}}^{(3)}, v_{21}^{(3)}, ..., v_{2T_{ij2}}^{(3)}, ..., v_{N^{(3)}1}^{(3)}, ..., v_{N^{(3)}T_{ijN^{(3)}}}^{(3)}\right), \ \tilde{v}_i^{(3)} = \left(\tilde{v}_{i1}^{(3)}, \tilde{v}_{i2}^{(3)}, ..., \tilde{v}_{iN^{(2)}}^{(3)}\right) \\
&\tilde{v}^{(3)} = \left(\tilde{v}_1^{(3)}, \tilde{v}_2^{(3)}, ..., \tilde{v}_{N^{(1)}}^{(3)}\right)
\end{aligned}
$$

and

$$
H = \begin{pmatrix} D_l & 0 & \dots & 0 \\ 0 & D_2 & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & D_N^{(1)} \end{pmatrix}
$$

$$
E_s^l = \begin{pmatrix} M_{T_{ij1} \otimes T_{ljs}} \\ M_{T_{ij2} \otimes T_{ljs}} \\ \dots \\ M_{T_{ijN^{(3)}} \otimes T_{ljs}} \end{pmatrix}, \quad D_{ij}^l = \left(E_1^l, E_2^l, ..., E_{N^{(3)}}^l\right)
$$

$$R_i^l = \begin{pmatrix} D_{i1}^l & 0 & \dots & 0 \\ 0 & D_{i2}^l & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & D_{iN^{(2)}}^l \end{pmatrix}, \quad Q = \begin{pmatrix} R_1^1 & R_1^2 & \dots & R_1^{N^{(1)}} \\ R_2^1 & R_2^2 & \dots & R_2^{N^{(1)}} \\ \vdots & \vdots & \ddots & \vdots \\ R_{N^{(1)}}^1 & R_{N^{(1)}}^2 & \dots & R_{N^{(1)}}^{N^{(1)}} \end{pmatrix}$$

$$S_{i,s}^{j,l} = \begin{pmatrix} M_{T_{ij1} \times T_{sl1}} & 0 & \dots & 0 \\ 0 & M_{T_{ij2} \times T_{sl2}} & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & M_{T_{ijN^{(3)}} \times T_{slN^{(3)}}} \end{pmatrix}$$

$$N_{i,s} = \begin{pmatrix} S_{i,s}^{1,1} & S_{i,s}^{1,2} & \dots & S_{i,s}^{1,N^{(2)}} \\ S_{i,s}^{2,1} & S_{i,s}^{2,2} & \dots & S_{i,s}^{2,N^{(2)}} \\ \vdots & \vdots & \ddots & \vdots \\ S_{i,s}^{N^{(2)},1} & S_{i,s}^{N^{(2)},2} & \dots & S_{i,s}^{N^{(2)},N^{(2)}} \end{pmatrix}$$

$$N = \begin{pmatrix} N_{1,1} & N_{1,2} & \dots & N_{1,N^{(1)}} \\ N_{2,1} & N_{2,2} & \dots & N_{2,N^{(1)}} \\ \vdots & \vdots & \ddots & \vdots \\ N_{N^{(1)},1} & N_{N^{(1)},2} & \dots & N_{N^{(1)},N^{(1)}} \end{pmatrix}$$

Model (7)

The disturbance term now is

$$u_{ijst} = \mu_{ij}^{(1)} + \mu_{is}^{(2)} + \mu_{js}^{(3)} + v_{it}^{(1)} + v_{jt}^{(2)} + v_{st}^{(3)} + \epsilon_{ijst}$$

Fortunately, we have already derived the covariance matrix of $\mu_{ij}^{(1)}$, $\mu_{is}^{(2)}$, $\mu_{js}^{(3)}$, $v_{it}^{(1)}$, $v_{jt}^{(2)}$, and $v_{st}^{(3)}$ previously, thus for model (7) the covariance matrix takes the form

$$E\left[uu'\right] = \sigma_\mu^{(1)^2} G + \sigma_\mu^{(2)^2} L + \sigma_\mu^{(3)^2} M + \sigma_v^{(1)^2} H + \sigma_v^{(2)^2} Q + \sigma_v^{(3)^2} N + \sigma_\epsilon^2 I_{\sum_i \sum_j \sum_s T_{ijs}}$$

4.2 Estimation of the Variance Components

Just like in the balanced case, the estimation of the variance components is carried out in two steps. First, some identifying equations are presented, then, based on these, estimators for the different variance components are derived.

Model (1)

The identifying equations are the following

$$E\left[u_{ijst}^2\right] = \sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \sigma_\mu^2 + \frac{1}{N^{(2)}}\sigma_\gamma^2 + \sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \sigma_\mu^2 + \sigma_\gamma^2 + \frac{1}{N^{(3)}}\sigma_\alpha^2 + \sigma_\lambda^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2$$

$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}} u_{ijst}\right)^2\right] =$$

$$\sigma_\mu^2 + \sigma_\gamma^2 + \sigma_\alpha^2 + \left(\sigma_\lambda^2 + \sigma_\epsilon^2\right)\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{1}{T_{ijs}}$$

These lead to the following estimators

$$\hat{\sigma}_\epsilon^2 = \frac{1}{3}\left(\frac{N^{(1)}}{N^{(1)}-1} + \frac{N^{(2)}}{N^{(2)}-1} + \frac{N^{(3)}}{N^{(3)}-1} + \frac{N^{(1)}N^{(2)}N^{(3)}}{N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s \frac{1}{T_{ijs}}} - 1\right)\times$$

$$\times\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2 -$$

$$-\frac{1}{3\left(N^{(1)}-1\right)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2$$

$$-\frac{1}{3\left(N^{(2)}-1\right)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2$$

$$-\frac{1}{3\left(N^{(3)}-1\right)}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2$$

$$-\frac{1}{N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s \frac{1}{T_{ijs}}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}\right)^2$$

$$\hat{\sigma}^2_\mu = \frac{N^{(1)}}{N^{(1)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}^2_{ijst}$$
$$-\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}^2_\gamma = \frac{N^{(2)}}{N^{(2)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}^2_{ijst}$$
$$-\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}^2_\alpha = \frac{N^{(3)}}{N^{(3)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}^2_{ijst}$$
$$-\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}^2_\epsilon$$

$$\hat{\sigma}^2_\lambda = \frac{1}{\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}} T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}^2_{ijst} - \hat{\sigma}^2_\mu - \hat{\sigma}^2_\gamma - \hat{\sigma}^2_\alpha - \hat{\sigma}^2_\epsilon$$

