

Do CEOs actively communicate IR- and sustainability-content on LinkedIn? – What? How? Why?

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1. Motivation and Research Question

Social media is becoming an ever increasingly important tool for effective stakeholder communication. However, not only companies are part of the communication process, but also the respective CEOs should make use of these platforms to reach and communicate with the various stakeholder groups in the best possible way. Multiple studies prove the positive effects of a social media presence on the CEO himself while positively affecting the entire company (MEN ET AL., 2018; MEN & TSAI, 2016). The use of social media enables CEOs to respond to the needs of diverse stakeholders: 80% of institutional investors use social media as part of their regular workflow, of which 30% state that they use the information gained directly in their investment decisions (GREENWICH, N.D.). Moreover, most employees prefer to work for a CEO who is active on social media since 90% of them, as well as financial news readers, use it every month (CONSTANTZ, 2022).

However, the mere presence or use of social media is not enough. Instead, the content and focus of the activity are paramount: According to ESG trends, stakeholders, but above all investors, demand integrated financial and sustainability news from companies and thus also from the CEO, who must embody this elementary information in a trustworthy and transparent manner (ECCLES & KLIMENKO, 2019).

Social Media Platforms are therefore highly relevant for internal and external communication to a wide range of stakeholders, such as investors, customers, employees, and many others, and will continue to gain importance. The most popular platform for effective stakeholder communication of CEOs is LinkedIn, as 94% of all CEOs with a social media presence are registered there. In terms of popularity, LinkedIn thus surpasses the second-ranking platform Twitter, with 26.5% of CEOs with a social media presence registered, of which only 4% do not have a LinkedIn profile (LIU, 2020).

The above-stated information suggests that CEOs should use LinkedIn as an influential stakeholder communication tool for presenting investor relations (IR) and sustainability content. This fact sheet serves to compare the theoretical foundation with the practical implementation by using the CEOs of DAX40 companies as a sample to answer the following research question:

- **Do CEOs of German DAX companies actively communicate IR- and sustainability-content on LinkedIn? – What? How? Why?**

2. CEO Communication in Germany

The analysis to answer the research question was conducted exclusively on LinkedIn. For this purpose, the presence on LinkedIn in the form of an own profile, the number of posts, and the average posting frequency based on the period from January to April 2022 were analyzed for all CEOs of the DAX40 companies. In addition to the quantitative analysis, a qualitative categorization of the content into IR or sustainability content was performed. If possible, a classification into the so-called "4 types of CEOs" according to ZÜLCH ET AL. (2020) based on the communication style was completed afterwards.

The analysis shows that 72% of DAX company CEOs have a LinkedIn profile, but only 38% actively use the platform, meaning they upload at least one post weekly. The

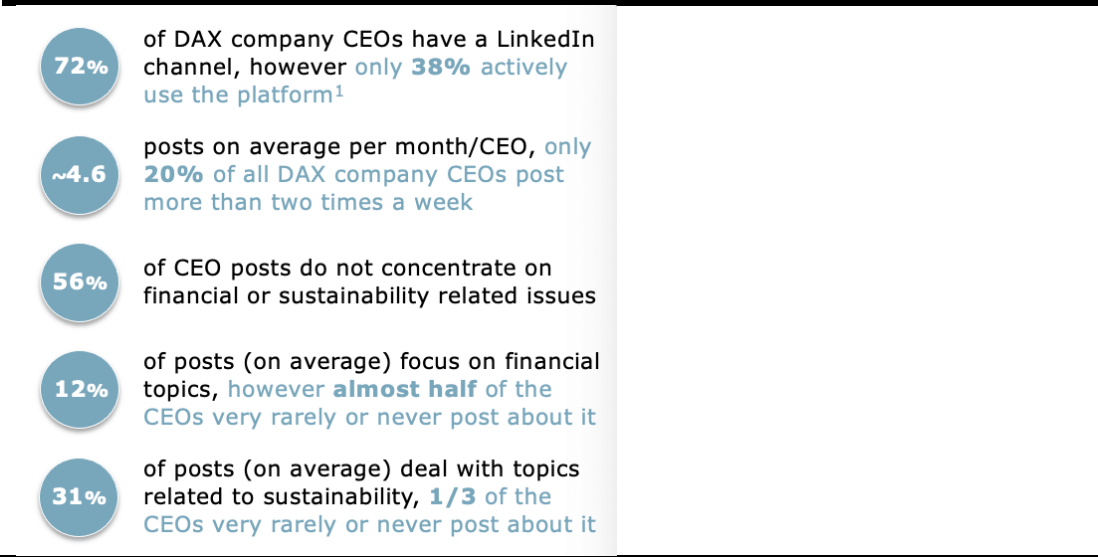
average number of posts per CEO per month in the sample is around 4.6, while only 20% of the CEOs post more than twice a week.

