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CEO Personal Traits and Company Performance: Evidence from Russia

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Abstract

This research investigates the impact of CEO positive traits, particularly transformational leadership and vision, on firm performance. Despite substantial literature acknowledging the significance of leadership traits on organizational outcomes, there remains a gap in understanding the explicit role of a CEO's vision and how it influences firm performance. Our study aims to address this gap, focusing on the empirical linkage between the CEO's vision and a firm's return on assets (ROA). To find the empirical evidence 35 companies were selected. The CEO's letters to shareholders from annual reports were investigated using the LIWC-22 program to estimate the CEO's positive characteristics. The findings reveal a significant positive relationship between the CEO's vision and firm performance, suggesting that organizations led by visionary CEOs tend to perform better. These results carry practical implications, emphasizing the importance of fostering visionary leadership qualities within CEOs to drive organizational success. The study contributes to the extant literature on transformational leadership, offering a nuanced understanding of the role of vision and laying the groundwork for future research in this area.

Keywords: CEO, transformational leadership, positive traits, financial performance, CEO's vision, CEO's positive emotions

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Introduction

In today's dynamic and competitive business environment, effective leadership plays a crucial role in determining the success of an organization. The Chief Executive Officer (CEO) is often seen as the driving force behind the company's strategic direction and overall performance in keeping with the upper echelon theory [1].

However, CEOs have a large number of different personal and psychological characteristics. Many modern studies refer mainly to negative characteristics, such as overconfidence [2–3], narcissism [4], and excessive optimism [5]. At the same time, a CEO with these characteristics can influence the company's activities both positively and negatively. The popularity of these theories lies in their contribution to understanding the role of human irrationality in decision-making. Moreover, papers studying negative traits answer the question of what a CEO shouldn't be like. However, this raises the counterquestion, "but what should a CEO be like?" And, in order to answer, we must focus not only on negative characteristics but also on positive ones. Of course, the word "confidence" inspires people. Everyone wants to see a leader who is certain about the company's future and his own decisions and has no doubts in his subordinates. But what separates confidence from "overconfidence"? There is no single answer to this question. Everything depends on different factors, starting from the personal characteristics of the top manager themselves, such as age, education, gender and so on, and ending with the nature of the company, such as the country where it conducts its main operations, the current market conditions, the size of the company and its organizational structure.

However, there are some generally accepted views about the positive characteristics of CEOs. One of the most important is the concept of transformational leadership [6]. The primary aim of our study is to explore the relationship between positive CEO traits and firm performance, with a focus on understanding how these individual characteristics can influence organizational success.

Drawing on the existing literature on CEO positive characteristics and transformational leadership, we will identify and examine such CEO positive traits as vision, focus on present achievements and overall emotional tone and their impact on different performance indicators, including return on assets (ROA), net profit margin (NPM), and return on invested capital (ROIC).

The findings of our study offer valuable insights for both academics and practitioners interested in leadership development and corporate strategy. By identifying positive CEO traits that are most closely associated with firm performance, our research contributes to the ongoing discourse on effective leadership and provides guidance for organizations seeking to recruit and nurture high-performing CEOs. Furthermore, we highlight the importance of considering the broader organizational context in understanding the role of CEO traits in shaping firm performance, shedding light on the complex interplay between individual characteristics and organizational factors.

In short, our paper advances the understanding of the relationship between positive CEO traits and firm outcomes, offering novel perspectives on the role of individual leadership characteristics in driving organizational success. Through a rigorous examination of the relevant literature and the empirical analysis of data, we contribute to the study of leadership, management, and organizational behavior by providing evidence-based insights into the qualities that characterize effective CEOs and the ways in which these traits can influence firm performance.

Literature Review

Understanding the traits and characteristics of effective CEOs is crucial for the success of organizations. These traits and characteristics can be grouped into four main categories: personality traits related to the Big Five Model [7–8], leadership styles [9–11], cognitive abilities [12–13] and emotional intelligence [14–15]. The following sections provide a brief overview of each category.

Personality Traits

Personality traits can significantly influence a CEO's behavior, decision-making, and leadership style. The popular Big Five Personality Traits Model or Five Factor Model assesses an individual's personality by examining their conscientiousness, extraversion, openness to experience, agreeableness, and emotional stability [16–17].

Conscientiousness refers to an individual's degree of organization, responsibility, dependability, and self-discipline. CEOs who score high in this indicator are more likely to set clear goals, establish plans, and consistently work toward achieving those objectives [18]. Highly conscientious CEOs may also foster a culture of accountability, responsibility, and attention to detail within the organization, contributing to its improved performance [19–20].

Extraversion is characterized by an individual's sociability, assertiveness, and energy level. Extraverted CEOs tend to be more outgoing, persuasive, and comfortable in social situations, which can be advantageous in building relationships, motivating employees, and engaging with stakeholders [20–22]. However, extremely extraverted CEOs may also be prone to overconfidence [23] or overlook valuable input from introverted team members, leading to potential challenges in decision-making processes.

Another important characteristic is openness to experience, which includes an individual's curiosity, imagination, and receptiveness to new ideas and experiences. CEOs with high levels of openness are more likely to embrace innovation, encourage creative problem-solving, and adapt to changing business environments, helping to enhance the company's performance [7; 16; 24].

Agreeableness as a personal characteristic refers to an individual's heartiness, cooperativeness, and likability. Executive directors who score high in this indicator tend to be more skilled at building rapport, resolving conflicts, and fostering collaboration within the organization [25–27].

Emotional stability, which is often opposed to neuroticism, encompasses the individual's ability to show endurance, overcome stress, and remain emotionally balanced. Such CEOs are better equipped to handle high-pressure situations, make rational decisions, and exert a calming effect on their teams during periods of uncertainty [17; 28–29]. However, it is also worth noting that such CEOs tend to focus on formal rules, which can lead to excessive bureaucratization [24].

The personality traits of CEOs are a valuable concept which can have a substantial impact on company effectiveness. A detailed understanding of these traits and their potential advantages and disadvantages can help organizations recruit and nurture the most suitable candidates for CEO positions. Furthermore, the awareness of one's own personality traits can help CEOs to capitalize on their own strengths and address potential weaknesses, ultimately enhancing their overall effectiveness [17; 30–31].

Leadership Styles

Probably one of the most important tools for the study of the positive characteristics of top managers is leadership theories. The main advantage of these theories is that they show that a successful CEO must be not just a person with a set of professional skills and abilities but a real leader with the necessary skills to successfully head a company even in times of crisis. Leadership styles refer to the distinctive approaches used by CEOs to guide, influence, and motivate their employees and foster the company's activities [32–33]. Different leadership styles can have varying impacts on organizational performance, depending on factors such as organizational culture and business sector and workforce characteristics [34]. This subsection provides a brief description of leadership styles and their potential implications for CEO effectiveness.

Transformational leadership is one of the most popular leadership concepts today. It is characterized by the CEO's ability to inspire and motivate employees to exceed their own expectations, fostering a shared vision and promoting personal and professional growth [6]. Transformational leaders encourage innovation, challenge the status quo, and empower employees to take on responsibility. Studies have shown that transformational leadership is positively associated with organizational performance, employee satisfaction, and innovation [27; 35–37]. As transformational leadership is one of the main subjects of this paper, a separate section will be devoted to its detailed study.