Model (2)

Using the identifying equations

$$E\left[u^2_{ijst}\right] = \sigma^2_\mu + \sigma^2_\epsilon$$
$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(u_{ijst}-\bar{u}_{ijs}\right)^2\right] = \sigma^2_\epsilon\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{T_{ijs}-1}{T_{ijs}}$$

the estimators of the variance components are

$$\hat{\sigma}^2_\epsilon = \frac{N^{(1)}N^{(2)}N^{(3)}}{\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{T_{ijs}-1}{T_{ijs}}}\hat{u}'_{within}\hat{u}_{within}$$
$$\hat{\sigma}^2_\mu = \frac{1}{\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}} T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}^2_{ijst} - \hat{\sigma}^2_\epsilon$$

Model (3)

The identifying equations are

$$
\begin{aligned}
&E\left[u_{ijst}^2\right] = \sigma_\mu^2 + \sigma_\lambda^2 + \sigma_\epsilon^2 \\
&E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 \\
&E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}} u_{ijst}\right)^2\right] = \\
&\qquad \sigma_\mu^2 + \left(\sigma_\lambda^2 + \sigma_\epsilon^2\right)\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{1}{T_{ijs}}
\end{aligned}
$$

And the estimators are

$$
\begin{aligned}
\hat{\sigma}_\lambda^2 = &\frac{1}{N^{(1)}-1}\Bigg[\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2 \\
&- \frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2\Bigg] \\
\hat{\sigma}_\mu^2 = &\frac{1}{N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s\frac{1}{T_{ijs}}}\Bigg[\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}\right)^2 \\
&- \frac{\sum_i\sum_j\sum_s\frac{1}{T_{ijs}}}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2\Bigg] \\
\hat{\sigma}_\epsilon^2 = &\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\lambda^2
\end{aligned}
$$

Model (4)

The identifying equations in this case are simply

$$E\left[u_{ijst}^2\right] = {\sigma_\mu^{(1)}}^2 + {\sigma_\mu^{(2)}}^2 + {\sigma_\mu^{(3)}}^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}{\sigma_\mu^{(1)}}^2 + \frac{1}{N^{(1)}}{\sigma_\mu^{(2)}}^2 + {\sigma_\mu^{(3)}}^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}{\sigma_\mu^{(1)}}^2 + {\sigma_\mu^{(2)}}^2 + \frac{1}{N^{(2)}}{\sigma_\mu^{(3)}}^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = {\sigma_\mu^{(1)}}^2 + \frac{1}{N^{(3)}}{\sigma_\mu^{(2)}}^2 + \frac{1}{N^{(3)}}{\sigma_\mu^{(3)}}^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2$$

And the estimators are

$$\begin{aligned}
{\hat{\sigma}_\mu^{(3)}}^2 = \frac{1}{N^{(1)}-1}\Bigg[&\sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j\sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} \hat{u}_{ijst}\right)^2 \\
&- \frac{1}{\sum_i\sum_j\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg]
\end{aligned}$$

$$\begin{aligned}
{\hat{\sigma}_\mu^{(2)}}^2 = \frac{1}{N^{(2)}-1}\Bigg[&\sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} \hat{u}_{ijst}\right)^2 \\
&- \frac{1}{\sum_i\sum_j\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg]
\end{aligned}$$

$$\begin{aligned}
{\hat{\sigma}_\mu^{(1)}}^2 = \frac{1}{N^{(3)}-1}\Bigg[&\sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i\sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} \hat{u}_{ijst}\right)^2 \\
&- \frac{1}{\sum_i\sum_j\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg]
\end{aligned}$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{\sum_i\sum_j\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2 - {\hat{\sigma}_\mu^{(1)}}^2 - {\hat{\sigma}_\mu^{(2)}}^2 - {\hat{\sigma}_\mu^{(3)}}^2$$

Model (5)

The identifying equations now are

$$E\left[u_{ijst}^2\right] = \sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \sigma_\lambda^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^{(1)^2} + \frac{1}{N^{(1)}}\sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \frac{1}{N^{(2)}}\sigma_\mu^{(3)^2} + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \sigma_\mu^{(1)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(2)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(3)^2} + \sigma_\lambda^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2$$

$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}} u_{ijst}\right)^2\right] = \sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} +$$
$$+\left(\sigma_\lambda^2 + \sigma_\epsilon^2\right)\frac{1}{N^{(1)}N^{(2)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{1}{T_{ijs}}$$

The variance components' estimators now are

$$\hat{\sigma}_\lambda^2 = \frac{1}{3\left(N^{(1)}-1\right)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2$$
$$+\frac{1}{3\left(N^{(2)}-1\right)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2$$
$$+\frac{1}{3\left(N^{(3)}-1\right)}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2$$
$$-\frac{1}{3\left(N^{(1)}N^{(2)}N^{(3)}-\sum_i\sum_j\sum_s\frac{1}{T_{ijs}}\right)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}\right)^2$$
$$-\frac{1}{3}\left(\frac{1}{N^{(1)}-1}+\frac{1}{N^{(2)}-1}+\frac{1}{N^{(3)}-1}+\frac{\sum_i\sum_j\sum_s\frac{1}{T_{ijs}}}{N^{(1)}N^{(2)}N^{(3)}-\sum_i\sum_j\sum_s\frac{1}{T_{ijs}}}\right)\times$$
$$\times\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$\hat{\sigma}_{\mu}^{(3)^2} = \frac{1}{N^{(1)}-1}\Bigg[\sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst}\right)^2$$

$$- \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg] - \hat{\sigma}_{\lambda}^2$$

$$\hat{\sigma}_{\mu}^{(2)^2} = \frac{1}{N^{(2)}-1}\Bigg[\sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst}\right)^2$$

$$- \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg] - \hat{\sigma}_{\lambda}^2$$

$$\hat{\sigma}_{\mu}^{(1)^2} = \frac{1}{N^{(3)}-1}\Bigg[\sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst}\right)^2$$

$$- \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\Bigg] - \hat{\sigma}_{\lambda}^2$$

$$\hat{\sigma}_{\epsilon}^2 = \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2 - \hat{\sigma}_{\mu}^{(1)^2} - \hat{\sigma}_{\mu}^{(2)^2} - \hat{\sigma}_{\mu}^{(3)^2} - \hat{\sigma}_{\lambda}^2$$

