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THE POLITICAL COST OF OPPORTUNISTIC MOTIVES IN GOODWILL IMPAIRMENT DECLARATION OF LISTED FINANCIAL SERVICE FIRMS IN NIGERIA

By

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Abstract
This study assesses the impact of the political cost of manipulative incentives in goodwill impairment among listed financial service firms in Nigeria. The data was obtained from annual reports and accounts of the firms, and logistic regression was used to test the variables. The findings reveal a significant correlation, indicating that political costs are a crucial driver of manipulative behavior in goodwill impairment reporting. On this basis, the study concludes that political costs impact the firm's goodwill impairment practices. The study recommends the presentation of sensitivity analyses in reports as mandatory for bringing clarity regarding the extent of variations in economic conditions, which may impact the outcomes of impairment tests. This would make it more capable of opening up better integrity and reliability in financial reporting for the firms.

Keywords: Political Cost, Goodwill, Impairment, Opportunistic motive

1.1 Background

Political cost represents the costs that firms incur due to their visibility and the related attention from regulators and other stakeholders (Dimitrios *et al*. 2022). Larger firms tend to have higher political costs as they are more politically visible compared to smaller ones. Managers of these firms tend to manipulate the financial statements in order to rule out these costs by taking advantage of adverse consequences of unfavorable reporting (Pedro *et al*, 2024). The manipulation can manifest in the form of goodwill impairment, where firms may choose to recognize or delay recognizing impairment losses based on their political environment. High pressure from stakeholders and the public may actually force companies to change their impairment estimates in order to avoid adverse political costs (Sundy and Joseph, 2020).

The pressure from the stakeholders makes goodwill more relevance in recognition and in valuations (Grant, 2020). According to IAS 36, the testing of goodwill impairment should be relegated to the discretion of the management (BDO, 2021). It really becomes very hard to accurately predict impairment charges. This could, as a result, lead to estimates that are misleading to investors and all those stakeholders who use financial reports as the basis for decision-making (Grant, 2020). The quality of goodwill impairment disclosed is usually seen as opportunistically presented. A firm's goodwill impairment recognition decision is so closely linked to managerial incentives. Because of the complexities involved, management

may abuse the discretion provided by the accounting standards that regulate goodwill. (Li & Sloan, 2012).

Large firms are very often faced with heightened stakeholder scrutiny, and as such, their management will seek to ensure that reporting does not attract political costs. To this effect, managers may potentially be in a position in which pressure creates incentives for opportunistic behavior with regard to managing perceived political costs (Engberg & Schenberg, 2020). Given the high expectations of large organizations within the economy, political costs become a significant factor in manipulations that are inherent in goodwill impairment estimates (Gonçalves *et al*., 2019).

The interrelationship between political cost and goodwill impairment provides the foundation for some of the challenges found in financial reporting in highly politicized contexts. In the case of firms receiving high levels of political attention, manipulation of goodwill impairment estimates is one tactic through which these firms seek to maintain stakeholder confidence and minimize political costs

Such manipulation for political costs is also facilitated in Nigeria by the inherent inefficiency in financial reporting processes and the lack of well-structured systems that allow for efficiency in evaluation. Previous studies indicate a mixed impact of political costs on goodwill impairment. Stenheim and Madsen, (2016); Li, (2018); and Gonçalves *et al*., (2019) reveal that political cost affects goodwill impairment. Contrastingly, Oliveira, *et al,* (2018) argue that bigger firms do not necessarily apply goodwill impairment as a manipulative tool. The variation in findings from one scholar to another indicates an empirical gap existent in literature which needs further study with respect to the relationship of goodwill impairment with political costs. For instance, the previous studies, such as those by Vichitsarawong (2007), Swanson *et al*. (2007), Zang (2008), Lemans (2009), and Ostende (2009), have expired with time for their inability to take into consideration recent changes either in goodwill impairment standards or analyzing directly the political costs. This outline makes the read smooth and communicates the main issues clearly about political cost and goodwill impairment.

1.2 Objective, Hypothesis and Scope

The objective of the study is to assess the effect of political cost on the goodwill impairment of listed financial service firms in Nigeria.

In line with the research objectives stated above, the following hypotheses are formulated

H_{o1}: Political cost has no significant effect on the goodwill impairment of listed financial service firms in Nigeria.

