DOES CEO EXPERIENCE MATTER FOR THE SPEED OF ADJUSTMENT TOWARD TARGET CASH HOLDINGS? EVIDENCE FROM VIETNAM

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(Received: February 26, 2026; Revised: March 31, 2026; Accepted: May 05, 2026)

DOI: 10.31130/ud-jst.2026.24(6A).108E

Abstract - This paper examines the role of CEO experience in shaping the speed of adjustment toward target cash holdings among Vietnamese listed firms during 2010-2024. Using data from 556 firms, we find that firms led by more experienced CEOs tend to maintain higher cash balances, which may reflect a stronger precautionary motive. CEO experience is also negatively associated with cash adjustment speed, suggesting that experienced CEOs may adopt more conservative financial policies. Further analyses show that this effect appears to be more evident when firms face cash shortfalls, whereas no significant relationship is observed when firms hold excess cash. This negative association becomes stronger during the COVID-19 pandemic and is more pronounced in firms without CEO duality. These findings provide suggestive evidence on the role of managerial characteristics in shaping corporate cash policies in an emerging market context.

Key words - CEO experience; Adjustment speed; Target cash holdings; COVID-19; Vietnam

1. Introduction

Corporate financial decisions are influenced not only by firm-specific factors but also by CEO characteristics. A growing body of research has examined how these CEO characteristics affect the speed of adjustment (SOA) of cash holdings, although the findings remain inconclusive. For instance, [1] find that overconfident CEOs in the US adjust cash holdings more rapidly, whereas [2] report that highly capable CEOs in Korea adjust more slowly, possibly to preserve liquidity for future investment opportunities. Regarding managerial entrenchment, [3] argue that entrenched managers are reluctant to distribute excess cash, thereby slowing adjustment, particularly when firms hold cash above target levels. In contrast, [4] provides a different perspective when they find that US firms with weak governance tend to hold less cash, as managers in these firms spend cash quickly, especially through acquisitions, implying a faster reduction of excess cash.

In the Vietnamese context, several studies confirm that CEO characteristics significantly affect firm performance and other corporate decisions [5-7]. With respect to firms' cash behavior, most Vietnamese research has focused on the existence of optimal cash holdings and their impact on firm value [8-11]. However, to the best of our knowledge, no prior study has directly examined how CEO characteristics affect the speed at which firms adjust cash holdings toward target levels in Vietnam. This gap is particularly important given that high information asymmetry and relatively weak corporate governance in Vietnam may amplify the influence of CEO characteristics on financial decision-making [12, 13].

This study aims to examine the relationship between CEO experience and the speed of adjustment toward target cash holdings. Specifically, we address two research questions: (i) Does CEO experience influence the speed of adjustment toward target cash holdings, and if so, does greater experience lead to faster or slower adjustment?; and (ii) Does the relationship between CEO experience and the speed of adjustment differ depending on whether firms face cash surpluses or cash shortfalls?

Using a panel of 556 listed companies over the period 2010-2024, the results provide some evidence that firms led by more experienced CEOs tend to hold higher levels of cash, which may reflect a stronger precautionary motive. In addition, we find that CEO experience is negatively associated with the speed of cash adjustment, suggesting that experienced CEOs may adopt more conservative financial policies, particularly in environments characterized by high information asymmetry, such as Vietnam, consistent with the upper echelons theory. Further analysis explores whether this relationship differs between firms with cash holdings above and below their target levels. In particular, the negative association between CEO experience and adjustment speed appears to be more evident when firms face cash shortfalls, whereas no statistically significant relationship is observed for firms holding excess cash. This pattern is broadly consistent with upper echelons theory, which posits that managerial traits are more influential in higher-risk situations. Because managing excess cash is generally less risky than addressing liquidity shortages, individual CEO characteristics tend to play a weaker role when firms hold surplus cash [12]. Finally, we explore how the relationship between CEO experience and the SOA of cash holdings changes during the COVID-19 pandemic, as well as the moderating role of CEO duality. The results indicate that the association between CEO experience and adjustment speed appears to be more pronounced during and after the COVID-19 pandemic, as well as in firms where the CEO does not concurrently serve as board chair. By contrast, when authority is concentrated through CEO duality, the role of individual managerial characteristics may become less pronounced.

