FAQ: How should effects be defined with an ordinal outcome in mediation?

This is a good question which is not really addressed in the literature. The counterfactual effects consider expected outcomes which for a binary variable corresponds to the probability of Y=1. But with multiple outcome categories, the expectation is not defined unless you give the categories scores such as 0, 1, 2, … – which is not really optimal. You can dichotomize an ordinal variable into several binary ones and get the answer that way using several analyses. But I think with an ordinal outcome the latent response variable result is defensible – certainly the more categories you have because then it gets closer to a continuous outcome.