The study covers a period of ten (10) years spanning from year 2013 to 2022. The period of 2013 to 2022 is selected because of the momentous changes that were made regarding IAS 36 within this period. This will be of benefit to various stakeholders such as shareholders, financial analysts, regulators and other stakeholders.

2.1 Political Cost

Political cost is a factor that drives management to manipulate accounting figures (Gonçalves *et al*., 2019). This incentive arises from the fact that these figures affect the extent to which firms are subject to regulations that impose political costs on them. This is especially common in larger firms with high net earnings, significant fluctuations in profits, or a dominant market share, all of which increase their political visibility (Stenheim& Madsen,

2016). Political cost is a key factor in explaining the variations observed in the accounting treatment of impairment losses. In line with the political cost theory, larger companies tend to show greater divergence in their accounting practices. To reduce the political costs associated with their public visibility, such companies often manipulate the recognition of goodwill impairments, which compromises the credibility of financial statements and distorts the true financial and economic condition of the firm (Oliveira *et al*., 2018).

1.2 Goodwill Impairment

A company records a goodwill impairment when the value of its goodwill asset declines below the original purchase price. IAS 36 is the standard that governs goodwill impairment. It requires firms to test an asset for impairment when there are indicators that its value has decreased. An indication of this reduction occurs when the recoverable amount of the cash-generating unit(s) to which goodwill has been allocated is less than the carrying amount of the unit(s). According to IAS 36, when allocating goodwill to cash-generating units, the smallest group of assets capable of generating independent cash flows is recognized. Impairment is recorded as the difference between the recoverable amount and the carrying amount. However, an impairment cannot reduce the carrying amount of goodwill below the higher of: (1) the asset's fair value less costs of disposal (if measurable), (2) the asset's value in use (if determinable), and (3) zero.

IAS 36 places additional requirements on goodwill, mandating that it be tested for impairment at least annually. Once recognized, a goodwill impairment cannot be reversed. When assessing goodwill impairment, a firm must document and estimate the recoverable amount of goodwill allocated to the cash-generating units, and then compare it with the carrying value of goodwill reported in the financial statements. The recoverable amount is defined as the higher of the asset's fair value, less costs of disposal or its value in use. If either of these values exceeds the carrying amount, the asset is not impaired, making further calculations unnecessary. However, it can be challenging to determine the fair value less costs of disposal for cash-generating units, as there may not always be a reliable estimate of the asset's true value.

1.3 Empirical Studies

Engberg and Schenberg (2020), analyze goodwill impairment factors in Sweden. The objective of the study is to analyze how impairment factors affect discretionary goodwill impairment decisions in Swedish Large-Cap and Mid-Cap firms. The study examines the occurrence and the size of goodwill impairment losses. The scope of the study comprises Swedish Large-Cap and MidCap firms during the period of seven years (2006-2012). The study analyzed its data using logistic regression to investigate what indicators cause firms to make goodwill impairments. The study also did a regression analysis to examine what influences the amount of goodwill impaired using a censored Tobit regression. The result reveals that political costs have a positive and significant effect on goodwill impairment. The shortcoming of this study is that the scope is outmoded.

Gonçalves*et al*. (2019) examine the extent to which the recognition of impairments in goodwill associated with the capital market restricts the recognition of such losses. The study took a quantitative approach based on accounting and market data of companies listed on the Lisbon and Madrid stock exchanges from 2007 to 2015. The study made use of the multivariate regression models estimated using the generalized moment method (system GMM). The result reveals that political cost has a positive and significant effect on the impairment of goodwill. The positive relationship between political cost and the impairment in goodwill suggests that, in the context of manipulativepractices, large organizations are more likely to use goodwill impairment for manipulative practices than smaller firms.

Li (2018), examines lifting of short-selling constraints and accounting policy options empirical data from asset impairment provision. The study examines accounting policy by means of the exogenous event of loose short-selling control. The study scope was based on the listed companies in Shanghai and Shenzhen from 2008-2016. The data of this study is derived from the CSMAR database and the Wind database. The sampled firms comprise companies owned by the A-share listed corporations of the Shanghai and Shenzhen stock exchanges. The study finds that political cost has a significant effect on goodwill impairment. Furthermore, the study finds that after relaxing the short-selling control, the company reduces the proportion of the provision for impairment of assets, and the company's reduced provision for impairment of assets can be higher than the non-returnable asset impairment provision. The study has some shortcomings due to the reason that short-selling transactions started late in China, the current stocks that can be sold short account for a small proportion of the overall sample of the study. During the sample period, the size of stocks that can be sold short accounts for a very small number of the total sample. This, therefore, limits the generalization of the study.