Another leadership style is transactional leadership, which refers to the CEO's focus on establishing clear expectations, setting performance goals, and issuing rewards or penalties for employee performance [6; 39–40]. This leadership style emphasizes efficiency, consistency, and, unlike transformational leadership, maintaining the status quo. While transactional leadership can be effective in certain situations, it may not foster innovation or adaptability as well as being less effective in highly dynamic or uncertain environments [41].

The popular concept of servant leadership characterizes a style that prioritizes the needs, growth, and well-being of

employees: its primary goal is to help others reach their full potential. This leadership approach was first described by R.K. Greenleaf in his 1970 essay "The Servant as Leader". Servant leaders are characterized by empathy, humility, stewardship, and commitment to the personal and professional growth of personnel [42]. Studies show that servant leadership can lead to higher levels of employee engagement, satisfaction, and performance [43–44]. Furthermore, such leadership can inspire employees to engage in extra-role behaviors that benefit the organization, known as organizational citizenship behaviors (OCB) [45]. The servant leader also emphasizes the importance of customer service and meeting customers' needs. This customer-centric approach can lead to higher customer satisfaction and loyalty [46].

The next style is autocratic leadership, also known as authoritarian leadership, which is characterized by the leader making decisions unilaterally, with little or no input from subordinates. Autocratic leaders often maintain strict control over their teams, closely monitoring work processes and providing explicit instructions on how tasks should be executed [47]. In certain situations, autocratic leadership can contribute positively to company performance. For example, when an organization is facing a crisis, requires rapid decision-making, or operates in a highly regulated sector, an autocratic leader may be able to make swift decisions and implement changes efficiently, ultimately benefiting the firm's performance [48]. On the other hand, such strict adherence to rules can lower employee morale and motivation, as subordinates may feel undervalued and disempowered by their lack of input in decision-making processes [49]. Additionally, subordinates may be hesitant to voice new ideas or challenge the status quo due to the leader's dominant and controlling nature. This lack of creativity and innovation can limit the organization's ability to adapt to changing market conditions or capitalize on new opportunities [50]. Lower levels of motivation can result in reduced productivity, commitment, and job satisfaction [51]. Autocratic leaders often make decisions quickly and decisively but may struggle to have employees adapt to new information. While this style can be effective in crisis situations, it can lead to reduced employee morale, innovation, and adaptability in the long term [52].

Last but not least, participative or democratic leadership is a leadership style characterized by the active involvement of employees in the decision-making process. Participative leaders encourage open communication, collaboration, and shared responsibility, valuing and considering the input and ideas of team members. Such leaders foster a sense of ownership, involvement, and commitment among employees, which can lead to higher levels of job satisfaction and engagement [53]. Employees who are heard and valued are more likely to be motivated, productive, and committed to the organization, allowing participative leaders to access a wider range of perspectives, ideas, and knowledge that lead to better-informed and more effective decisions [54]. An environment that encourages creativity and innovation facilitates open communication, trust, and psy-

chological safety, exerting a significant and positive impact on employee performance [54–56].

Leadership styles differ in their effect on CEO effectiveness and organizational performance. Understanding these leadership styles and their implications can help organizations recruit and nurture the most appropriate CEOs for their specific context. Additionally, such an understanding can enable CEOs to adapt their leadership approach to the changing needs of the organization, ensuring continued growth and success.

Cognitive Abilities

Good cognitive abilities allow CEOs to deal with a significant amount of complex intellectual tasks on a daily basis. In general, cognitive abilities are a rather broad concept studied by academic psychologists. In particular, this concept has proven quite relevant for understanding the effectiveness of performing tasks [57–58].

One type of cognitive ability is problem-solving skills. Effective problem-solving skills contribute to better decision-making processes, as they enable individuals to analyze situations systematically, evaluate alternatives, and select the most appropriate course of action [59–60]. Problem-solving skills are also closely related to creativity and innovation. Creativity is also singled out by many researchers as one of the criteria of cognitive abilities [61]. By fostering a culture that encourages employees to identify and solve problems using novel approaches, organizations can enhance innovation capacity [62–63], which can lead to the development of new products, services, or processes that can give a market advantage [64]. CEOs who promote creativity within their organizations can inspire employees to think differently or explore new approaches, potentially leading to breakthroughs in products, services, and processes. Studies have found that creativity is positively linked to employee performance and adaptability [65–66]. It is also significant that the ability to solve problems also contributes to building resiliency in the organization. By developing the ability to adapt to changing circumstances and address new challenges, organizations can become more resilient to market disruptions [67].

Strategic thinking is another important cognitive ability. It refers to a CEO's capacity to analyze complex situations, identify patterns and trends, and develop long-term plans to achieve organizational goals [68–69]. CEOs with strong strategic thinking skills can anticipate future challenges, capitalize on opportunities, and steer the organization towards success [70–71]. Successful strategic thinking is closely connected with decision-making capabilities involving the ability to gather and analyze information, evaluate options, and select the most appropriate course of action [72]. Of course, strategic thinking is similar to the ability to solve problems, but the nuance is that the CEO can take responsibility for his decisions and is prepared for their consequences. Effective decision-making is crucial for CEOs, as their choices can have significant implications for company performance and reputation [72–74].

Another major component of cognitive abilities is cognitive complexity. It may be defined as the individual's ability to process and interpret information from multiple perspectives, recognize patterns, and understand the nuances and subtleties of a situation [75]. CEOs with high cognitive complexity can appreciate the nuances and interconnectedness of the different aspects of their organizations, enabling them to adapt and respond to complex challenges [76]. Recent studies have shown that this phenomenon needs to be extremely carefully investigated, since its effect on company efficiency can be ambiguous. For instance, in a dynamic and unstable market, CEO cognitive complexity could be an unfavorable factor for company performance [77].

Emotional Intelligence

Among the positive characteristics of the executive manager, the concept of emotional intelligence proposed by D. Goleman holds a special place. Undoubtedly, this theory has become extremely popular in the non-scientific field, which is often the case with revolutionary ideas. D. Kahneman and R. Thaler realized that decisions in the economy are made not by idealized subjects expressed by mathematical formulas but by living people with their irrational weaknesses and strengths. The same applies to the process of optimizing company activities. There are hundreds of different theories and practices related to various aspects of company performance – from the optimization of capital structure to complex derivative financial instruments. The concept of human capital has become increasingly popular, and many managerial theories answer the question of how to properly measure and optimize it. The main point is that employees should be considered not just as individuals with certain skills and competencies but also as people with their own emotions and experiences. This is where the concept of emotional intelligence originates.

Emotional intelligence (EI) is the set of skills that enable individuals to recognize, understand, and manage their own emotions and the emotions of others [15]. With regard to CEOs, EI includes self-awareness, self-regulation, motivation, empathy, and social skills.

