The idea of this project is looking the effect of overconfidence bias in top/middle level managers responsible for the preparation and accuracy of financial statements on financial reporting quality. First we developed a likert type overconfidence scale due to the lack of this kind of measurement in the existent literature. Second, we generated our questionnaire and began to conduct our survey on these relevant managers. We will analyze financial statements of public companies traded in Borsa Istanbul and managers’ background and behavior. By looking at these factors, we can conclude whether there is an effect of overconfidence bias in top level managers on their firms’ financial reporting quality.

**PURPOSE**

The purpose of this study is to see whether overconfidence in top or middle level executive managers (who are responsible for the preparation of their financial reports of the company) affect their decisions for the quality of the financial statements of his/her company, and to see whether it has a positive or negative effect on the company.

**STEPS THAT WE HAVE FOLLOWED**

1) Reading and analyzing previous researches or studies done by researchers related to this topic,
2) Analyzing yearly annual reports of the companies that include financial statements, information about the executive managers and the independent audit reports of these companies,
3) Researching the CEOs or the top level managers of these companies from the annual reports and prepare a database of their characteristics in an Excel file such as gender, education, age prior managerial positions and directorships held etc.
4) Preparing a questionnaire that measures the overconfidence bias, demographic characteristics of these managers before we visit these companies,
5) Deciding which companies to work on,
6) Making appointments with the managers and visiting the companies in order to do our surveys with them,
7) Working on the survey results and transfer it to an Excel sheet question by question,
8) Analyzing the results from the interviews and surveys,
9) Running a simple statistical model (such as regression analysis) that would measure the association between the managers’ characteristics/biases and the quality of their financial reports and concluding with a thesis statement,
10) Designing the poster for the project.

**RESULTS**

Before the appointment

We began our project at the beginning of October. At first few weeks we learned how to make a financial analysis by understanding the concepts. Later on we searched the companies’ detailed information by looking at their Linkedin profile, their financial statements which were uploaded to their own website and Public Disclosure Platform (KAP in Turkish website), the online area of piles all firms present some important data of their firms to all third parties. We found the top level financial managers, auditors, CFO’s or CEO’s to make an appointment. The example table that we have prepared is shown above both as a filled and unfilled.

After finding the information about the companies and their assigned managers we have arranged a meeting via face to face, mail or phone because of our class schedule and the managers’ schedule. Sometimes we had a difficulty to arrange a meeting participated by all of us because of this issue, however the best thing which we have prepared is shown above both as a filled and unfilled.

During the appointment

After preparing the survey and finding the top/middle level managers we started to manage a time and asked our questions to them. Some of the interviews done by our instructions, some of them done by PRO1 201 students that we have worked together and some of them done by us. The number of interviews that we have made is not enough to make a statistical analysis however we try to work on some of the basic differences and similarities.

After the appointment

When we finish interviewing 12 managers of six different firms we analyze the details and in order to analyze some of the results we analyze these 12 participants with sub categories which are gender, education level, whether they are an auditor or not and most importantly we look at their overconfidence level by evaluating knowledge based overconfidence questions. The likert type scale that we newly developed was not examined since our sample size was not enough sample size to evaluate this new construct's validity and reliability analysis.

**CONCLUSION AND FUTURE WORK**

The purpose of this project was to evaluate the effect of overconfidence bias of managers and therefore we made an alphabetical list of companies that we should work. We found the addresses and responsible managers of these companies. Then, we have confirmed the suitability of the information that we found to the competent authorities. We made an appointment to call authorized people and conduct our survey. These questionnaires were designed to measure the overconfidence bias level that we were wondering. Before all of this, we have done researches and meetings on what we overconfidence bias and what are the factors that make it up, and then we have focused on the financial concepts that can help us in our research. We read and examined articles on these topics. In order to find results that will support the arguments we are curious about in the coming period, we will continue to negotiate with more firms and continue to obtain enough and meaningful data.

We have met 12 different managers from six different firms and we have analyzed its data with respect to their overconfidence level that is shown on the above table and most of the people seems to be overconfident when they make their financial decisions about their company. Due to the time schedule, we do not have a chance to meet all the managers face to face however we understand that overconfidence is an important and interesting issue they should be work on. There is not a gender equality among the managers that we have worked because 11 of them are male and we are looking to make an interview with only two female managers.

**REFERENCES**