Model (6)

The identifying equations for this model are

$$E\left[u_{ijst}^2\right] = \sigma_{\mu}^2 + \sigma_{v}^{(1)^2} + \sigma_{v}^{(2)^2} + \sigma_{v}^{(3)^2} + \sigma_{\epsilon}^2$$

$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} u_{ijst}\right)^2\right] = \sigma_{\mu}^2 + \left(\sigma_{v}^{(1)^2} + \sigma_{v}^{(2)^2} + \sigma_{v}^{(3)^2} + \sigma_{\epsilon}^2\right) \times$$

$$\times \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{T_{ijs}}$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(3)}}\sigma_\mu^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \frac{1}{N^{(3)}}\sigma_v^{(3)^2} + \frac{1}{N^{(3)}}\sigma_\epsilon^2$$

And the estimators are

$$\hat{\sigma}_\mu^2 = \frac{1}{N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s \frac{1}{T_{ijs}}} \times$$
$$\times \left[\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}\right)^2 - \frac{\sum_i\sum_j\sum_s \frac{1}{T_{ijs}}}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2\right]$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{2}\left(\frac{N^{(1)}}{N^{(1)}-1} + \frac{N^{(2)}}{N^{(2)}-1} + \frac{N^{(3)}}{N^{(3)}-1} - 1\right)\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$
$$- \frac{1}{2\left(N^{(1)}-1\right)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2$$
$$- \frac{1}{2\left(N^{(2)}-1\right)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2$$
$$- \frac{1}{2\left(N^{(3)}-1\right)}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2 + \frac{1}{2}\hat{\sigma}_\mu^2$$

$$\hat{\sigma}_v^{(1)^2} = \frac{N^{(1)}}{N^{(1)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$-\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}_\epsilon^2$$

$$\hat{\sigma}_v^{(2)^2} = \frac{N^{(2)}}{N^{(2)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$-\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}_\epsilon^2$$

$$\hat{\sigma}_v^{(3)^2} = \frac{N^{(3)}}{N^{(3)}-1}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$-\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2\Bigg] - \hat{\sigma}_\epsilon^2$$

Model (7)

And finally, the identifying equations for the last model are

$$E\left[u_{ijst}^2\right] = \sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^{(1)^2} + \frac{1}{N^{(1)}}\sigma_\mu^{(2)^2} + \sigma_\mu^{(3)^2} + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^{(1)^2} + \sigma_\mu^{(2)^2} + \frac{1}{N^{(2)}}\sigma_\mu^{(3)^2} + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} + \frac{1}{N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right] = \sigma_\mu^{(1)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(2)^2} + \frac{1}{N^{(3)}}\sigma_\mu^{(3)^2} + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \frac{1}{N^{(3)}}\sigma_v^{(3)^2} + \frac{1}{N^{(3)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}$$

$$+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+\frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(3)^2}+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}$$

$$+\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+\frac{1}{N^{(1)}N^{(3)}}\sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(2)}N^{(3)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}}\sigma_\mu^{(1)^2}+\frac{1}{N^{(3)}}\sigma_\mu^{(2)^2}+\frac{1}{N^{(2)}N^{(3)}}\sigma_\mu^{(3)^2}+\sigma_v^{(1)^2}+$$

$$\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+\frac{1}{N^{(2)}N^{(3)}}\sigma_\epsilon^2$$

So the estimators of the variance components of the last model are

$$\hat{\sigma}_v^{(3)^2}=\frac{1}{\left(N^{(1)}-1\right)\left(N^{(2)}-1\right)}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2-$$

$$-\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\Bigg]$$

$$-\frac{1}{\left(N^{(1)}-1\right)\left(N^{(2)}-1\right)}\Bigg[\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2$$

$$-\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_s T_{ijs}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\Bigg]$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{\left(N^{(1)}-1\right)\left(N^{(3)}-1\right)}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$-\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2\Bigg]$$

$$-\frac{1}{\left(N^{(1)}-1\right)\left(N^{(3)}-1\right)}\Bigg[\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2$$

$$-\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_j T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2\Bigg]$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{\left(N^{(2)}-1\right)\left(N^{(3)}-1\right)}\Bigg[\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$-\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2\Bigg]-$$

$$-\frac{1}{\left(N^{(1)}-1\right)\left(N^{(3)}-1\right)}\Bigg[\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2$$

$$-\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}N^{(3)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2\Bigg]$$

$$\hat{\sigma}_\mu^{(3)^2} = \frac{1}{N^{(1)}-1}\Bigg[\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2$$

$$-\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2\Bigg]-\hat{\sigma}_v^{(1)^2}-\hat{\sigma}_v^{(2)^2}-\hat{\sigma}_v^{(3)^2}$$

$$\hat{\sigma}_\mu^{(2)^2} = \frac{1}{N^{(2)}-1}\Bigg[\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2$$

$$-\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2\Bigg]-\hat{\sigma}_v^{(1)^2}-\hat{\sigma}_v^{(2)^2}-\hat{\sigma}_v^{(3)^2}$$

$$\hat{\sigma}_{\mu}^{(1)^2} = \frac{1}{N^{(3)}-1}\left[\sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst}\right)^2 \right.$$
$$\left. - \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2\right] - \hat{\sigma}_{v}^{(1)^2} - \hat{\sigma}_{v}^{(2)^2} - \hat{\sigma}_{v}^{(3)^2}$$

$$\hat{\sigma}_{\epsilon}^2 = \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2 - \hat{\sigma}_{\mu}^{(1)^2} - \hat{\sigma}_{\mu}^{(2)^2} - \hat{\sigma}_{\mu}^{(3)^2} - \hat{\sigma}_{v}^{(1)^2} - \hat{\sigma}_{v}^{(2)^2} - \hat{\sigma}_{v}^{(3)^2}$$