Self-awareness is the ability to recognize and understand one's own emotions, strengths, weaknesses, and personal values [15]. CEOs with high self-awareness can make better decisions by acknowledging their biases and limitations and seeking external input when necessary [78–79].

Self-regulation, also known as emotional self-control, refers to the individual's ability to manage their emotions, impulses, and stress effectively [15]. Self-regulation allows managers to maintain composure under pressure, make rational decisions, and respond adaptively to setbacks [80–81].

In the context of emotional intelligence, a crucial role is played by motivation, which refers to the intrinsic drive to achieve goals, pursue personal growth, and maintain a positive attitude [15]. Motivated CEOs can inspire and energize their teams, set ambitious targets, and persevere in the face of challenges [82–83].

Empathy is the ability to understand and share others' feelings, fostering supportive and trusting relationships [15]. CEOs with high empathy can better understand the needs and perspectives of their employees, stakeholders, and customers, leading to more effective decision-making and conflict resolution [84]. Additionally, people with high emotional intelligence are characterized by good social skills, including the ability to interact effectively with others and deal with complex social situations [15]. CEOs with strong social skills can communicate persuasively and collaborate effectively, contributing to a positive work environment and ensuring successful negotiations [85–86].

Transformational Leadership

Four Dimensions of Transformational Leadership

Our analysis of the main positive characteristics of CEOs showed that many of the same positive traits and qualities appear in different leadership styles. However, they all imply that an outstanding CEO is not just a successful manager with good professional skills but also a real leader. There are cases when an excellent student with extensive knowledge quickly ascends the career ladder yet stumbles at a certain point. In contrast, an unremarkable person may become the head of a large corporation and successfully steer it through times of crisis [87]. So, it is clear that a real leader must have special qualities. And, among all the leadership concepts, the most popular paradigm today is transformational leadership, which unites most of the positive traits of the other styles.

Transformational leadership instills inspiration and galvanizes followers to exceed their inherent potential [6; 35]. Describing the concept of transformational leadership, B.M. Bass (1985) identified four main components: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These components will be considered in detail below.

Idealized influence (charisma) is a fundamental dimension of transformational leadership. In general, the concept of charisma is quite abstract, and the question is still open whether it is an innate or acquired quality [88]. In fact, the answer largely depends on its definition, and, in this section, we will follow Bass's approach (1985). According to him, charisma is a leader's ability to serve as a role model for their followers [35]. Such an individual fosters an atmosphere of trust, respect, and admiration among their subordinates [6].

Transformational leaders who possess idealized influence demonstrate unwavering conviction in core values and ethical principles, which promotes high moral standards and authentic leadership [89]. They are also known for their strong commitment to their organization's mission and vision, which further reinforces their credibility and trustworthiness [90].

Idealized influence is also marked by the leader's ability to inspire a sense of belonging and loyalty among their

followers, cultivating a collective identity that transcends individual interests [91–92]. This shared identity not only fosters unity within the team but also promotes a heightened sense of purpose and meaning [93–94].

Moreover, charismatic leaders with idealized influence are adept at communicating their vision and values in a manner that resonates with their followers, sparking enthusiasm and motivation [95]. This enhances employee identification with the leader, resulting in greater commitment and willingness to exert extra effort in pursuit of the organization's objectives [96]. By embodying and communicating their values and vision, charismatic leaders inspire their subordinates to commit wholeheartedly to the shared mission, ultimately producing exceptional performance and success.

Another dimension of transformational leadership is inspirational motivation that refers to the leader's ability to inspire and motivate followers by articulating a compelling vision and setting high expectations for the team [35].

Inspirational managers craft a clear and appealing vision of the future, which serves as a guiding light for their organization's strategic direction [97–99]. This vision aligns with the values and aspirations of employees, resonating with them and engendering a shared sense of purpose [90].

In addition, strong inspirational motivation is proficient at setting ambitious and achievable goals that challenge and stretch the capabilities of subordinates [100]. By consistently raising the bar and fostering a sense of urgency, such leaders inspire a drive for continuous improvement and excellence among employees [99].

Furthermore, leaders who excel at inspirational motivation are skilled at celebrating the team's successes, recognizing individual contributions, and fostering a culture of appreciation and gratitude [101]. This positive reinforcement not only boosts their followers' performance but also nurtures a strong sense of belonging within the organization [35].

The next pivotal dimension of transformational leadership is intellectual stimulation that emphasizes the leader's ability to encourage creativity, critical thinking, and innovation among employees [35]. Leaders of such type cultivate a culture of continuous learning and development in their organization [90], creating an atmosphere where subordinates feel empowered to question assumptions, explore novel ideas, and seek alternative solutions to problems [102].

Furthermore, employees are encouraged to engage in reflective practices, share insights, and learn from experiences, which coincides with the concept of a learning organization [103]. This approach not only expands employee knowledge and skills but also enhances their adaptability and resilience to change [99]. Unlike autocratic and transactional leadership styles, transformational leadership recognizes that the status quo is not always the most effective approach; thus, it is open to adopting and experimenting with new paradigms and methodologies [35]. This mindset fosters innovation and drives organizational performance, particularly in dynamic and competitive environments

[104]. Most importantly, healthy disputes are encouraged, creating opportunities for collaboration and co-creation and empowering followers to contribute meaningfully to the organization's strategic direction [105].

Leaders who provide intellectual stimulation emphasize the importance of learning from failures and treating setbacks as opportunities for growth and improvement [106]. By fostering a psychologically safe environment where followers feel comfortable taking risks and openly discussing challenges, transformational leaders enable their teams to learn from their mistakes and keep evolving [107].

A final key dimension of transformational leadership is the leader's ability to attend to the unique needs, strengths, and aspirations of each employee that call for individualized consideration [35].

By supporting personal and professional growth, recognizing and valuing the individual contributions and potential of subordinates, and showing a genuine interest in understanding their distinct talents, motivations, and concerns, the leader gains true respect [90; 108]. Individualized consideration also involves providing personalized coaching, mentoring, and feedback to followers, helping them to identify and overcome their difficulties and develop their competencies [99; 109]. This approach not only enhances employee engagement and job satisfaction but also promotes a sense of proprietorship and responsibility for job outcomes [35; 110].

In addition, transformational leaders with a highly individualized approach create opportunities for followers to pursue their professional goals and aspirations [90]. They actively encourage and support their subordinates in seeking advancement, expanding their skills, and achieving their career objectives, fostering a culture of continuous learning and growth within the organization [35], which also coincides with the concept of a learning organization.

Transformational leadership is often considered as the quintessence of the positive characteristics of a CEO because it emphasizes visionary thinking, inspiration, and the ability to drive positive change within an organization. This leadership style has been widely recognized for its potential to enhance organizational performance, employee satisfaction, and overall success.

Transformational Leadership and Firm Performance

In the previous subsection, we discussed in detail how transformational leadership can raise the effectiveness of a company. Let us now consider empirical studies that confirm the positive effects of such leadership. Most of them show that transformational leadership positively impacts different aspects of organizational performance, such as financial results, employee engagement, job satisfaction, innovation, and overall productivity [27; 35; 41; 111–112], which also coincides with the results of meta-analysis [36].