Oliveira *et al*. (2018) investigate the impact of the first-time adoption of the accounting standardization system impairment losses in Portugal. The study seeks to analyze the impact of first-time adoption regarding the accounting treatment of impairment losses. This objective arose as a result of the fact that Portugal has been recognized as a Code-law country with weak legal enforcement mechanisms and conservative accounting practices. The sample comprises companies selected from the Exame Magazine ranking in 2010. The selection was based on companies whose individual annual reports for 2009 and 2010 had been published on their websites, approved by Sistema de NormalizaçãoContabilística – SNC, and published through the Decree-Law number 158/2009. The study reveals that political cost has a positive and insignificant effect on goodwill impairment. This means that political cost is not a determinant of goodwill impairment manipulation. The shortfall of this study is that the scope is not large enough to arrive at a conclusion and make generalizations.

Stenheim and Madsen (2016), investigate the association between goodwill impairment losses and proxies of economic impairment, earnings management incentives and corporate governance mechanisms. The objective of the study is to examine the determinants of goodwill impairment losses by examining the associations between impairment losses and proxies of economic impairment, earnings management incentives and corporate governance mechanisms. The empirical results of the study are based on observations from the largest firms listed on the London Stock Exchange over the fiscal years 2005 to 2009. Logit and Tobit regression were used to analyze the data.The results establish significant associations between impairment and earnings management incentives. Specifically, the results reveal that political cost has a significantly positive association with impairment decisions. This suggests that political cost is positively associated with impairment losses.

Alves (2013), analyzes the association between goodwill impairment and discretionary accruals of Portuguese-listed firms. The objective of the study centered on investigating whether Portuguese-listed companies use goodwill impairment loss to manage earnings. The study emphasizes that managers of large firms are more likely to exploit the latitude in accounting to reduce political costs. Therefore, large firms are more likely to choose income-decreasing earnings management to reduce the probability of adverse impact from political exposure (the political cost hypothesis). The study made use of a sample of Euro next Lisbon nonfinancial firms over a period of 6 years slated from 2005 through 2010. The study reveals that the relationship of political cost was positive and significant. Furthermore, the goodwill impairment amount is significantly positively related to earnings management, suggesting that IAS 36 provides managers with discretion for goodwill

write-offs. The gap in this study is that political cost was not analyzed directly with goodwill impairment manipulation, rather, it focused on discretionary accruals.

Ostende (2009) examines goodwill impairment as a tool for earnings management in Western and Middle European Union member states. The study focused on firms listed in Belgium, Germany, France, Luxembourg, Netherlands, Austria and the United Kingdom (including Ireland). Manipulative incentive is associated with greater price-earnings correlation and more expected earnings. The reasons for engaging in earnings management are revealed in the hypotheses distinguished by the bonus plan hypothesis, the positive accounting theory, the political cost and the debt hypothesis. Results regarding the relationship between political cost and goodwill impairment imply that a firm's impairment decisions are influenced by political cost. Results regarding the relationship between political cost and goodwill impairment imply that a firm's impairment decisions are influenced by political cost. The potential for discretion is due to the firm's particular characteristics and the flexibility embedded in the accounting standards, both of which are determining factors of these incentives. The pitfall of this study is that it lacks a robust methodology.

1.4 Theoretical framework

One of the key hypotheses of positive accounting theory is the political cost hypothesis, which suggests that larger firms, rather than smaller ones, are more likely to use accounting methods that reduce reported profits. In this hypothesis, firm size represents unwanted political attention, as reporting excessively high profits could lead to stricter regulations. Watts and Zimmermann (1990) highlight factors such as regulation, information production costs, compensation plans, indebtedness, and the political costs associated with a company's size as key drivers of these practices. The public visibility of large companies often motivates them to lower their earnings to minimize political costs (Watts & Zimmerman, 1978). The desire to manipulate accounting information to present more favorable results can help reduce criticism from stakeholders and ease political pressure on regulators and standard setters (Watts, 2003). Large firms also tend to attract more analysts and public attention, which could incentivize them to manipulate figures or act opportunistically (Zang, 2008). There is a positive correlation between goodwill impairment and political costs, aligning with the political cost hypothesis, which asserts that larger firms seek to avoid unwanted scrutiny associated with high reported earnings by reducing profits through the manipulation of goodwill impairments (Godfrey & Koh, 2009).