4.3 Covariance Matrixes of the Models with Cross Correlation

Let us turn now our attention to the models with cross correlations. For models (2), (3) and (6) we have

$$\begin{aligned} E[\mu_{ij}\mu_{ij}'] &= \sigma_{\mu}^2 A_{ij} + \rho_{(3)}\left(J_{N^{(3)}T} - A_{ij}\right) \\ E[\mu_i \mu_i'] &= \sigma_{\mu}^2 A_i + \rho_{(3)}\left(B_i - A_i\right) + \rho_{(2)}\left(F_{i,i} - A_i\right) \\ E[\mu\mu'] &= \sigma_{\mu}^2 A + \rho_{(3)}\left(G - A\right) + \rho_{(2)}\left(L - A\right) + \rho_{(1)}\left(M - A\right) \end{aligned}$$

Thus the covariance matrix of model (2) takes the form

$$E[uu'] = \sigma_{\mu}^2 A + \rho_{(3)}\left(G - A\right) + \rho_{(2)}\left(L - A\right) + \rho_{(1)}\left(M - A\right) + \sigma_{\epsilon}^2 I_{\sum_i \sum_j \sum_s T_{ijs}}$$

the covariance matrix of model (3) looks like

$$E\left[uu'\right] = \sigma_{\mu}^2 A + \rho_{(3)}\left(G - A\right) + \rho_{(2)}\left(L - A\right) + \rho_{(1)}\left(M - A\right) + \sigma_{\lambda}^2 D + \sigma_{\epsilon}^2 I_{\sum_i \sum_j \sum_s T_{ijs}}$$

and, finally, the covariance matrix of model (6) is

$$\begin{aligned} E\left[uu'\right] = {} & \sigma_{\mu}^2 A + \rho_{(3)}\left(G - A\right) + \rho_{(2)}\left(L - A\right) + \rho_{(1)}\left(M - A\right) + \\ & + \sigma_{v}^{(1)^2} H + \sigma_{v}^{(2)^2} Q + \sigma_{v}^{(3)^2} N + \sigma_{\epsilon}^2 I_{\sum_i \sum_j \sum_s T_{ijs}} \end{aligned}$$

In the case of models (4), (5), and (7) we have for $\mu_{ij}^{(1)}$

$$\begin{aligned} E[\tilde{\mu}_i^{(1)} \tilde{\mu}_i^{(1)'}] &= \sigma_{\mu}^{(1)^2} B_i + \rho_{(2)}^{(1)}\left(J_{\sum_j \sum_s T_{ijs}} - B_i\right) \\ E[\tilde{\mu}^{(1)} \tilde{\mu}^{(1)'}] &= \sigma_{\mu}^{(1)^2} G + \rho_{(2)}^{(1)}\left(C - G\right) + \rho_{(1)}^{(1)}\left(B - G\right) \end{aligned}$$

for $\mu_{is}^{(2)}$

$$E[\tilde{\mu}_i^{(2)}\tilde{\mu}_i^{(2)'}] = {\sigma_\mu^{(2)}}^2 F_{i,i} + \rho_{(2)}^{(2)}\left(J_{\sum_j\sum_s T_{ijs}} - F_{i,i}\right)$$
$$E[\tilde{\mu}^{(2)}\tilde{\mu}^{(2)'}] = {\sigma_\mu^{(2)}}^2 L + \rho_{(2)}^{(2)}\left(C - L\right) + \rho_{(1)}^{(2)}\left(F - L\right)$$

and for $\mu_{js}^{(3)}$

$$E[\tilde{\mu}_{ij}^{(3)}\tilde{\mu}_{ij}^{(3)'}] = {\sigma_\mu^{(3)}}^2 A_{ij} + \rho_{(2)}^{(3)}\left(J_{\sum_s T_{ijs}} - A_{ij}\right)$$
$$E[\tilde{\mu}_i^{(3)}\tilde{\mu}_i^{(3)'}] = {\sigma_\mu^{(3)}}^2 A_i + \rho_{(2)}^{(3)}\left(B_i - A_i\right) + \rho_{(1)}^{(3)}\left(F_{i,i} - A_i\right)$$
$$E[\tilde{\mu}^{(3)}\tilde{\mu}^{(3)'}] = {\sigma_\mu^{(3)}}^2 M + \rho_{(2)}^{(3)}\left(B - M\right) + \rho_{(1)}^{(3)}\left(F - M\right)$$

So the covariance matrix of model (4) now is

$$\begin{aligned}E[uu'] = {}& {\sigma_\mu^{(1)}}^2 G + \rho_{(2)}^{(1)}\left(C - G\right) + \rho_{(1)}^{(1)}\left(B - G\right) + {\sigma_\mu^{(2)}}^2 L + \rho_{(2)}^{(2)}\left(C - L\right) + \rho_{(1)}^{(2)}\left(F - L\right) + \\ & + {\sigma_\mu^{(3)}}^2 M \rho_{(2)}^{(3)}\left(B - M\right) + \rho_{(1)}^{(3)}\left(F - M\right) + \sigma_\epsilon^2 I_{\sum_i\sum_j\sum_s T_{ijs}}\end{aligned}$$

for model (5) we get

$$\begin{aligned}E[uu'] = {}& {\sigma_\mu^{(1)}}^2 G + \rho_{(2)}^{(1)}\left(C - G\right) + \rho_{(1)}^{(1)}\left(B - G\right) + {\sigma_\mu^{(2)}}^2 L + \rho_{(2)}^{(2)}\left(C - L\right) + \rho_{(1)}^{(2)}\left(F - L\right) + \\ & + {\sigma_\mu^{(3)}}^2 M + \rho_{(2)}^{(3)}\left(B - M\right) + \rho_{(1)}^{(3)}\left(F - M\right) + \sigma_\lambda^2 D + \sigma_\epsilon^2 I_{\sum_i\sum_j\sum_s T_{ijs}}\end{aligned}$$