D.A. Waldman, G.G. Ramirez, R.J. House, and P. Puranam [113] investigated the relationship between transformational leadership and organizational performance in a sample of 27 multinational corporations. They found that firms led by

transformational CEOs demonstrated higher levels of financial performance compared to those with less transformational leaders. Additionally, these companies exhibited increased levels of strategic flexibility and adaptability, which are essential in today's rapidly changing business environment.

A meta-analysis conducted by T.A. Judge and R.F. Piccolo [41] examined the effects of transformational leadership on various organizational outcomes, including employee satisfaction, motivation, and job performance. The authors' findings revealed that transformational leadership had strong positive effects on all of these outcomes, indicating the potential for these leaders to drive organizational success through their influence on employees.

L. Gumusluoglu and A. Ilsev [102] conducted a study on the impact of transformational leadership on innovation in organizations. Their results showed that transformational leadership positively influences both the innovative behavior of employees and the overall innovation performance of organizations. The authors explained this impact by the fact that encouraging creativity and open communication creates a climate of innovation.

A study by G. Wang et al. [36] focused on the relationship between transformational leadership and team performance. It demonstrated that teams led by transformational leaders displayed higher levels of performance, commitment, and satisfaction compared to teams led by non-transformational leaders. These findings suggest that the positive effects of transformational leadership extend beyond the individual level, influencing team dynamics and performance.

The main conclusion is that by adopting such a leadership style, CEOs can significantly improve the success of their organizations.

Additional Components of Transformational Leadership

The key difficulty in the study of leadership is identifying the type of leadership of a particular person. The theory of transformational leadership offers us four main dimensions (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) that are easy to measure and quantify using primary data like questionnaires but extremely complicated with the help of secondary data. In this connection, some researchers use other indicators that, according to empirical studies, can be interpreted as proxies of transformational leadership. Such indicators include vision, the ability to consider present achievements, and the emotionality of the CEO [114]. Using the appropriate linguistic tools, these indicators can be measured objectively. We will discuss the methodology of data collection in detail later, focusing in this section on the description of these characteristics in the context of the theory of transformational leadership.

Vision is a crucial aspect of transformational leadership, especially within the dimension of idealized influence. A leader's vision sets the direction and provides a clear, compelling picture of the future to motivate and engage team

members [35]. A clear vision helps employees understand the organization's purpose and strategic direction [115–116]. This understanding allows them to align their personal goals and efforts with the organization's objectives, leading to higher motivation and commitment [97].

Furthermore, transformational leaders use their vision to create a sense of purpose and passion that inspires team members to push their limits and achieve exceptional results [35]. A strong vision encourages employees to think creatively and explore new ideas to achieve set goals [31]. This innovative mindset drives continuous improvement and growth, making the organization more adaptive and resilient [99]. Additionally, shared vision fosters a sense of unity and collaboration among team members, as they work collectively to achieve common targets [103]. This sense of unity strengthens the organizational culture, promotes teamwork, and enhances overall performance [117]. All these conclusions confirm that vision is an integral feature of transformational leadership, and CEOs who possess it could also be considered as leaders of this type. Thus, our first hypothesis is

H1: The vision of the CEO positively relates to the firm's performance. Transformational leadership is often associated with a forward perspective, emphasizing the development of a compelling vision and long-term goals. However, focusing on present achievements is also important, as it enables leaders to balance their visionary approach with the practical demands of the organization's current performance. This is one of the most difficult aspects for a CEO, who must achieve a rational trade-off between present and future. As a result, focusing on present achievements provides transformational leaders with an opportunity to demonstrate their ability to translate the organization's vision into actionable steps. By emphasizing the importance of current accomplishments, leaders can highlight the tangible progress being made toward the organization's strategic objectives [35]. This enables employees to better understand the connection between their daily work and the overall vision, leading to higher levels of personal motivation [118].

Moreover, celebrating present achievements allows transformational leaders to foster a positive work environment and strengthen the organizational culture. Recognizing and rewarding employees for their contributions reinforces values and behaviors that drive success, leading to a stronger sense of unity and shared purpose within the organization [90].

Additionally, focusing on present achievements helps transformational leaders maintain their credibility and effectiveness. By demonstrating their ability to manage the organization's day-to-day operations and deliver results, transformational leaders can build trust and confidence in their leadership among employees and stakeholders. This trust is essential for leaders to inspire and motivate followers to embrace change and strive for higher levels of performance [97]. This leads to our second hypothesis:

H2: The CEO's ability to consider present achievements positively relates to the firm's performance. The last hypothesis is

related to the emotional aspects of transformational leadership. As we mentioned earlier, transformational leaders often possess high levels of emotional intelligence (EI), which enables them to manage their own emotions and understand the emotions of others effectively [15]. High EI allows leaders to build strong relationships with their followers, fostering trust and commitment to the organizational vision. That is why the concepts of transformational leadership and EI are closely related [119–122].

The emotions of one person can spread to the whole group – in other words, emotions tend to be contagious [123]. Transformational leaders can leverage this phenomenon to inspire and motivate their followers. By expressing positive emotions such as enthusiasm, optimism, and passion, leaders can create an emotional climate that encourages employees to feel and exhibit similar emotions [124]. Such emotional contagiousness can enhance employee engagement, motivation, and overall job satisfaction [125]. Additionally, transformational leaders provide emotional support [50] to their followers, which is critical to fostering a positive work environment and promoting employee well-being. By demonstrating empathy, compassion, and understanding, transformational leaders can help employees cope with stress, reduce burnout, and maintain a healthy work-life balance [126]. Such emotional support is essential for the long-term success and sustainability of the organization. As emotions can significantly influence decision-making processes [127], transformational leaders need to be aware of the impact their emotions have on their judgment and decision-making abilities. By perceiving and regulating their own emotions, leaders can make more effective decisions and avoid potential biases arising from emotional reactions [128]. Thus, the positive emotions broadcast by the CEO demonstrate a significant effect on the productivity of the team, which in turn affects the company's performance. This leads to our third hypothesis:

H3: The CEO's positive emotionality positively relates to the firm's performance.

Methodology

Methods of Gathering Leadership Data

Existing methods for gathering transformational leadership data include a diverse range of approaches, encompassing both qualitative and quantitative techniques. The most common and widely used approach is questionnaires, which may be divided into self-report questionnaires and peer and subordinate evaluations. Self-report questionnaires typically consist of Likert-type scales, where respondents rate their agreement with various statements related to transformational leadership behaviors. Peer and subordinate evaluations collect assessments of a leader's transformational behaviors from their colleagues, subordinates, or other individuals within the organization. This method provides a more objective perspective on the leader's behaviors and can help mitigate potential biases associated with self-report instruments.