2.1 WHAT do CEOs post on LinkedIn?

Stakeholder expectations around the two issues of IR and sustainability are rising immensely and becoming a buying or investment criterion for many investors and customers. Besides industry trends or highlights, personal stories, or best practices, IR and sustainability topics lend themselves very well to posting content. Financial results or annual report figures are well suited for a CEO's LinkedIn post during regular times. However, action is also needed in times of crisis: more than 90% of financial news readers who use the platforms monthly expect CEOs to communicate via social media when a crisis hits (CONSTANTZ, 2022). Moreover, a recent study by Accenture, in collaboration with the World Economic Forum, showed that *"companies with the most deeply embedded "Sustainability DNA" [...] outperform peers by 21% on profitability"* (SMITH, 2022). Furthermore, the study shows that great CEOs create so-called "cultures of sustainability" (SMITH, 2022) to meet the diverse demands of all stakeholders (SMITH, 2022).

As obvious as these study results sound, they are somewhat contradictory to the result of the analysis. Figure 1 shows that more than half of all posts (56%) focused on neither IR nor sustainability-related topics. Only 12% of the CEO posts in the period under review focused on financial topics - whereby the beginning of the year as a point in time for the publication of the annual figures possibly artificially influences this upwards. To make matters worse, almost half of all CEOs on LinkedIn post very little to nothing in connection with IR or financial topics. Concerning sustainability topics, around 31% of all posts considered are geared towards this in terms of content. However, one-third of all CEOs on LinkedIn post never or not about topics in this regard.

Figure 1: Visualization and Summary of Results



2.2 HOW do CEOs post on LinkedIn?

Based on a collaborative study by HHL Leipzig Graduate School of Management, Kirchhoff Consult, and Precire Technologies, it has been proven that the tone of a CEO

can have diverse effects. For example, changes in tone influenced capital market estimates. These changes could also be attributed to the fact that the CEO's tone (in the prefaces of the DAX30 annual reports from 2015 - 2017) appeared to conflict with the brand identity partly. Accordingly, a corporate or personal identity could rarely be considered as reflected in the CEO communication - even though its effect is scientifically proven (KIRCHHOFF, 2019).

These findings led to the conclusion that how CEOs communicate on social media and a consistent personal identity compatible with the brand and corporate identity are essential for successful stakeholder communication. For a more in-depth analysis of how DAX40 CEOs communicate on LinkedIn, the so-called four types of CEOs that emerged from the same study mentioned above were used (ZÜLCH, 2020).