and, finally, for model (7) we get the following covariance matrix

$$\begin{aligned}E[uu'] = {}& {\sigma_\mu^{(1)}}^2 G + \rho_{(2)}^{(1)}\left(C - G\right) + \rho_{(1)}^{(1)}\left(B - G\right) + {\sigma_\mu^{(2)}}^2 L + \rho_{(2)}^{(2)}\left(C - L\right) + \rho_{(1)}^{(2)}\left(F - L\right) + \\ & + {\sigma_\mu^{(3)}}^2 M + \rho_{(2)}^{(3)}\left(B - M\right) + \rho_{(1)}^{(3)}\left(F - M\right) + {\sigma_v^{(1)}}^2 H + {\sigma_v^{(2)}}^2 Q + {\sigma_v^{(3)}}^2 N + \\ & + \sigma_\epsilon^2 I_{\sum_i\sum_j\sum_s T_{ijs}}\end{aligned}$$

4.4 Estimation of the Variance Components and Cross Correlations

Model (2)

The estimation of variance components of ϵ and μ remain as in the model without cross correlations, but the cross correlation coefficients themselves need to be estimated. In this case the identifying equations are

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(3)}}\sigma_\mu^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(3)}$$

So we get

$$\hat{\rho}_{(1)} = \frac{1}{N^{(1)}-1}\left(\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\epsilon^2\right)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(2)}-1}\left(\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\epsilon^2\right)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(3)}-1}\left(\sum_{s=1}^{N^{(3)}}\frac{1}{\sum_i\sum_j T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}}\hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\epsilon^2\right)$$

Model (3)

The estimation of the variance of μ remains the same, as above, however it changes for other variance components. Now the identifying equations are

$$E\left[\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$

$$E\left[\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(3)}}\sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(3)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2 + $$
$$+ \frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(1)}N^{(2)}}\rho_{(2)}$$

and thus

$$\hat{\sigma}_\lambda^2 = \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_s T_{ijs}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 -$$
$$- \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2 -$$
$$- \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 +$$
$$+ \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i}^{N^{(1)}}\sum_{j}^{N^{(2)}}\sum_{s}^{N^{(3)}}\sum_{t}^{T_{ijs}}\hat{u}_{ijst}^2$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_{i}^{N^{(1)}}\sum_{j}^{N^{(2)}}\sum_{s}^{N^{(3)}}\sum_{t}^{T_{ijs}}\hat{u}_{ijst}^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_\lambda^2$$

$$\hat{\rho}_{(1)} = \frac{1}{N^{(1)}-1}\left(\sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - N^{(1)}\hat{\sigma}_\lambda^2 - \hat{\sigma}_\epsilon^2\right)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(2)}-1}\left(\sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - N^{(2)}\hat{\sigma}_\lambda^2 - \hat{\sigma}_\epsilon^2\right)$$

$$\hat{\rho}_{(3)} = \frac{1}{N^{(3)}-1}\left(\sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst}\right)^2 - \hat{\sigma}_\mu^2 - N^{(3)}\hat{\sigma}_\lambda^2 - \hat{\sigma}_\epsilon^2\right)$$

Model (6)

Again the estimation of the variance of μ remains unchanged, but we need, of course, to estimate all the remaining variance components and cross-correlations. The identifying equations now are

$$E\left[u_{ijst}^2\right] = \sigma_\mu^2 + {\sigma_v^{(1)}}^2 + {\sigma_v^{(2)}}^2 + {\sigma_v^{(3)}}^2 + \sigma_\epsilon^2$$

$$E\left[\left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(1)}}\sigma_\mu^2 + \frac{1}{N^{(1)}}{\sigma_v^{(1)}}^2 + {\sigma_v^{(2)}}^2 + {\sigma_v^{(3)}}^2 + \frac{1}{N^{(1)}}\sigma_\epsilon^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(1)}$$

$$E\left[\left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(2)}}\sigma_\mu^2 + {\sigma_v^{(1)}}^2 + \frac{1}{N^{(2)}}{\sigma_v^{(2)}}^2 + {\sigma_v^{(3)}}^2 + \frac{1}{N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{1}{N^{(3)}}\sigma_\mu^2 + {\sigma_v^{(1)}}^2 + {\sigma_v^{(2)}}^2 + \frac{1}{N^{(3)}}{\sigma_v^{(3)}}^2 + \frac{1}{N^{(3)}}\sigma_\epsilon^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(2)}}\sigma_\mu^2+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+$$

$$+\sigma_v^{(3)^2}+\frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(1)}+\frac{N^{(2)}-1}{N^{(1)}N^{(2)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(1)}N^{(3)}}\sigma_\mu^2+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+$$

$$+\frac{1}{N^{(1)}N^{(3)}}\sigma_\epsilon^2+\frac{N^{(1)}-1}{N^{(1)}N^{(3)}}\rho_{(1)}+\frac{N^{(3)}-1}{N^{(1)}N^{(3)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(2)}N^{(3)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1}{N^{(2)}N^{(3)}}\sigma_\mu^2+\sigma_v^{(1)^2}+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+$$

$$+\frac{1}{N^{(2)}N^{(3)}}\sigma_\epsilon^2+\frac{N^{(2)}-1}{N^{(2)}N^{(3)}}\rho_{(2)}+\frac{N^{(3)}-1}{N^{(2)}N^{(3)}}\rho_{(3)}$$

So we get the estimators of the cross correlations and the variance components

$$\hat{\sigma}_v^{(3)^2}=\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_s T_{ijs}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2-$$

$$-\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2-$$

$$-\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2+$$

$$+\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}_{ijst}^2$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_j T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}N^{(3)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2 - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_v^{(3)^2}$$

$$\hat{\rho}_{(1)} = \frac{1}{N^{(1)}-1}\Bigg(\sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 - \hat{\sigma}_v^{(1)^2} -$$

$$- N^{(1)} \hat{\sigma}_v^{(2)^2} - N^{(1)} \hat{\sigma}_v^{(3)^2} - \hat{\sigma}_\epsilon^2 \Bigg)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(2)}-1}\Bigg(\sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 - N^{(2)} \hat{\sigma}_v^{(1)^2} -$$

$$- \hat{\sigma}_v^{(2)^2} - N^{(2)} \hat{\sigma}_v^{(3)^2} - \hat{\sigma}_\epsilon^2 \Bigg)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(3)}-1}\Bigg(\sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}_\mu^2 - N^{(3)} \hat{\sigma}_v^{(1)^2} -$$

$$- N^{(3)} \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_v^{(3)^2} - \hat{\sigma}_\epsilon^2 \Bigg)$$

Model (4)

For models (4), (5) and (7) we make the same assumptions for the variance components of $\mu_{ij}^{(1)}$, $\mu_{is}^{(2)}$, $\mu_{js}^{(3)}$ and for covariance parameters as in the balanced case.