The most popular and widespread questionnaire is the Multifactor Leadership Questionnaire (MLQ) developed by B.M. Bass and B.J. Avolio in 1995 [129]. The MLQ measures various aspects of leadership style, including transformational, transactional, and laissez-faire leadership behaviors. The questionnaire is based on Bass and Avolio's Full Range Leadership Model, which posits that effective leadership encompasses a full range of behaviors, with transformational leadership representing the most effective style. This tool has both advantages and disadvantages. The most important advantage is that MLQ has been extensively validated by numerous studies, demonstrating its reliability and construct validity in various contexts and cultures [130–131]. This robust validation makes the MLQ a reliable instrument for assessing transformational leadership. The MLQ is applicable across diverse organizational settings and industries, allowing for the examination of transformational leadership in a variety of contexts [39; 132]). Furthermore, it can be completed by the CEOs themselves (self-assessment) or by their subordinates, peers, or other stakeholders (rater-assessment), offering a multifaceted view of leadership behaviors and reducing potential biases associated with self-report measures [133]. Its disadvantages include a potential social desirability bias. As with many self-report questionnaires, the MLQ may be susceptible to this problem, as respondents can overstate their transformational leadership behaviors in order to present themselves more favorably [134]. Although the MLQ provides a comprehensive assessment of leadership styles, it may not capture every aspect of transformational leadership or account for context-specific factors that could influence leadership effectiveness [135]. Additionally, the MLQ measures leadership behaviors at a specific point in time, potentially failing to account for the dynamic nature of leadership or changes in behaviors over time [136].

Overall, the MLQ has been widely recognized as a valuable instrument for assessing transformational leadership, although researchers should be aware of its limitations and consider supplementing the questionnaire with other methodologies to obtain a more comprehensive understanding of leadership behaviors and their impact on company performance.

Other approaches to assessing CEO leadership characteristics include behavioral observation, qualitative interviews, and content analysis of written and spoken communication. Of course, methods that work with primary data have a high level of reliability and efficiency. There is a large variety of statistical methods for their verification, notably Cronbach's alpha [137–138]. However, the biggest difficulty lies in collecting such data. This process is time-consuming and resource-intensive. Moreover, when researching big companies, it is practically impossible to get access to CEOs. Given this, methods that allow processing secondary data come to the fore. Particularly widespread are different variations of text analysis, including content analysis, dictionary-based approaches, machine learning and natural language processing (NLP), computer-aided text analysis (CATA) and linguistic inquiry and word count (LIWC).

Content analysis is a qualitative research method that involves systematically coding and interpreting textual data to identify themes, patterns, and meanings relevant to a particular research question [139]. Dictionary-based approaches involve the creation of predefined word lists or dictionaries that represent specific leadership concepts or behaviors. These dictionaries can then be used to analyze texts to determine the presence and frequency of transformational leadership indicators [140]. Machine learning and NLP techniques can be used to analyze large volumes of textual data and identify patterns or features indicative of transformational leadership. Supervised or unsupervised learning algorithms, such as topic modeling, sentiment analysis or classification, can be employed to process and analyze CEO communications [141]. CATA involves the use of software programs to automate the process of coding and analyzing text data. Programs like NVivo, Atlas.ti, or MAXQDA can be used for systematically identifying, coding, and analyzing textual data related to leadership [142].

However, all of these methods are complicated to verify. They also require the development of necessary dictionaries and meaningful words. Moreover, linguistic context and features play a huge role, and so compiling a dictionary in your own language creates additional difficulties. For example, most of the literature on transformational leadership is written in English. The works of Bass and MLQ are often taken as a basis. A researcher can select words that characterize certain leadership qualities, but the process of choosing such words [37] and creating dictionaries is fraught with biases. When creating such a dictionary in Russian, for example, a translation bias appears [143], which requires further verification efforts.

For all these reasons, the most effective and applicable instrument is Linguistic Inquiry and Word Count (LIWC). LIWC is grounded in the notion that the language people use reflects their underlying psychological processes, including thoughts, emotions, and social relationships. Transformational leadership is closely linked to these psychological constructs, as it involves inspiring and motivating followers, stimulating their intellectual growth, and fostering strong interpersonal connections. By analyzing the linguistic patterns in a CEO's communication, LIWC can provide valuable insights into their transformational leadership qualities.

LIWC offers a wide range of linguistic categories that can be analyzed, including affective, cognitive, and social processes, as well as linguistic dimensions like pronoun usage, verb tense, and word complexity [144]. This comprehensive approach allows researchers to detect different aspects of transformational leadership, such as inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation [145]. Moreover, this tool allows them to use different sets of characteristics to design their own metrics to calculate a transformational leadership score [114]. LIWC also provides a quantitative, objective measure of language use, making it less susceptible to researcher bias than other methods like content analysis. By converting qualitative textual data into numerical values, LIWC enables researchers to apply robust statistical analy-

sis and draw more reliable conclusions. As a computerized text analysis tool, LIWC ensures a high level of consistency and reliability in coding and categorizing linguistic features. This consistency reduces the likelihood of human error and subjectivity and facilitates the comparison of results across different studies and research contexts [146]. LIWC has been extensively used and validated in different research domains, including social psychology, organizational behavior, and political science [147]. Its broad application and demonstrated validity enhance the generalizability of findings derived from LIWC-based analysis, making it a suitable tool for studying transformational leadership across diverse settings and populations [148].

Secondary Data Sources

Before proceeding to the quantitative measurement of the transformational leadership of top managers based on text analysis, we should determine the most relevant and stable source of information. Many studies analyze CEO interviews or news reports. However, while interviews and news articles can offer valuable insights into CEO leadership style and company performance, they may not be the perfect source of information for several reasons.

Interviews and news articles are typically sporadic rather than appearing at regular intervals. This inconsistency in timing can make it difficult to conduct a longitudinal analysis or compare the CEO's statements over time. Additionally, the topics discussed in interviews and news articles can vary widely, making it challenging to conduct meaningful comparisons across different sources. When researching interviews, it is extremely important to understand the context [149]: for example, an important feature of transformational leadership is the creation of common values shared by the leaders and his subordinates. The term "common" has a special meaning here. To detect it, the researcher can see how often the CEO uses the pronoun "We" when talking about future goals. Moreover, it is also worth considering how often the CEO uses the pronoun "I" to detect potential narcissism. Context plays a pivotal role here: if the interviewer asks personal questions about family or personal interests or hobbies, then the respondent is quite likely to use the pronoun "I" more often without referring to themselves in the plural, which will already bias the estimation.