Figure 2: The 4 Types of CEOs & the distribution in the sample

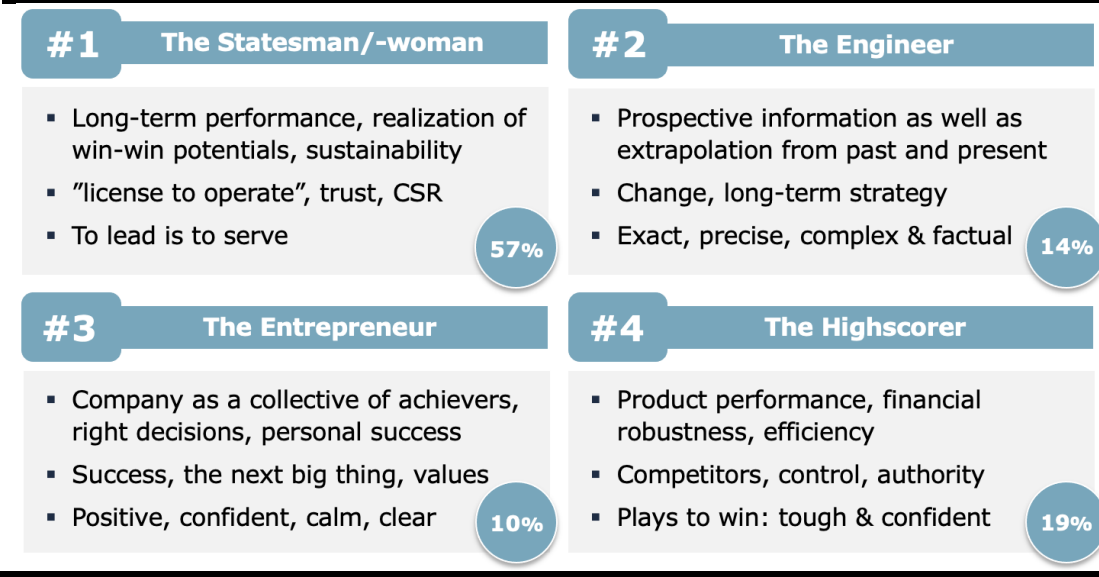


Figure 2 shows the key characteristics of the four types and the percentage distribution of the DAX40 CEOs. With almost 60%, the statesman/woman could be identified as the most frequently identified CEO type, while the entrepreneur was represented the least in the sample with only 10%. Most CEOs were thus ranked accordingly based on very stakeholder-centric postings that focused on realizing win-win potential, long-term performance, and sustainability issues (ZÜLCH, 2020).

2.3 WHY do CEOs post on LinkedIn?

As outlined in this fact sheet, CEO communication of IR and sustainability topics is urgently needed and desired by stakeholders, if not even required. Moreover, it has a very positive impact on the CEO and the company as a whole. CEOs can maintain and develop stronger relationships with various stakeholders by attentively listening and directly responding to what stakeholders think, improving the visibility and reputation of the company while spreading information more quickly and transparently. Moreover, social CEOs serve as personifications of companies, embodying innovation and transparency directly associated with the company. This engagement of the CEO leads to positive changes in the company's reputation and can even positively impact the business performance (MAI ET AL., 2018).

3. Summary and Outlook?

CEO communication has always been an essential tool for effective stakeholder communication. With the growing popularity of social media, especially LinkedIn, diverse stakeholder groups expect a social CEO to actively use this platform to communicate information such as IR and sustainability topics. Although the evidence base and the understanding among many leaders clearly exists that a social media presence and competence not only helps to demonstrate thought leadership but at the same time underscores the company's innovativeness and reputation, the reality still leaves much leeway:

As the analysis of the LinkedIn presence of the DAX40 CEOs showed, 72% of them are registered on LinkedIn, but only half of them are active with at least one post a week. The posting content of 12% of the posts regarding IR and 31% of the posts regarding sustainability is not congruent with the growing interest in these topics of the stakeholders.

In conclusion, it can be said that the DAX40 CEOs need to catch up here by being more active on LinkedIn while increasing communication towards financial and sustainability-related topics. Here it is still elementary to ensure that the tone of communication is consistent and reflected in the personal and corporate identity, where an orientation based on the four types of CEOs can help. For this purpose, the analysis of the four Types of CEOs can help, which also makes further research interesting: analyzing the choice of a suitable CEO type, and the advantages and disadvantages of the individual style of communication via LinkedIn could provide additional insights that help to improve stakeholder communication in the long term.

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