For model (4) we have two new identifying equations with respect to the balanced case

$$E\left[u_{ijst}^2\right] = 3\sigma_\mu^2 + \sigma_\epsilon^2$$

$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} u_{ijst} \right)^2 \right] = 3\sigma_\mu^2 +$$

$$+ \sigma_\epsilon^2 \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{T_{ijs}}$$

From these two equations

$$\hat{\sigma}_\epsilon^2 = \frac{N^{(1)}N^{(2)}N^{(3)}}{\left(N^{(1)}N^{(2)}N^{(3)} - \sum_i \sum_j \sum_s \frac{1}{T_{ijs}} \right) \sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2 -$$

$$- \frac{1}{N^{(1)}N^{(2)}N^{(3)} - \sum_i \sum_j \sum_s \frac{1}{T_{ijs}}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst} \right)^2$$

$$\hat{\sigma}_\mu^2 = \frac{1}{3 \sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2 - \frac{1}{3} \hat{\sigma}_\epsilon^2$$

The remaining identifying equations are the same as in the balanced case. Thus the estimators of the cross correlations are

$$\hat{\rho}_{(1)} = \frac{1}{2\left(N^{(2)}-1\right)} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{2\left(N^{(3)}-1\right)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{2\left(N^{(1)}-1\right)} \sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 -$$

$$- \hat{\sigma}_\mu^2 \frac{1}{2} \left(\frac{N^{(3)}+2}{N^{(3)}-1} + \frac{N^{(2)}+2}{N^{(2)}-1} - \frac{N^{(1)}+2}{N^{(1)}-1} \right) -$$

$$- \hat{\sigma}_\epsilon^2 \frac{1}{2} \left(\frac{1}{N^{(3)}-1} + \frac{1}{N^{(2)}-1} - \frac{1}{N^{(1)}-1} \right)$$

$$\hat{\rho}_{(2)} = \frac{1}{N^{(3)}-1} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \hat{\sigma}_\mu^2 \frac{N^{(3)}+2}{N^{(3)}-1} - \hat{\sigma}_\epsilon^2 \frac{1}{N^{(3)}-1} - \hat{\rho}_{(1)}$$

$$\hat{\rho}_{(3)} = \frac{1}{N^{(2)}-1} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 -$$

$$- \hat{\sigma}_\mu^2 \frac{N^{(2)}+2}{N^{(2)}-1} - \hat{\sigma}_\epsilon^2 \frac{1}{N^{(2)}-1} - \hat{\rho}_{(1)}$$

Model (5)

From the identifying equations

$$E\left[u_{ijst}^2\right] = 3\sigma_\mu^2 + \sigma_\lambda^2 + \sigma_\epsilon^2$$

$$E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} u_{ijst} \right)^2 \right] = 3\sigma_\mu^2 +$$

$$+ \left(\sigma_\lambda^2 + \sigma_\epsilon^2\right) \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{T_{ijs}}$$

by simple algebra we get

$$\hat{\sigma}_\mu^2 = \frac{1}{3\left(N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s \frac{1}{T_{ijs}}\right)} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}\right)^2 -$$
$$- \frac{\sum_i\sum_j\sum_s \frac{1}{T_{ijs}}}{3\left(N^{(1)}N^{(2)}N^{(3)} - \sum_i\sum_j\sum_s \frac{1}{T_{ijs}}\right)\sum_i\sum_j\sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\hat{u}_{ijst}^2$$

Moreover, this model we have the same identification equations as in balanced case, plus

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right] = \frac{1+N^{(1)}+N^{(2)}}{N^{(1)}N^{(2)}}\sigma_\mu^2 + \sigma_\lambda^2 + \frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2 + \frac{N^{(2)}-1}{N^{(1)}N^{(2)}}\rho_{(1)} +$$
$$+ \frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(2)} + \frac{N^{(1)}+N^{(2)}-2}{N^{(1)}N^{(2)}}\rho_{(3)}$$

So we get the following estimators

$$\hat{\sigma}_\lambda^2 = \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_s T_{ijs}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 -$$
$$- \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2 -$$
$$- \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2 +$$
$$+ \frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}_{ijst}^2$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}_{ijst}^2 - 3\hat{\sigma}_\mu^2 - \hat{\sigma}_\lambda^2$$

$$
\begin{aligned}
\hat{\rho}_{(1)} = & \frac{1}{2\left(N^{(2)}-1\right)} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 + \\
& + \frac{1}{2\left(N^{(3)}-1\right)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \\
& - \frac{1}{2\left(N^{(1)}-1\right)} \sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 - \\
& - \hat{\sigma}^2_{\mu} \frac{1}{2} \left(\frac{N^{(3)}+2}{N^{(3)}-1} + \frac{N^{(2)}+2}{N^{(2)}-1} - \frac{N^{(1)}+2}{N^{(1)}-1} \right) - \\
& - \hat{\sigma}^2_{\lambda} \frac{1}{2} \left(\frac{N^{(3)}}{N^{(3)}-1} + \frac{N^{(2)}}{N^{(2)}-1} - \frac{N^{(1)}}{N^{(1)}-1} \right) - \\
& - \hat{\sigma}^2_{\epsilon} \frac{1}{2} \left(\frac{1}{N^{(3)}-1} + \frac{1}{N^{(2)}-1} - \frac{1}{N^{(1)}-1} \right)
\end{aligned}
$$

$$
\begin{aligned}
\hat{\rho}_{(2)} = & \frac{1}{N^{(3)}-1} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}^2_{\mu} \frac{N^{(3)}+2}{N^{(3)}-1} - \\
& - \hat{\sigma}^2_{\lambda} \frac{N^{(3)}}{N^{(3)}-1} - \hat{\sigma}^2_{\epsilon} \frac{1}{N^{(3)}-1} - \hat{\rho}_{(1)} \\
\hat{\rho}_{(3)} = & \frac{1}{N^{(2)}-1} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \hat{\sigma}^2_{\mu} \frac{N^{(2)}+2}{N^{(2)}-1} - \\
& - \hat{\sigma}^2_{\lambda} \frac{N^{(2)}}{N^{(2)}-1} - \hat{\sigma}^2_{\epsilon} \frac{1}{N^{(2)}-1} - \hat{\rho}_{(1)}
\end{aligned}
$$