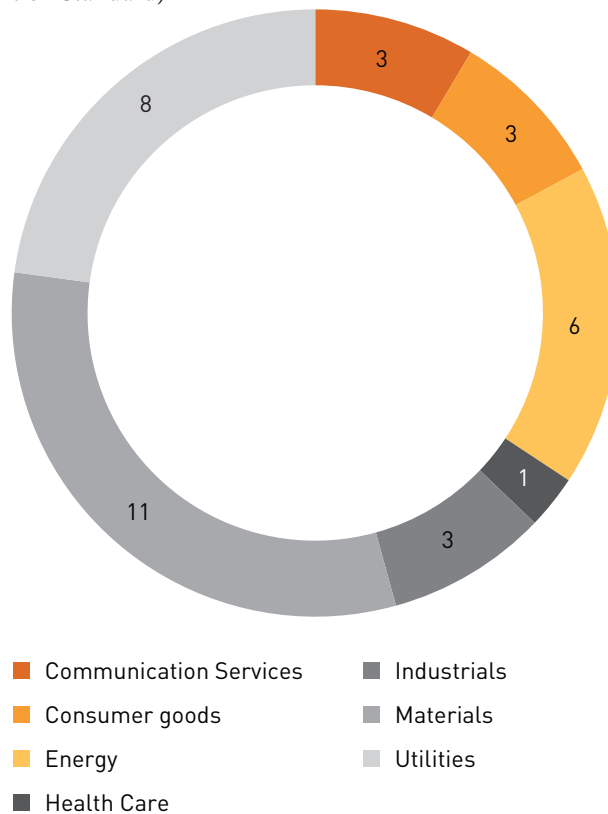
Interviews and news articles may also be subject to other biases, such as the interviewer's or journalist's personal opinions, editorial policies, or the influence of external factors like public relations efforts and media sensationalism [150]. These biases can potentially distort the information, making it less reliable for research purposes. Given these concerns, it is preferable to rely on more consistent and objective sources of information to study transformational leadership and company performance. One such source is CEO letters to shareholders in annual reports.

First of all, CEO letters are authentic. They are typically written by the CEO themselves or under their close supervision, genuinely representing the leader's thoughts, perspectives, and intentions. This direct insight into the CEO's mindset provides a unique reflection of their leadership

style and priorities. Additionally, annual reports are published regularly, usually on a yearly basis. This consistency in timing and format allows researchers to make comparisons across multiple years, sectors, and companies, providing a robust and standardized data source for longitudinal analysis. CEO letters in annual reports are public documents, which means they are readily accessible to researchers and other stakeholders. This transparency ensures a level of accountability and openness that can contribute to the reliability of the information contained within the letters. Also, public companies are required by law to disclose accurate and complete information in their annual reports, including the CEO's letter. This requirement increases the credibility of the information provided in these documents and reduces the likelihood of intentional misrepresentation or manipulation. CEO letters in annual reports are an important tool for companies to communicate with various stakeholders, including shareholders, employees, and customers. As a result, these letters often provide a comprehensive overview of the company's performance, strategy, and vision, making them a rich source of information for text analysis [151–152]. The language, tone, and content of a CEO's letter can provide valuable insights into their transformational leadership capabilities. These elements can be used to calculate a leadership score for each CEO, which can then be correlated with company performance to establish potential relationships between leadership style and organizational outcomes.

Data Description

Figure 1. Makeup of sectors (Global Industry Classification Standard)



Source: author's calculations.

Considering these advantages of CEO letters to shareholders in annual reports, we selected them as the corpus for content analysis. We chose a sample of 35 Russian companies. The main criteria for including a company in the dataset was the publication of an annual report in English and a CEO letter to shareholders in its report. In addition, this letter had to be signed by the CEO for verification. Another important criterion was the length of the letter, which could not exceed 100 words to avoid calculational inaccuracies.

The selected companies represented different sectors from the Global Industry Classification Standard (GICS): Industrials, Materials, Consumer Goods, Energy, Health Care, Communication Services, and Utilities (Figure 1). Such diversity was chosen to avoid sector bias. The company list is presented in Appendix 1.

The CEOs in the selected companies were all male. The youngest CEO was 38 years old, and the oldest was 72. 43% of the CEOs were younger than 50, 31% were between 51 and 60, and 26% were older than 60.

Description of Variables

Linguistic variables

To obtain linguistic variables, the CEO letters were placed in text files compatible with the LIWC-2022 format. The mean length of the letters was 1,286 words (SD = 115.8). The shortest letter included 499 words, and the longest one 3,874 words. All the letters were robust for further analysis. To construct linguistic variables, we used Scheuerlein's methodology [114].

VISION: Measures the visionary qualities of a CEO expressed as a sum of four LIWC-22 categories:

$$\text{Vision} = \text{PosEmo} + \text{First person plural (WE)} + \text{Achieve} + \text{Reward}.$$

- 1) Positive tone is measured through the LIWC-22 category "positive emotions" (PosEmo) (words such as *love, nice, sweet*, etc.).
- 2) Collective (group) goals are measured through the LIWC-22 category "first person plural" (words such as *we, us, our*, etc.).
- 3) Achievements are measured through the LIWC-22 category "achieve" (words such as *win, success, better*, etc.).
- 4) Rewards are measured through the LIWC-22 category "reward" (words such as *take, prize, benefit*, etc.).

PRESENT ACHIEVEMENTS (PA): Measures the CEO's focus on present achievements expressed as a sum of two LIWC-22 categories:

$$\text{Present Achievements (PA)} = \text{Focus present} + \text{Achieve}.$$

- 1) Present focus is measured through the LIWC-22 category "focus present" (words such as *today, is, now*, etc.).
- 2) Achievements are measured through the LIWC2015 category "achieve" (words such as *win, success, better*, etc.).

EMOTIONALITY RELATIVE (EMO_R): Measures the CEO's expression of positive and negative emotions using two LIWC-22 categories:

- 1) Positive Emotions are measured through the LIWC2015 category "positive emotions" (PosEmo) (words such as *love, nice, sweet*, etc.).
- 2) Negative Emotions are measured through the LIWC2015 category "negative emotions" (NegEmo) (words such as *hurt, ugly, nasty*, etc.).
- 3) To assess emotions more accurately, we used the emotionality scale of Pennebaker et al. [144]:

$$\text{Emotionality relative (EMO_R)} = \frac{\text{PosEmo}}{(\text{PosEmo} + \text{NegEmo})}.$$

Financial performance

In our analysis, we used three indicators of company performance.

The first indicator was Return on Assets (ROA), which is a comprehensive measure of company performance, as it takes both income and assets into account, providing a complete understanding of the company's ability to generate profits from its assets [153]. Additionally, ROA provides insights into the effectiveness of company management: high ROA indicates sound decision making in investments, resource allocation, and operations [154].

$$\text{ROA} = \frac{\text{Net income}}{\text{Total assets}}.$$

The second indicator was Net Profit Margin (NPM). Profitability indicators are widely used to measure company performance as they consider the company profit itself [37; 153].

$$\text{NPM} = \frac{\text{Net income}}{\text{Total revenue}}.$$

The third indicator was Return on Invested Capital (ROIC). Even though this indicator is not often employed in research on transformational leadership, it is frequently used for studying CEO personal characteristics and firm performance [155–156]. The benefit of ROIC is its ability to assess the company's capacity of effective capital allocation (Figure 2).