2. Theoretical background and hypothesis development

Upper echelons theory [14] posits that corporate strategies and outcomes reflect the experiences, values, and cognitive frameworks of top executives. Because psychological traits are difficult to observe directly, prior research relies on observable characteristics - such as age, education, and professional experience - as proxies to infer how CEOs make decisions [14]. This theoretical perspective has been widely extended to corporate finance to explain firms' choices regarding risk management and capital structure [15]. In particular, accumulated work experience shapes how CEOs perceive and assess risk, thereby influencing the degree of risk they are willing to undertake and the extent to which they adopt cautious or aggressive financial policies [15].

Behavioral finance theory further suggests that financial decisions are often influenced by the psychology and cognition of decision-makers rather than being fully rational [16]. This perspective recognizes that managers, including CEOs, are subject to behavioral biases that may lead them to deviate from optimal decision-making. Because the CEO holds the most influential position within the firm, such biases can significantly shape key corporate policies and financial decisions. For example, [13] demonstrates that CEOs with prior distress experience adopt more conservative policies, holding more cash, using less debt, and investing less. Similarly, older CEOs tend to pursue less risky strategies [17], and CEOs approaching retirement are more likely to favor safer financial policies [18].

Prior literature offers competing predictions regarding how CEO experience affects the SOA toward target cash holdings. On the one hand, some empirical studies suggest that experienced CEOs facilitate faster adjustment because they manage financing more effectively and avoid opportunity costs ([1, 19-21]). On the other hand, an alternative perspective links CEO experience to managerial conservatism and gradualism, which may slow adjustment toward target cash levels [3, 13, 17, 18].

In the context of Vietnam, however, the latter mechanism is likely to be more dominant. Prior evidence suggests that managerial experience is associated with more conservative decision-making. In particular, experienced CEOs tend to exhibit greater risk aversion, maintain higher precautionary cash holdings, and may be less inclined to implement rapid financial adjustments, especially under conditions of uncertainty [17, 18]. This tendency may be further reinforced in emerging markets, where institutional constraints can increase adjustment costs and amplify the risks associated with aggressive financial policies. Vietnam, in particular, is characterized by relatively high information asymmetry, underdeveloped capital markets, and weaker corporate governance.

Consistent with this view, existing evidence from Vietnam indicates that CEO experience is associated with slower adjustment toward target leverage, suggesting a broader pattern of managerial conservatism in financial decision-making [6].

Taken together, these arguments suggest that, in the Vietnamese context, CEO experience is more likely to be associated with a slower adjustment toward target cash holdings. We therefore propose our main hypothesis:

Hypothesis: CEO experience is negatively associated with the SOA toward target cash holdings.

3. Methodology

3.1. Data

The sample includes non-financial firms listed on the Vietnam Stock Exchange (HOSE and HNX) from 2010 to 2024. Firm-level financial data are collected from the FiinPro-X database, a comprehensive and specialized financial database in Vietnam, while CEO-related characteristics are obtained from the Vietstock database. Firms with incomplete financial statements, those that stopped reporting, or those with missing key variables required for the empirical models are excluded from the sample. The final sample consists of 556 firms with 5,314 firm-year observations.

3.2. Model

Following the prior studies ([2], [3]), this study first examines the effect of CEO experience on corporate cash holdings using the following model:

$$CASH_{i,t} = \alpha_0 + \beta_1 CEOexp_{i,t-1} + \beta_2 Control_{i,t} + \varepsilon_{i,t} \quad (1)$$

where, $CASH_{i,t}$ is the actual cash ratio of firm *i* in year *t*; $CEOexp$ represents CEO experience. CEO experience is measured as the number of years a CEO has held the current position. Following prior studies, tenure reflects accumulated firm-specific experience, learning-by-doing, and the development of managerial judgment over time [6, 13]. *Control* includes firm-level characteristics and CEO-level characteristics.

