

R&D investment and future firm performance: The role of managerial overconfidence and government ownership

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ABSTRACT

We investigate the relationship among managerial overconfidence (MO), government ownership, and research and development (R&D) investment using data from Vietnamese public companies for the period 2007–2016. We also investigate how R&D investment, given MO and government ownership, affect future firm performance. Our results indicate that MO and government ownership are positively related to R&D investment. Conceptually, this study investigates novel factors affecting of R&D investment and their role in improving firm performance. Overall, this study emphasizes the importance of R&D investment in the corporate world, improving firm performance and, ultimately, economic prosperity.

KEYWORDS: Managerial overconfidence (MO); government ownership; research and development (R&D) investment

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