$$\text{ROIC} = \frac{\text{NOPAT}}{\text{Invetsed capital}}.$$

Control variables

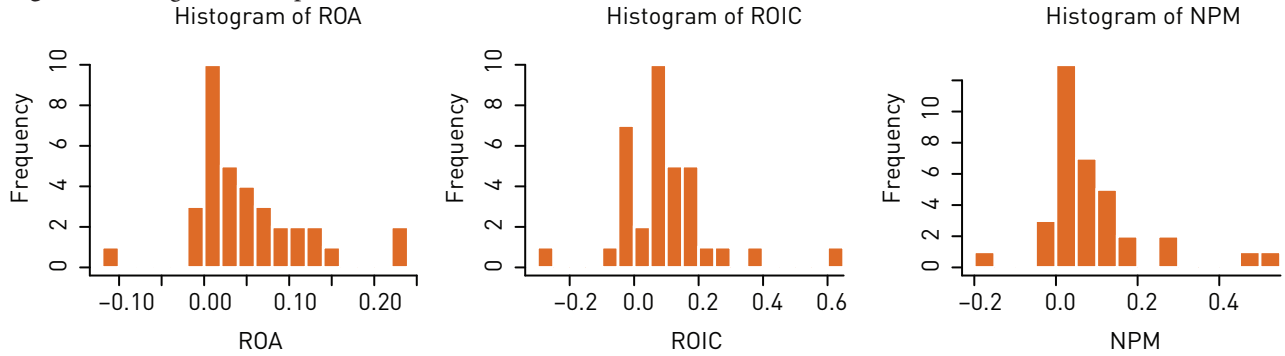
CEO control variables. The age of the CEO (CEO_AGE) is a key control variable in top manager research. By controlling for age, researchers can account for the potential effects of experience on the CEO's strategic decisions and management practices [1], risk-taking behavior, time horizon and strategic focus [157].

The second control variable is CEO tenure (CEO_TENURE). As CEOs remain longer in their positions, they become more familiar with company operations and culture, as well as industry dynamics. Additionally, CEOs with different tenures can have quite distinct power

and influence over their subordinates [158]. Even more importantly, the length of the CEO’s tenure can impact succession planning and leadership development within the organization [159]. Longer-tenured CEOs usually have more time to choose and mentor successors, while

shorter-tenured CEOs may face challenges in identifying and nurturing future leaders [160]. *Firm control variables*. Since the firms in our sample differ significantly in size, the natural logarithm of total assets (LN_TA) was used to control for the size effects of companies.

Figure 2. Histograms of dependent variables

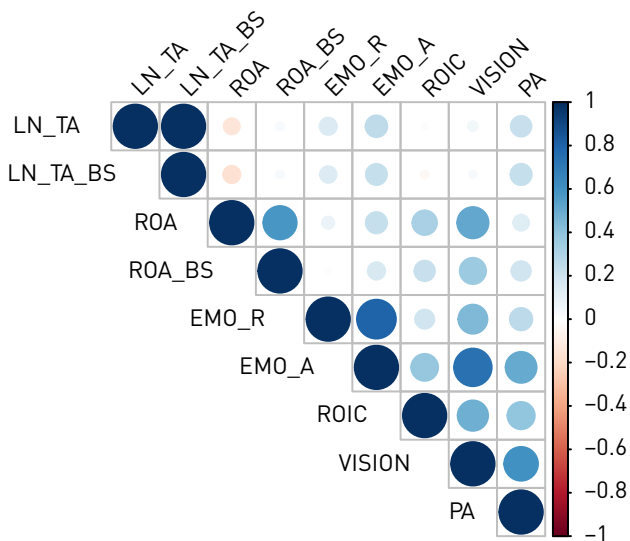


Source: author’s calculations.

Correlation Analysis

Our correlation analysis shows that VISION and EMO_R have a strong positive correlation of 0.76, which implies that transformational leadership (as measured by vision) is closely related to emotional intelligence, which stems from the employed methodology. However, as these characteristics have a high level of correlation, the empirical model will have to be carefully examined for multicollinearity (Figure 3).

Figure 3. Correlation matrix



Source: author’s calculations.

There is a moderate positive correlation (0.41) between ROIC and present achievements (PA). This suggests that these variables are moderately related, although the relationship is not as strong as in the previous case.

CEO_AGE has a negative correlation with most of the other variables, indicating that, as the CEO’s age increases, these variables tend to decrease. The strongest negative correlation is with VISION (-0.31), suggesting that older

CEOs might be less likely to exhibit a clear vision among their transformational leadership traits.

CEO_TENURE has a positive correlation with LN_TA (0.26) and a slightly stronger positive correlation with CEO_AGE (0.40), indicating that longer-tenured CEOs are more likely to be older and lead larger companies.

Empirical Estimation

Model

To test the hypotheses, we performed a hierarchical regression analysis for each dependent variable. During the first step, linear models with intercept coefficients only were tested. During the second step, the control variables were added:

$$ROA = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + \varepsilon$$

$$NPM = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + \varepsilon$$

$$ROIC = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + \varepsilon$$

And, during the last step, the models with all linguistic variables were analyzed:

$$ROA = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + VISION + PA + EMO_R + \varepsilon$$

$$NPM = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + VISION + PA + EMO_R + \varepsilon$$

$$ROIC = \beta_0 + \beta_1 LN_AS + \beta_2 CEO_AGE + \beta_3 CEO_TENURE + VISION + PA + EMO_R + \varepsilon$$

To select the most suitable model, ANOVA analysis was performed (Table 1). The results show that adding the linguistic variables to our model has a statistically significant impact on every indicator.

Table 1. ANOVA results

	ROA	NPM	ROIC
	Pr(>F)	Pr(>F)	Pr(>F)
Model 1			
Model 2	0.396837	0.34542	0.45310
Model 3	0.008197 ***	0.01887 **	0.05948*

*** p < 0.01; ** 0.01 < p < 0.05); * 0.05 < p < 0.1.

Source: author's calculations.

The next step was to investigate the selected models (Table 2).

Table 2. Linear regressions results

	ROA	NPM	ROIC
Intercept	0.018	0.042	-0.099
LN_TA	-0.002	0.001	-0.004
CEO_AGE	0.001	-0.002	-0.001
CEO_TENURE	0.001	0.005	0.001
VISION	0.019***	0.037***	0.018
PA	-0.01	-0.021	0.016
EMO_R	-0.02	-0.049	-0.002
R-squared	0.3834	0.3517	0.2829
Adjusted R squared	0.2513	0.2127	0.1292
F-statistic:	2.902	2.531	1.841
p-value:	0.02503**	0.04384**	0.1272

*** p < 0.01); ** 0.01 < p < 0.05); * 0.05 < p < 0.1.

Source: author's calculations.

The analyzed models show that the CEO's vision is a significant variable that affects company financial efficiency expressed in ROA and NPV. However, before proceeding to further analysis and the interpretation of results, it is necessary to check the robustness of the models.

Robustness Check

The models were checked for possible multicollinearity since some of the regressors have high correlation scores. To this end, the variance inflation factors (VIF) were calculated (Table 3).

Table 3. VIF calculation

	ROA/NP M/ROIC VIF
LN_TA	1.27

	ROA/NP M/ROIC VIF
CEO_AGE	1.47
CEO_TENURE	1.38
VISION	3.03
PA	1.62
EMO_R	2.90

Source: author's calculations.

The analysis showed that there is no multicollinearity in the models since all the VIFs are less than 10.

To investigate potential heteroscedasticity, which could also lead to the bias estimation, the Breusch – Pagan test and the White test were performed (Table 4).