Next, the study estimates the speed of cash adjustment using the partial adjustment model proposed by [22]:

$$\begin{aligned}\Delta CASH_{i,t} &= CASH_{i,t} - CASH_{i,t-1} \\ &= \alpha_0 + \gamma\left(CASH^*_{i,t} - -CASH_{i,t-1}\right) + \varepsilon_{i,t}\end{aligned} \quad (2)$$

where $CASH^*_{i,t}$ is the target cash ratio of firm *i* in year *t*. Since the target cash ratio $CASH^*_{i,t}$ is unobservable, the study uses its predicted value as a proxy:

$$CASH^*_{i,t} = \hat{\beta} X_{i,t-1} + \varepsilon_{i,t} \quad (3)$$

where $X_{i,t-1}$ is a vector of lagged explanatory variables, including firm size (SIZE), growth opportunities (Tobin's Q), operating cash flow (OCF), net working capital (NWC), capital expenditures (CAPEX), financial leverage (LEV), and dividend policy (DIV). All variable definitions and measurements are provided in Appendix A.

Then, equation (2) can be rewritten as:

$$\Delta CASH_{i,t} = \alpha_0 + \gamma DEV_{i,t} + \varepsilon_{i,t} \quad (4)$$

where γ denotes the speed of adjustment toward the target cash level, and $DEV_{i,t} = CASH^*_{i,t} - CASH_{i,t-1}$ (5)

To examine the effect of CEO experience on the speed of cash adjustment, the study estimates the following model [2]:

$$\Delta CASH_{i,t} = \gamma_0 + \gamma_1 DEV_{i,t} + \gamma_2 (DEV_{i,t} \times CEOexp_{i,t-1}) + \gamma_3 CEOexp_{i,t-1} + \gamma_4 Control_{i,t} + \varepsilon_{i,t} \quad (6)$$

The coefficient γ_2 captures how CEO experience affects the adjustment speed. If $\gamma_2 > 0$ and statistically significant, CEO experience accelerates cash adjustment. Conversely, if $\gamma_2 < 0$ and significant, CEO experience slows the adjustment process.

Model (5) is estimated using pooled OLS with firm-clustered standard errors.

4. Results

4.1. Variable summary

All descriptive statistics are reported in Table 1. The mean cash ratio is approximately 5%, indicating that firms hold relatively low levels of cash relative to total assets, with a maximum value of 0.34. Firm size has a mean of 27.81 and a standard deviation of 1.58, suggesting substantial variation in firm scale across the sample. Growth opportunities, measured by Tobin's Q, average 1.16, implying that firms generally exhibit favorable growth prospects. Operating cash flow (OCF) has a mean of 0.13, while net working capital (NWC) averages 0.24, reflecting comparatively strong short-term liquidity positions. Capital expenditures are comparatively low, with a mean of 0.03. The mean value of leverage is 0.48, indicating that firms finance, on average, about 48% of their total assets with debt. The dividend dummy variable (DIV) has a mean of 0.78, suggesting that 78% of firms in the sample pay dividends.

Regarding CEO characteristics, CEO experience has a mean of 1.60, corresponding to an average tenure of approximately four years, which is comparable to the findings of [23], who report an average CEO experience of about 3.4 years. The CEO age has a mean of 3.88, implying an average age of approximately 48 years among CEOs of Vietnamese listed firms. In addition, 90% of CEOs in the sample are male, and the CEO education variable has a mean of 0.96, indicating that the vast majority of CEOs (96%) hold at least a university degree.

Table 1. *Summary statistics*

Variable	Obs	Mean	Std. Dev.	Min	Max
CASH	5,310	0.05	0.05	0.00	0.34
CEOexp	5,283	1.60	0.59	0.69	3.04
SIZE	5,310	27.81	1.58	23.94	33.64
TOBINQ	5,310	1.16	0.59	0.30	4.13
OCF	5,197	0.13	0.10	-0.07	0.46
NWC	5,310	0.24	0.22	-0.23	0.88
CAPEX	5,285	0.03	0.07	-0.15	0.34
LEV	5,310	0.48	0.22	0.02	0.94
DIV	5,314	0.78	0.42	0.00	1.00
CEOage	5,260	3.88	0.17	3.04	4.39
CEOgen	5,314	0.90	0.30	0.00	1.00
CEOedu	5,242	0.96	0.19	0.00	1.00

Table 2 presents the pairwise correlation matrix among the variables. The results do not indicate any serious multicollinearity concerns in the empirical analysis.