1.5 Research Methodology

The correlational research design is adopted for this study, enabling the examination of relationships among variables and making predictions based on these relationships. The study population consisted of all financial service firms listed on the Nigerian Exchange Group as of December 31, 2022. Data were sourced from published audited annual reports and accounts of the selected firms, covering the period from 2013 to 2022. The analysis employed a logit regression technique, utilizing Stata 13 software. Diagnostic tests, including the Hosmer-Lemeshow goodness of fit test, Akaike Information Criterion (AIC), and Bayesian Information Criterion (BIC) for logistic regression, were conducted to ensure the robustness of the methodology.

1.6 Variable Measurement

The measurements of the dependent and independent variables are provided in Table 1.

Table 1 Measurement of the Dependent and Independent Variables

Variable	Nature of Variable	Proxy	Measurement	Source
Goodwill Impairment (GWI)	Dependent Variable	GWI	Dichotomous variables 1 and 0. The value 1 is assigned if the firms recognised impairment at the end of each year and 0 if not	Vogt, Pletsch, Moras, And Klann (2016); Koresec, Jerman & Tominc (2016)
Political cost (POC)	Independent Variable	POC	Natural logarithm of the total assets	Li and Dang (2013); Stenheim and Madsen (2016).

Source: Compiled by the Authors (2024)

$$GWI_{it} = \beta_0 + \beta_1 POC_{it} + \mu_{it} \text{ ---------- (1)}$$

Where:

GWI_{it}= Goodwill Impairment of firm ì in year t.

β_0 = intercept

β_1- β_2 = Coefficient of the independent variables

POC = Political cost of firm ì in year t

μ_{it} = Residual or error term of firm 'i' in year 't'

4.0 Result and Discussion

4.1 Descriptive Statistics

Table 2 shows the descriptive statistics, revealing information on the mean, standard deviation, maximum and minimum for each of the dependent and independent variables.

Table 2 Descriptive Statistics

Variable	Mean	Standard Deviation	Minimum	Maximum	OBS
GWI	0.6782	0.4681	0	1	230
POC	6.05	7.25	2.19	1.10	230

Source*:* Output of summary of statistics obtained from STATA 13.

The dependent variable is a dichotomous variable which have a minimum and a maximum value of 0 and 1 respectively. The mean value of goodwill impairment disclosure is 0.67 and the standard deviation is 0.46. The mean value of 0.67 signifies that the average record of goodwill impairment disclosure across the firms during the periods of the study is 67%. The standard deviation of 0.46 indicates low dispersion from the mean.

The average total assets value of political cost is 6.05, and the standard deviation of 7.25 suggests that the total assets value is not widely dispersed. The maximum value of 1.10 shows that the highest total asset value is over ten trillion Naira, while the minimum value of 2.19 depicts the lowest asset value is about two hundred and nineteen million Naira.

4.2 Robustness Test

The study made a selection of its model between the logistic regression and the random effect logistic model using the likelihood ratio test, the Akaike information criterion (AIC) and Bayesian information criterion (BIC) for logistic regression. Agresti (2002) opines that the model with the lowest AIC and BIC is the most suitable for the study.

The study made a selection of its model between the logistic regression and the random effect model using the Akaike information criterion (AIC) and Bayesian information criterion (BIC) for logistic regression. The result shows that the logistic regression has an AIC of 270.1198 and BIC of 276.996 while the random logistic regression has an AIC of 272.1198 and BIC of 282.4341. Evidence from (Akaike, 1974) suggests that the model with the lowest AIC and BIC is the most suitable for the study, and this is also supported by Raftery (1995), Sakamoto, Ishiguro, and Kitagawa (1986), Schwarz (1978) and Agresti (2002).

Robustness tests are conducted to test the validity of the statistical inference of a regression model. The robustness tests conducted for this study include the goodness of fit test, Akaike information criterion (AIC) and Bayesian information criterion (BIC) for logistic regression.

The Hosmer and Lemeshow test of the goodness of fit is used to test if the logistic regression model is fit and well specified as one of the assumptions of logistic regression. Evidence from Hosmer and Lemeshow (1989), simulation study indicates that when the model is correctly specified, the distribution of the statistic is well approximated by a chi-square X^2 distribution. The test of the goodness of fit shows a chi-square of 8.28 and an insignificant P-value of (0.9938). Based on the insignificant p-value of the chi-square it indicates that the goodness of fit for the model is adequate.