Model (7)

As above, from

$$
\begin{aligned}
& E\left[u^2_{ijst}\right] = 3\sigma^2_{\mu} + {\sigma^{(1)}_{v}}^2 + {\sigma^{(2)}_{v}}^2 + {\sigma^{(3)}_{v}}^2 + \sigma^2_{\epsilon} \\
& E\left[\frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} u_{ijst} \right)^2 \right] = \\
& \qquad 3\sigma^2_{\mu} + \left({\sigma^{(1)}_{v}}^2 + {\sigma^{(2)}_{v}}^2 + {\sigma^{(3)}_{v}}^2 + \sigma^2_{\epsilon} \right) \frac{1}{N^{(1)}N^{(2)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{T_{ijs}}
\end{aligned}
$$

we get

$$\hat{\sigma}_{\mu}^{2} = \frac{1}{3\left(N^{(1)}N^{(2)}N^{(3)} - \sum_i \sum_j \sum_s \frac{1}{T_{ijs}}\right)} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \left(\frac{1}{T_{ijs}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{\sum_i \sum_j \sum_s \frac{1}{T_{ijs}}}{3\left(N^{(1)}N^{(2)}N^{(3)} - \sum_i \sum_j \sum_s \frac{1}{T_{ijs}}\right) \sum_i \sum_j \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \hat{u}_{ijst}^2$$

The other identifying equations are

$$E\left[\left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} u_{ijst}\right)^2\right] = \frac{2+N^{(1)}}{N^{(1)}}\sigma_{\mu}^2 + \frac{1}{N^{(1)}}\sigma_v^{(1)^2} + \sigma_v^{(2)^2} +$$

$$+ \sigma_v^{(3)^2} + \frac{1}{N^{(1)}}\sigma_{\epsilon}^2 + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(2)} + \frac{N^{(1)}-1}{N^{(1)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} u_{ijst}\right)^2\right] = \frac{2+N^{(2)}}{N^{(2)}}\sigma_{\mu}^2 + \sigma_v^{(1)^2} + \frac{1}{N^{(2)}}\sigma_v^{(2)^2} + \sigma_v^{(3)^2} +$$

$$+ \frac{1}{N^{(2)}}\sigma_{\epsilon}^2 + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(1)} + \frac{N^{(2)}-1}{N^{(2)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} u_{ijst}\right)^2\right] = \frac{2+N^{(3)}}{N^{(3)}}\sigma_{\mu}^2 + \sigma_v^{(1)^2} + \sigma_v^{(2)^2} + \frac{1}{N^{(3)}}\sigma_v^{(3)^2} +$$

$$+ \frac{1}{N^{(3)}}\sigma_{\epsilon}^2 + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(1)} + \frac{N^{(3)}-1}{N^{(3)}}\rho_{(2)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}u_{ijst}\right)^2\right]=\frac{1+N^{(1)}+N^{(2)}}{N^{(1)}N^{(2)}}\sigma_\mu^2+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\sigma_v^{(3)^2}+$$

$$+\frac{1}{N^{(1)}N^{(2)}}\sigma_\epsilon^2+\frac{N^{(2)}-1}{N^{(1)}N^{(2)}}\rho_{(1)}+\frac{N^{(1)}-1}{N^{(1)}N^{(2)}}\rho_{(2)}+\frac{N^{(1)}+N^{(2)}-2}{N^{(1)}N^{(2)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(1)}N^{(3)}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1+N^{(1)}+N^{(3)}}{N^{(1)}N^{(3)}}\sigma_\mu^2+\frac{1}{N^{(1)}}\sigma_v^{(1)^2}+\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+$$

$$+\frac{1}{N^{(1)}N^{(3)}}\sigma_\epsilon^2+\frac{N^{(3)}-1}{N^{(1)}N^{(3)}}\rho_{(1)}+\frac{N^{(1)}+N^{(3)}-2}{N^{(1)}N^{(3)}}\rho_{(2)}+\frac{N^{(1)}-1}{N^{(1)}N^{(3)}}\rho_{(3)}$$

$$E\left[\left(\frac{1}{N^{(2)}N^{(3)}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}u_{ijst}\right)^2\right]=\frac{1+N^{(2)}+N^{(3)}}{N^{(2)}N^{(3)}}\sigma_\mu^2+\sigma_v^{(1)^2}+\frac{1}{N^{(2)}}\sigma_v^{(2)^2}+\frac{1}{N^{(3)}}\sigma_v^{(3)^2}+$$

$$+\frac{1}{N^{(2)}N^{(3)}}\sigma_\epsilon^2+\frac{N^{(2)}+N^{(3)}-2}{N^{(2)}N^{(3)}}\rho_{(1)}+\frac{N^{(3)}-1}{N^{(2)}N^{(3)}}\rho_{(2)}+\frac{N^{(2)}-1}{N^{(2)}N^{(3)}}\rho_{(3)}$$

which leads to the following estimators

$$\hat{\sigma}_v^{(3)^2}=\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_s T_{ijs}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}N^{(2)}}\sum_{i=1}^{N^{(1)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2-$$

$$-\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{i=1}^{N^{(1)}}\frac{1}{\sum_j\sum_s T_{ijs}}\sum_{j=1}^{N^{(2)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(1)}}\sum_{i=1}^{N^{(1)}}\hat{u}_{ijst}\right)^2-$$