Table 2. *Correlation matrix*

Variables	CASH	CEOexp	SIZE	TOBINQ	OCF	NWC	CAPEX	LEV	DIV	CEOage	CEOgen	CEOedu
CASH	1.00											
CEOexp	0.06*	1.00										
SIZE	-0.20*	-0.01	1.00									
TOBINQ	0.05*	0.02	0.09*	1.00								
OCF	0.06*	0.07*	-0.02	0.48*	1.00							
NWC	0.16*	-0.00	-0.23*	0.08*	-0.03	1.00						
CAPEX	-0.03	0.02	0.04*	0.05*	0.26*	-0.22*	1.00					
LEV	-0.08*	-0.01	0.33*	-0.13*	-0.18*	-0.59*	0.05*	1.00				
DIV	0.12*	0.11*	0.07*	0.18*	0.32*	-0.01	0.10*	0.01	1.00			
CEOage	0.05*	0.41*	0.02	0.12*	0.17*	-0.02	0.03	-0.05*	0.19*	1.00		
CEOgen	0.05*	-0.01	-0.09*	-0.04*	0.03	-0.06*	-0.02	0.04	0.10*	0.06*	1.00	
CEOedu	0.04*	-0.05*	-0.03	0.00	0.04	-0.03	0.03	-0.00	0.04*	-0.08*	0.14*	1.00

** show significance at p<0.01*

4.2. CEO experience and corporate cash holdings

Table 3 shows the estimated results of Eq. (1), with and without CEO-level control variables.

As expected, the estimated coefficients of CEO experience are positive and statistically significant when excluding and including CEO-related control variables, respectively. These results suggest that more experienced CEOs tend to retain more cash within their firms, indicating a stronger precautionary motive. The finding aligns with [13], who argue that managers shaped by adverse financial conditions become more conservative and liquidity-oriented. The result remains robust after controlling for CEO age, gender, and education, implying that the effect of experience reflects a distinct managerial trait rather than demographic influences.

At the firm level, size is negatively associated with cash holdings, while leverage, net working capital, and dividend payments show positive relationships. These patterns are consistent with prior evidence ([4], [24]), suggesting that precautionary motives and financial policy considerations jointly shape corporate cash policies.

Table 3. *CEO experience and corporate cash holdings*

Variables	CASH (1)	CASH (2)
Constant	0.197***	0.148***
	(0.028)	(0.043)
CEOexp	0.004**	0.004*
	(0.002)	(0.002)
SIZE	-0.007***	-0.006***
	(0.001)	(0.001)
OCF	0.014	0.012
	(0.014)	(0.014)
NWC	0.026***	0.027***
	(0.008)	(0.008)
CAPEX	-0.011	-0.009
	(0.011)	(0.011)
LEV	0.014*	0.014*
	(0.008)	(0.008)
DIV	0.015***	0.013***
	(0.003)	(0.003)
CEOgen		0.004
		(0.004)
CEOage		0.009
		(0.009)
CEOedu		0.010*
		(0.005)
Observations	5,310	5,226
R-squared	0.071	0.073
Year FE	YES	YES

*Standard errors are clustered at the firm level. Robust t-statistics are given in parentheses. ***, ** and * denote significance at 1%, 5% and 10% levels, respectively.*

4.3. CEO experience and adjustment speed of cash holdings

To examine the effects of CEO experience on the SOA of cash holdings towards the optimal level for Vietnamese companies, we estimate Eq. (6).

Table 4 reports the results. While columns (1) and (2) include year fixed effects, columns (3) and (4) incorporate industry–year fixed effects. The coefficient on DEV in all specifically are significant at the 1% level. These coefficients represent the imperfect speed of adjustment, indicating that firms adjust approximately 54.3% of the deviation to their target cash holdings each year. The result supports the trade-off theory, suggesting the existence of a target cash holding level for Vietnamese companies. This result is consistent with evidence from [22] in China and [25, 26] for the US companies, but it is slightly lower than those found for UK firms ([27]). The comparatively slower speed of cash adjustment in Vietnam likely reflects higher adjustment costs stemming from elevated liquidity risk, pronounced information asymmetries, and structural market frictions, which hinder firms from rapidly converging their cash holdings to target levels [11].

