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When words are worth the money: The effect of CEO online communication style on firm performance

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CEO communication is an important element of any business strategy. This study examines the power of CEO communication on the social media platform Twitter and investigates its link to firm performance and reputation. Therefore, the communication style of 144 CEOs was analyzed using their tweets of a 3 month period. Additionally, the reputation and financial performance of the organizations led by these CEOs (profit, ROA, revenue) was evaluated using officially available data on the Fortune 500 platform. The findings indicate that CEO communication style on Twitter directly relates to financial firm performance. CEOs who tweet more about their achievements and motivational drive and who use more assertive and community-related language manage financially more successful firms. Importantly, the mediation model indicates that the power of CEO tweets partly lies in its effect on firm reputation. When CEOs send tweets rich in achievement-oriented, assertive, and community-orientation expressions they nourish the firms' reputation, which then feeds the firms' financial performance. The study's findings are discussed with regard to individual differences among CEOs.

Primary authors: BERGNER, Sabine (Universität Graz); KREINER, Karl (AIT Austrian Institute of Technology GmbH)

Presenters: BERGNER, Sabine (Universität Graz); KREINER, Karl (AIT Austrian Institute of Technology GmbH)

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