4.3 Correlation Matrix

Table 3 presents the correlation values between the explanatory variables and the explained variable.

Table 3 Correlation Matrix of Dependent and Independent Variables

	GWI	POC	BBH
GWI	1.0000		
POC	0.3163	1.0000	

Source: output of correlation matrix obtained from STATA 13.

The Table shows that the coefficient of correlation between goodwill impairment and political cost is 0.3163. This implies that political costs have a weak positive relationship with the goodwill impairment of listed financial service firms in Nigeria.

The correlation matrix table reveals that there is no presence of possible multicollinearity among the independent variables. The highest relationship amongst the independent variables is below the threshold of 80% as postulated by Gujarati and Porter (2009).

4.4 Hypotheses Testing

The study did a test on two hypotheses. These hypotheses, which were earlier stated in null forms, were analyzed using logistic regression and the result obtained is presented in Table 4.

Table 4 Regression result

Variables	Coefficient	Z	p-value
POC	0.92	3.86	0.000
CONS	0.28	1.42	0.156

Source: Regression Result from Output STATA 13

The hypotheses are tested here using the logistic regression and they are discussed below.

The regression results, as indicated in Table 4, reveal that political costs have a z-value of 3.86 and a coefficient of 0.92 with a p-value of 0.000. The result means that political costs have a significant positive effect on the goodwill impairment of listed financial service firms in Nigeria. The 1% level of significance, as indicated by the p-value, means that political costs have a significant effect on goodwill impairment, while the positive coefficient signifies an increase in recognizing goodwill impairment loss. This result means that large firms are more likely to use accounting choices that reduce reported profits in order to avoid political attention. The result is in line with the postulation of the political cost hypothesis, which states that firms want to avoid the unwanted attention associated with high reported earnings and thus lower their earnings by the use of manipulative incentives. Managers of listed financial service firms use goodwill impairment to avoid unwanted political attention due to the reason that enormous attention and expectations are placed on most big organizations. The finding is in tandem with Engberg and Schenberg (2020) and Gonçalves*et al.* (2019) but contradicts that of Oliveira *et al*. (2018).

5.1 Conclusion and Recommendation

The study concludes that large corporations use goodwill impairment to reduce political attention. It also provides evidence that comparability motives affect the goodwill impairment of listed financial service firms in Nigeria. Hence, this study concludes that big bath is a manipulative incentive for goodwill impairment of listed financial service firms in Nigeria.

In line with the conclusions, the study recommends that regulatory bodies should enforce stringent disclosure requirements mandating comprehensive and transparent reporting regarding goodwill impairment assessments. Develop standardized impairment testing procedures guided by robust methodologies and objective criteria to limit managerial discretion in impairment assessments. Standardization can prevent deliberate overstatement of impairment charges practices under political cost motives.

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RESULTS OF ANALYSIS OF POLITICAL COST AND GOODWILL IMPAIRMENT

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___/   /   /___/   /   /___/   13.0   Copyright 1985-2013 StataCorp LP
  Statistics/Data Analysis            StataCorp
                                      4905 Lakeway Drive
     MP - Parallel Edition            College Station, Texas 77845 USA
                                      800-STATA-PC        http://www.stata.com
                                      979-696-4600        stata@stata.com
                                      979-696-4601 (fax)


Notes:
      1.  (/v# option or -set maxvar-) 5000 maximum variables

. edit

. *(4 variables, 230 observations pasted into data editor)

. xtset year id
       panel variable:  year (strongly balanced)
        time variable:  id, 1 to 23
                delta:  1 unit

. su gwi poc

    Variable |        Obs        Mean    Std. Dev.       Min        Max
-------------+---------------------------------------------------------
         gwi |        230    .6782609    .4681624          0          1
         poc |        230    6.05e+10    7.25e+11   2.19e+08   1.10e+13

. pwcorr gwi poc

             |      gwi      poc
-------------+------------------
         gwi |   1.0000
         poc |   0.3163   1.0000


. logit gwi poc

Iteration 0:   log likelihood = -144.47989
Iteration 1:   log likelihood = -133.06877
Iteration 2:   log likelihood = -133.05991
Iteration 3:   log likelihood = -133.05991