The coefficient on the interaction term between cash deviation and CEO experience (DEV*CEOexp) is negative (–0.085 and –0.104 when including year fixed effects and industry–year fixed effects, respectively) and statistically significant at the 10% and 5% levels across the two models, suggesting that CEO experience is associated with a slower speed of cash adjustment. This finding implies that firms managed by more experienced CEOs adjust cash holdings more slowly toward target levels. This result aligns with studies in the Korean market [2], which also suggest that more capable managers prefer to maintain more financial flexibility and avoid abrupt policy changes. However, this contrasts with evidence from developed markets [1, 19], where experienced or highly skilled CEOs adjust cash holdings more rapidly due to overconfidence CEOs and better-developed capital markets. The difference in findings highlights how institutional context shapes the way CEO experience translates into financial decision-making. In emerging markets, experienced CEOs tend to adopt more conservative financial policies, particularly in environments characterized by high information asymmetry, like Vietnam, consistent with the upper echelons theory [3, 13].

Table 4. *CEO experience and adjustment speed toward target cash level*

Variables	ΔCASH (1)	ΔCASH (2)	ΔCASH (3)	ΔCASH (4)
Constant	0.009	-0.011	0.008	-0.013
	(0.012)	(0.019)	(0.012)	(0.018)
DEV	0.501***	0.502***	0.543***	0.545***
	(0.080)	(0.081)	(0.073)	(0.073)
DEV*CEOexp	-0.085*	-0.085*	-0.104**	-0.104**
	(0.044)	(0.045)	(0.041)	(0.041)
CEOexp	0.002**	0.002*	0.002**	0.002*
	(0.001)	(0.001)	(0.001)	(0.001)
SIZE	-0.000	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
NWC	-0.008**	-0.007**	-0.007	-0.008
	(0.003)	(0.003)	(0.007)	(0.007)
OCF	-0.007	-0.008	-0.008**	-0.008**
	(0.007)	(0.007)	(0.003)	(0.003)
CAPEX	-0.005	-0.004	-0.006	-0.005
	(0.007)	(0.007)	(0.008)	(0.008)
LEV	-0.004	-0.004	-0.004	-0.004
	(0.003)	(0.003)	(0.004)	(0.004)
DIV	-0.000	-0.000	0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)
CEOage		0.003		0.004
		(0.004)		(0.004)
CEOgen		0.002		0.003**
		(0.002)		(0.001)
CEOedu		0.003		0.002
		(0.002)		(0.002)
Observations	5,310	5,310	5,277	5,277
R-squared	0.187	0.188	0.220	0.221
Year FE	YES	YES	NO	NO
Industry-Year FE	NO	NO	YES	YES

*Standard errors are clustered at the firm level. Robust t-statistics are given in parentheses. ***, ** and * denote significance at 1%, 5% and 10% levels, respectively.*

Table 4 model (2) and model (4), which adds CEO characteristics controls (i.e., age, gender, and education), yields similar results, reinforcing the conclusion that CEO experience is associated with a more gradual cash adjustment process, reflecting managerial caution and precautionary cash management behavior.

4.4. Under- versus Over-target firms

To assess the robustness of our results, we re-estimate Eq. (6) using two subsamples based on firms' positions relative to their target levels. Firms with negative deviation (DEV < 0) are considered under-target, indicating that their actual cash holdings fall below the target level. Conversely, firms with positive deviation (DEV > 0) are classified as over-target. As reported, the number of firms below the target exceeds those above it in our sample.

Table 5 reports the estimation results of Eq. (5), which examines the effect of CEO experience on the SOA toward target cash holdings for above- and below-the-target firms. Column (1) presents the regression results for firms below the target, while Column (2) reports the results for firms above the target. Both firm-level and CEO-level control variables are included in all specifications to ensure robustness.

Table 5. *CEO experience and adjustment speed of cash holdings: Under- and over-target firms*

Variables	Under-target firms (1)	Over-target firms (2)
Constant	0.032*	-0.056
	(0.019)	(0.040)
DEV	0.529***	0.528***
	(0.141)	(0.129)
DEV*CEOexp	-0.168**	-0.077
	(0.081)	(0.070)
CEOexp	0.005**	-0.001
	(0.002)	(0.003)
SIZE	-0.002***	0.000
	(0.000)	(0.001)
NWC	-0.004	-0.021
	(0.006)	(0.016)
OCF	0.001	-0.019**
	(0.003)	(0.009)
CAPEX	0.001	-0.009
	(0.003)	(0.009)
LEV	-0.000	-0.012
	(0.006)	(0.021)
DIV	-0.003**	0.006*
	(0.001)	(0.003)
CEOage	0.001	0.011
	(0.004)	(0.008)
CEOgen	0.005***	-0.002
	(0.001)	(0.005)
CEOedu	0.000	0.012**
	(0.003)	(0.006)
Observations	3,441	1,838
Adj. R-squared	0.038	0.188
Year FE	YES	YES