$$-\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\sum_{j=1}^{N^{(2)}}\frac{1}{\sum_i\sum_s T_{ijs}}\sum_{i=1}^{N^{(1)}}\sum_{s=1}^{N^{(3)}}\sum_{t=1}^{T_{ijs}}\left(\frac{1}{N^{(2)}}\sum_{j=1}^{N^{(2)}}\hat{u}_{ijst}\right)^2+$$

$$+\frac{1}{(N^{(1)}-1)(N^{(2)}-1)}\frac{1}{\sum_i\sum_j\sum_s T_{ijs}}\sum_i^{N^{(1)}}\sum_j^{N^{(2)}}\sum_s^{N^{(3)}}\sum_t^{T_{ijs}}\hat{u}_{ijst}^2$$

$$\hat{\sigma}_v^{(2)^2} = \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_j T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}N^{(3)}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{(N^{(1)}-1)(N^{(3)}-1)} \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2$$

$$\hat{\sigma}_v^{(1)^2} = \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}N^{(3)}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 -$$

$$- \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 +$$

$$+ \frac{1}{(N^{(2)}-1)(N^{(3)}-1)} \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2$$

$$\hat{\sigma}_\epsilon^2 = \frac{1}{\sum_i \sum_j \sum_s T_{ijs}} \sum_{i}^{N^{(1)}} \sum_{j}^{N^{(2)}} \sum_{s}^{N^{(3)}} \sum_{t}^{T_{ijs}} \hat{u}_{ijst}^2 - 3\hat{\sigma}_\mu^2 - \hat{\sigma}_v^{(1)^2} - \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_v^{(3)^2}$$

$$
\begin{aligned}
\hat{\rho}_{(1)} = &\frac{1}{2\left(N^{(2)}-1\right)} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 + \\
&+ \frac{1}{2\left(N^{(3)}-1\right)} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \\
&- \frac{1}{2\left(N^{(1)}-1\right)} \sum_{i=1}^{N^{(1)}} \frac{1}{\sum_j \sum_s T_{ijs}} \sum_{j=1}^{N^{(2)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(1)}} \sum_{i=1}^{N^{(1)}} \hat{u}_{ijst} \right)^2 - \\
&- \hat{\sigma}_\mu^2 \frac{1}{2} \left(\frac{N^{(3)}+2}{N^{(3)}-1} + \frac{N^{(2)}+2}{N^{(2)}-1} - \frac{N^{(1)}+2}{N^{(1)}-1} \right) - \hat{\sigma}_v^{(1)^2} \frac{2N^{(1)}-1}{2N^{(1)}} - \hat{\sigma}_v^{(2)^2} \frac{1}{2N^{(2)}} - \\
&- \hat{\sigma}_v^{(3)^2} \frac{1}{2N^{(3)}} - \hat{\sigma}_\epsilon^2 \frac{1}{2} \left(\frac{1}{N^{(3)}-1} + \frac{1}{N^{(2)}-1} - \frac{1}{N^{(1)}-1} \right)
\end{aligned}
$$

$$
\begin{aligned}
\hat{\rho}_{(2)} = &\frac{1}{N^{(3)}-1} \sum_{s=1}^{N^{(3)}} \frac{1}{\sum_i \sum_j T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{j=1}^{N^{(2)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(3)}} \sum_{s=1}^{N^{(3)}} \hat{u}_{ijst} \right)^2 - \frac{N^{(3)}+2}{N^{(3)}-1} \hat{\sigma}_\mu^2 - \hat{\sigma}_v^{(1)^2} - \\
&- \hat{\sigma}_v^{(2)^2} - \frac{1}{N^{(3)}} \hat{\sigma}_v^{(3)^2} - \frac{1}{N^{(3)}-1} \hat{\sigma}_\epsilon^2 - \hat{\rho}_{(1)}
\end{aligned}
$$

$$
\begin{aligned}
\hat{\rho}_{(3)} = &\frac{1}{N^{(2)}-1} \sum_{j=1}^{N^{(2)}} \frac{1}{\sum_i \sum_s T_{ijs}} \sum_{i=1}^{N^{(1)}} \sum_{s=1}^{N^{(3)}} \sum_{t=1}^{T_{ijs}} \left(\frac{1}{N^{(2)}} \sum_{j=1}^{N^{(2)}} \hat{u}_{ijst} \right)^2 - \frac{N^{(2)}+2}{N^{(2)}-1} \hat{\sigma}_\mu^2 - \\
&- \hat{\sigma}_v^{(1)^2} - \frac{1}{N^{(2)}} \hat{\sigma}_v^{(2)^2} - \hat{\sigma}_v^{(3)^2} - \frac{1}{N^{(2)}-1} \hat{\sigma}_\epsilon^2 - \hat{\rho}_{(1)}
\end{aligned}
$$

5. Conclusion

In this paper we derived several four-dimensional random effects panel data models, suited to deal with economic flow type data like trade or FDI. All necessary tools have been introduced in order to be able to implement these models using standard econometric/statistical software packages like Stata or Matlab. Higher dimensional panel data sets, however, can become very large, very quickly. Even for smaller data sets, the number of observations can be in the magnitude of $10^4 - 10^5$, but can easily reach 10^6. This is translated into huge computational resource requirements, both in hard drive capacity and CPU time. Typically, the models and methods presented for the balanced case (when closed form spectral decompositions are available) can be used when the data is of the size 10^5. However, when the data set becomes bigger or unbalanced methods and models need to be used, resource requirements can be forbidding. The main difficulty is that in the case of the GLS estimator the covariance matrix of the model, which has the size of the overall number of observations, needs to be inverted. If we run out of computing power the solution can be to use OLS instead of GLS. The OLS estimator is still consistent, although not optimal, for the models introduced in this paper. But then the covariance matrix of the OLS estimator needs to be properly adjusted using the covariance matrix of each model and the estimated variance components derived above, in order to get the appropriate standard errors of the estimated parameters. Another way to ease computing power requirements is to use lower level programming languages like C+, etc., but this requires serious code writing skills and additional resources.

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