Logistic regression                               Number of obs   =        230
                                                  LR chi2(1)      =      22.84
                                                  Prob > chi2     =     0.0000
Log likelihood = -133.05991                       Pseudo R2       =     0.0790

------------------------------------------------------------------------------
         gwi |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         poc |   .9186949   .2381028     3.86   0.000      .452022    1.385368
       _cons |   .2810018   .1981955     1.42   0.156    -.1074543     .669458
------------------------------------------------------------------------------
```

```
. estat ic

Akaike's information criterion and Bayesian information criterion
```

Model	Obs	ll(null)	ll(model)	df	AIC	BIC
.	230	-144.4799	-133.0599	2	270.1198	276.996

Note: N=Obs used in calculating BIC; see **[R] BIC note**

```
. estat gof, group(23)
```

Logistic model for gwi, goodness-of-fit test

```
  (Table collapsed on quantiles of estimated probabilities)

      number of observations =       230
            number of groups =        23
     Hosmer-Lemeshow chi2(21) =      8.28
                 Prob > chi2 =      0.9938
```

```
. xtlogit gwi poc, re

Fitting comparison model:

Iteration 0:   log likelihood = -144.47989
Iteration 1:   log likelihood = -133.06877
Iteration 2:   log likelihood = -133.05991
Iteration 3:   log likelihood = -133.05991

Fitting full model:

tau =  0.0     log likelihood = -133.05991
tau =  0.1     log likelihood = -134.60486

Iteration 0:   log likelihood = -134.60486
Iteration 1:   log likelihood = -133.09829
Iteration 2:   log likelihood = -133.06073
Iteration 3:   log likelihood = -133.05997
Iteration 4:   log likelihood = -133.05992
Iteration 5:   log likelihood = -133.05991

Random-effects logistic regression              Number of obs      =       230
Group variable: year                            Number of groups   =        10

Random effects u_i ~ Gaussian                   Obs per group: min =        23
                                                               avg =      23.0
                                                               max =        23

Integration method: mvaghermite                 Integration points =        12

                                                Wald chi2(1)       =     14.89
Log likelihood  = -133.05991                    Prob > chi2        =    0.0001

------------------------------------------------------------------------------
         gwi |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         poc |   .9186942   .2381027     3.86   0.000     .4520216    1.385367
       _cons |    .281002   .1981955     1.42   0.156     -.107454    .6694581
-------------+----------------------------------------------------------------
    /lnsig2u |  -16.27159   58.94488                     -131.8014    99.25826
-------------+----------------------------------------------------------------
     sigma_u |   .0002929   .0086315                      2.40e-29    3.58e+21
         rho |   2.61e-08   1.54e-06                      1.75e-58           1
------------------------------------------------------------------------------
Likelihood-ratio test of rho=0: chibar2(01) =     0.00 Prob >= chibar2 = 1.000

. est store re


. estat ic

Akaike's information criterion and Bayesian information criterion

------------------------------------------------------------------------------
       Model |    Obs    ll(null)   ll(model)     df          AIC         BIC
-------------+----------------------------------------------------------------
          re |    230           .   -133.0599      3     272.1198    282.4341
------------------------------------------------------------------------------
               Note:  N=Obs used in calculating BIC; see [R] BIC note
```

```
. xtlogit gwi poc, fe
note: multiple positive outcomes within groups encountered.

Iteration 0:   log likelihood = -114.85472
Iteration 1:   log likelihood = -114.83055
Iteration 2:   log likelihood =  -114.8305
Iteration 3:   log likelihood =  -114.8305

Conditional fixed-effects logistic regression   Number of obs      =       230
Group variable: year                            Number of groups   =        10

                                                Obs per group: min =        23
                                                               avg =      23.0
                                                               max =        23

                                                LR chi2(1)         =     21.41
Log likelihood  =  -114.8305                    Prob > chi2        =    0.0000
```

gwi	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
poc	.8673738	.2298092	3.77	0.000	.4169562	1.317791

```
. est store fe

. hausman re fe
```

	Coefficients			
	(b) re	(B) fe	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
poc	.9186942	.8673738	.0513204	.0622947

```
                b = consistent under Ho and Ha; obtained from xtlogit
     B = inconsistent under Ha, efficient under Ho; obtained from xtlogit

    Test:  Ho:  difference in coefficients not systematic

                chi2(1) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                        =        0.68
              Prob>chi2 =      0.4100
```