*Standard errors are clustered at the firm level. Robust t-statistics are given in parentheses. ***, ** and * denote significance at 1%, 5% and 10% levels, respectively.*

Table 5 shows that firms in both subsamples adjust toward their target cash holdings, with the coefficient on DEV approximately 0.529 and 0.528, and both are statistically significant at the 1% level. This finding further confirms the existence of a target cash holding level among Vietnamese firms.

However, the role of CEO experience differs across groups. The interaction term DEV*CEOexp is negative in both subsamples but statistically significant only for firms below the target cash level. This result suggests that experienced CEOs slow the adjustment process, particularly when firms face cash shortfalls. This finding supports that experienced CEOs are likely to favor gradual adjustments to avoid financial shocks and preserve long-term investment opportunities [23]. Moreover, CEOs with more experience often face less board monitoring and short-term pressure, allowing them to pursue more stable adjustment strategies [28].

In contrast, for firms holding excess cash, the interaction term is statistically insignificant, indicating that CEO experience does not materially influence the speed at which firms reduce surplus cash. This pattern is consistent with the upper echelons theory, which suggests that cash allocation decisions are more likely to be driven by corporate governance structures and firm policies than by individual managerial characteristics. Because managing excess cash is generally less risky than addressing cash shortfalls, managerial traits tend to play a weaker role in such lower-risk situations [12].

4.5. Robustness tests

For robustness, the study divides the full sample into three subsamples: the pre-pandemic period (2010–2019), the pandemic period (2020–2021), and the post-pandemic period (2022–2024). This approach allows us to examine whether the COVID-19 shock affects the relationship between CEO experience and the SOA toward target cash holdings. Furthermore, we split our sample into groups according to the CEO positions and re-estimate Eq. (6) for two subsamples of firms with duality and non-duality CEOs. Table 6 represents the results. Control variables are included in each regression but are suppressed for brevity.

Columns (1) – (3) of Table 6 show that the speed of cash adjustment increases markedly from 0.399 before the pandemic to 0.558 during COVID-19 and 0.589 in the post-pandemic period. This pattern further confirms that Vietnamese firms adjust toward target cash levels and respond to heightened uncertainty by accelerating the overall speed of adjustment, consistent with evidence from [1, 3].

However, the effect of CEO experience on the SOA toward target cash holdings varies across pandemic periods. The interaction term DEV*CEOexp is negative but statistically insignificant in the pre-pandemic period, indicating no clear influence. In contrast, CEO experience significantly reduces adjustment speed during and after the pandemic, with coefficients of –0.143 and –0.152, respectively, both significant at the 5% level.

These results suggest that during periods of heightened uncertainty, differences in managerial experience become more pronounced. The COVID-19 pandemic created unprecedented levels of uncertainty, under which more experienced CEOs appear less inclined to implement immediate or aggressive financial adjustments. Instead, they may adopt a more cautious approach, tolerating temporary deviations from target levels to better assess evolving conditions and avoid premature or costly actions. This pattern is consistent with prior evidence showing that longer-tenured CEOs tend to exhibit greater conservatism, lower risk tolerance, and a reluctance to initiate quick policy changes [23, 28, 29].

Table 6. *Robustness tests*

Variables	Pre-COVID (2010-2019)	COVID-19 (2020-2021)	Post-COVID (2022-2024)	Duality = 0	Duality = 1
	(1)	(2)	(3)	(4)	(5)
Constant	0.008	0.018	0.009	0.010	0.031
	(0.016)	(0.017)	(0.020)	(0.012)	(0.037)
DEV	0.399***	0.558***	0.589***	0.457***	0.639***
	(0.098)	(0.109)	(0.118)	(0.072)	(0.215)
DEV* CEOexp	-0.009	-0.143**	-0.152**	-0.077*	-0.064
	(0.057)	(0.062)	(0.061)	(0.040)	(0.118)
CEOexp	0.001	0.003*	0.003	0.002**	-0.002
	(0.001)	(0.002)	(0.002)	(0.001)	(0.004)
Observations	2,758	990	1,562	4,609	701
Adj. R-squared	0.214	0.145	0.168	0.169	0.321
Controls	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES

*Standard errors are clustered at the firm level. Robust t-statistics are given in parentheses. ***, ** and * denote significance at 1%, 5% and 10% levels, respectively.*

As can be seen from columns (4) and (5) of Table 6, firms where the CEO also serves as chairman exhibit a significantly faster adjustment speed (0.639) than firms without duality (0.457), both significant at 1%. This finding supports [30], who argue that CEO duality reduces decision-making conflicts and information-processing costs, enabling quicker financial responses. However, a negative association between CEO experience and speed of adjustment is more prominent in businesses when CEOs are not chairmen. In other words, where CEOs are also chairmen, the adverse effect of CEO experience on adjustment decisions is diminished. This result implies that when authority is concentrated, personal experience becomes less influential in shaping the adjustment speed of cash holdings in Vietnamese firms.

5. Conclusion

This study investigates the relationship between CEO experience and the SOA toward target cash holdings among Vietnamese listed firms during the period 2010–2024. The results indicate that more experienced CEOs tend to hold higher levels of cash, which may reflect a stronger precautionary motive. This finding is broadly consistent with behavioral finance theory that greater managerial experience can be associated with increased risk aversion and a preference for more conservative, liquidity-oriented financial policies.

In addition, the findings provide some evidence that firms managed by more experienced CEOs adjust more slowly toward target levels. This pattern is in line with the predictions of upper echelons theory, particularly in environments characterized by high information asymmetry, such as Vietnam. Further analysis suggests that this effect may be more pronounced when firms face cash shortfalls, while no statistically significant relationship is observed when firms hold excess cash.

Robustness tests further indicate that the influence of CEO experience is stronger during and after the COVID-19 pandemic, as well as in firms where the CEO does not simultaneously hold the position of board chair. These results may imply that longer-tenured CEOs exhibit greater conservatism and lower risk tolerance, leading to a more cautious approach to financial adjustments. However, when authority is concentrated through CEO duality, individual experience plays a less decisive role in shaping the speed of cash adjustment. These findings provide suggestive evidence that more experienced CEOs tend to adopt more conservative management policies, particularly in emerging market contexts such as Vietnam and Indonesia, where higher uncertainty and weaker governance structures may amplify managerial discretion [6, 31]. Nevertheless, given the relatively modest level of statistical significance, the results should be interpreted with caution.

This study measures CEO experience solely by the logarithm of tenure, which may not fully capture its multidimensional nature, including industry expertise, financial background, or prior crisis experience [19, 32]. Due to data limitations, we are unable to construct more comprehensive measures. Therefore, CEO tenure is used as a proxy for managerial experience, which primarily captures experience accumulated within the firm rather than the CEO's entire career. Furthermore, the sample is restricted to listed non-financial firms, which may limit the generalizability of the findings to SMEs or privately held companies. In addition, although fixed effects and lagged controls are employed, potential endogeneity concerns remain. Future research could apply dynamic GMM techniques to better address reverse causality and omitted variable bias. Finally, the mechanisms through which CEO experience slows adjustment remain unclear, and subsequent studies should explore the moderating role of psychological traits, such as overconfidence, to provide deeper insight into this relationship.

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APPENDIX

Appendix A. *Variable definitions*

Variable	Definitions	Measurement
CASH	Cash ratio	Cash and cash equivalent/Total assets
CEOexp	CEO experience	Ln(current year – executive start year)
SIZE	Firm size	Ln(Total assets)
OCF	Operating Cash Flows	(Net income + Depreciation)/Total assets
NWC	Net Working Capital	Net Working Capital/Total assets
CAPEX	Capital expenditure	Capital expenditures/Total assets
LEV	Leverage	Total debts/Total assets
DIV	Dividend	Equals 1 in a given year if the firm makes dividend payment in that year, and 0 otherwise
CEOage	CEO age	Ln(CEO age)
CEOedu	CEO education	Equals 1 if the CEO holds a graduate degree or higher, and 0 otherwise
CEOgen	CEO gender	Equals 1 if the CEO is male and 0 is the CEO is female