INFORMATION PAGE ABOUT THESIS

Thesis title: **CEO Overconfidence, Business Risk, and the Performance of Listed Companies in Vietnam.**

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1. THESIS SUMMARY

The dissertation *"CEO Overconfidence, Business Risk, and the Performance of Listed Companies in Vietnam"* builds upon both domestic and international studies on methods of measuring CEO overconfidence, notably those of Malmendier and Tate (2005a, 2005b, 2008), Huang and Kisgen (2013), and Otto (2014). The author focuses on addressing the following research gaps: (1) Measurement of CEO overconfidence, for which three behavioral proxies are employed: (i) excessive operating cash flow (cause) combined with overinvestment (manifestation) (Over1); (ii) superior earnings per share relative to industry peers (Over2); and (iii) overinvestment (cause) leading to earnings management (manifestation) (Over3); (2) Examination of financial indicators, particularly stock market growth as a signal encouraging CEO overconfidence, thereby affecting firm performance and risk; (3) Ownership structure as a potential amplifier or mitigator of CEO overconfidence, influencing both performance and business risk. To address these gaps, the dissertation utilizes panel data of non-financial listed firms in Vietnam from 2012 to 2022, constructing industry- and year-adjusted cross-sectional variables for the Over measures. The analysis is conducted through panel regressions to examine the effects of CEO overconfidence and related factors on firm performance and risk. In addition, the study incorporates interaction terms between CEO overconfidence and ownership structure (state ownership and foreign ownership), income diversification, and stock market growth. The findings reveal that CEO overconfidence enhances firm performance but simultaneously increases business risk. Both state and foreign ownership improve firm performance, and their interaction effects with CEO overconfidence positively affect market performance; however, these ownership structures also mitigate the risk-enhancing impact of overconfident CEOs. Stock market growth further amplifies firm

performance but, in the context of CEO overconfidence, diminishes performance and heightens risk. Based on these results, the dissertation proposes policy recommendations on controlling CEO overconfidence to prevent excessive risk-taking while ensuring stability and improved performance of listed firms.

Keywords: CEO Overconfidence; Firm Performance; Business Risk; Non-Financial Listed Companies in Vietnam.

2. CONTRIBUTIONS OF THE THESIS

Previous studies on this topic have largely focused on examining the impact of CEO overconfidence on firm value or corporate performance. Beyond assessing the effect of CEO overconfidence on firm performance (measured by both accounting-based and market-based indicators), this dissertation also investigates its influence on firms' operational risk. To capture these dimensions, the dissertation introduces several novel aspects that previous research has not addressed, including:

Innovation in measuring CEO overconfidence: This study employs three new proxies: (i) the difference between expected EPS and the actual EPS achieved by the firm; (ii) a combined measure of overinvestment (Overinvest) and excess cash flow; and (iii) a composite measure incorporating both earnings management and overinvestment. All measures are calculated at the industry-year level to eliminate differences across industries and time.

The second novelty lies in the use of financial indicators, particularly stock market growth, as a signal that encourages CEO overconfidence, thereby affecting both firm performance and risk.

The third novelty of this dissertation is the consideration of ownership structure (including state ownership and foreign ownership) in shaping firm performance and risk, as well as their moderating role in the relationship between CEO overconfidence, performance, and risk.

3. PRACTICAL APPLICATIONS AND FUTURE RESEARCH DIRECTIONS

This study offers several practical implications for managers, policymakers, and investors. By synthesizing existing research on CEO overconfidence and highlighting the strengths and weaknesses of prior measurement approaches, it introduces two novel proxies based on cash flow and earnings. These measures allow for a more accurate assessment of how overconfident behavior influences both firm performance and business risk. In the context of Vietnam's economic reforms including market liberalization, state-owned enterprise equitization, and diversification strategies the findings underscore that managerial decisions are not solely driven by policy or market factors but are significantly shaped by CEOs' psychological traits. For practitioners, the results provide empirical evidence to better anticipate the dual effects of CEO overconfidence: performance enhancement accompanied by heightened risk exposure.

Future research should extend this work in two directions. First, as Vietnam's stock market matures and disclosure practices improve supported by media reporting news and more refined proxies of CEO overconfidence should be developed and compared. Second, the moderating role of ownership, both direct and interactive, deserves deeper investigation. Exploring institutional shocks and natural experiments (e.g., changes in state ownership limits or accounting reforms) would further strengthen causal identification and broaden the generalizability of findings.

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