Table 4. Heteroscedasticity tests

	ROA		NPM		ROIC	
	Statistic	p-value	Statistic	p-value	Statistic	p-value
Breusch-Pagan test	5.86	0.43	13.19	0.04	1.50	0.95
White test	11.6	0.478	18.2	0.11	3.32	0.99

Source: author's calculations.

For the model with ROA as the dependent variable, BP = 5.86 and White = 11.6. Thus, the p-value is not significant in either case (being > 0), and we cannot reject the null hypothesis. Hence the residuals are homoscedastic, and the model is robust. As for the model with NPV as the dependent variable, the presence of heteroscedasticity is shown by the Breusch – Pagan test (BP = 13.9 and p-value = 0.04) but not by the White test (White = 11.6 and p-value = 0.11). As the results are ambiguous, we cannot confirm the homoscedasticity of this model. The results with ROIC as an estimator also show robustness without the heteroscedasticity of the residuals. However, this model is insignificant. The results are robust only in the model that investigates the effect of CEO vision on ROA, focusing on present achievements and the CEO's emotional scale with control variables. The presence of only one significant variable may raise doubts about the relevance of the model. However, in studies that investigate different metrics of transformational leadership, especially on the basis of text analysis, only one or two variables are usually significant [37].

Results and Discussion

Our results provide empirical evidence that the CEO's vision is positively related to the Return on Assets (ROA) of a company, confirming the first hypothesis. The second and third hypotheses remained unconfirmed.

This finding aligns with the broader literature on transformational leadership and organizational performance. Several studies have emphasized the significance of the CEO's vision in shaping strategic direction, motivating employees, and fostering an innovative and adaptive organizational culture [35; 41].

The positive relationship between CEO vision and ROA supports the notion that transformational leadership, specifically the ability to articulate a compelling and inspiring vision, can translate into tangible financial outcomes for the company [36]. A CEO with a clear vision can set the stage for long-term growth and success by pooling resources and organizational efforts for the achievement of strategic objectives [161]. Moreover, CEOs who have a clear vision and can communicate it competently have a positive impact on TMT performance [162].

Furthermore, CEOs who demonstrate strong visionary leadership are more likely to foster a positive work environment, which, in turn, enhances employee performance, satisfaction, and commitment [20; 163]. This may contribute to improved operational efficiency, resulting in higher ROA.

In summary, the positive relationship between the CEO's vision and ROA highlights the importance of transformational leadership for enhancing firm performance. Organizations should prioritize the recruitment of visionary leaders to drive strategic direction, motivate employees, and promote long-term success. Future research could explore the specific mechanisms through which vision impacts performance, while examining the role of other transformational leadership dimensions and contextual factors in shaping organizational outcomes.

Limitations and Suggestions for Future Research

While our study provides valuable insights into the relationship between CEO vision and company performance, it is important to acknowledge its limitations, which may affect the interpretation and generalizability of the results. First, we investigated only cross-sectional data. Future studies could analyze longitudinal data, too. However, this method is fraught with great difficulties in collecting and evaluating data.

Second, our study relied on secondary data. Even though the methodology of collecting such data is justified and relevant, it would be possible to use both primary and secondary data for a more accurate assessment of transformational leadership in further studies.

Third, we confined ourselves to Russian companies. Future studies can have broader international scope. They could also examine in greater detail the four individual directions of the theory of transformational leadership, as well as incorporating complementary indicators into models for finding new dependencies.

Acknowledging these limitations can help guide future research efforts to expand upon existing knowledge and provide a more robust understanding of the relationship between CEO transformational leadership traits and company performance.

Conclusion

Our findings clearly show that the positive characteristics of a CEO, particularly those pertaining to transformational leadership, play an instrumental role in driving firm performance. We have substantiated the major role of CEOs within their organizations and clarified the ways in which personal attributes and leadership styles can shape company performance and strategic direction.

Studying the positive characteristics of top management in detail, we demonstrated that the positive traits of CEOs can be examined from different points of view and classified in multiple ways. For example, the positive attributes of a CEO can be categorized into personal traits, leadership qualities, cognitive abilities, and emotional intelligence. These categories are inherently interconnected, contributing to a complex network of traits that define a successful CEO. By isolating and examining individual categories and then recombining them, researchers can construct a comprehensive portrait of the effective leader. Naturally, it is hardly possible to investigate all these facets within a single empirical study. Still, by decomposing specific characteristics – as exemplified by the focus on vision in this work – researchers can delve deeper into the different dimensions. This approach leads to the construction of a robust theoretical foundation that could be instrumental for future advancements in both theoretical understanding and practical applications in this field of study.

Among all the positive CEO traits examined in our study, transformational leadership emerged as a key factor of organizational success. This leadership style, characterized by the ability to inspire and motivate, engage in intellectual stimulation, provide individualized consideration, and demonstrate idealized influence, has been linked with enhanced organizational outcomes. Our research underscored the pivotal role of the CEO's vision, a cornerstone of transformational leadership, in fostering firm performance.

The empirical evidence cited in this study supports a positive correlation between CEO vision and company performance, as measured by return on assets (ROA). This finding elucidates the notable impact of visionary leadership on firm performance, resonating with the theoretical underpinnings of transformational leadership theory and corroborating extant literature in the field.

These findings contribute to the scholarly discourse on leadership and organizational performance by highlighting the role of positive CEO traits, specifically transformational leadership and visionary thinking, in shaping company success. Furthermore, it provides practical insights for organizations by emphasizing the value of cultivating transformational leadership qualities among CEOs. This could be achieved via leadership training and development programs that would emphasize visionary leadership skills, including the ability to articulate a compelling vision and inspire and engage employees, especially in difficult market conditions.

At the same time, the role of CEO traits in determining firm performance is multifaceted and influenced by a range of other internal and external factors. This should be explored in future research by investigating the interplay of individual leadership characteristics, organizational context, and firm performance in greater depth.

In conclusion, our study underscores the influence of positive CEO traits, particularly transformational leadership and visionary thinking, on firm performance. It advocates nurturing these leadership qualities in CEOs to allow them to steer firms towards sustained success in an increasingly complex and turbulent business environment.

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Appendix

Table 1. Company list

Ticker	Company name	Отрасль GIGS
AFLT	Aeroflot	Industrials
AGRO	Rusagro	Materials
AKRN	Akron	Materials
ALRS	Alrosa	Materials
BELU	Beluga	Consumer goods
CHMF	Severstal	Materials
DSKY	Detmir	Consumer goods
EVRAZ	Evraz	Materials
FIVE	X5	Consumer goods
GAZP	Gazprom	Energy
GLTR	Globaltrans	Industrials
GMKN	Nornikel	Materials
KAZT	Kuibishevazot	Materials
KMAZ	Kamaz	Industrials
KUBE	RossetiKuban	Utilities
LKOH	Lukoil	Energy
MDMG	Matidetya	Health Care
MFON	Megafon	Communication Services
MRKP	RossetiCentr	Utilities
MRKV	Rosseti_Volga	Utilities
MRKY	Rosseti_Yg	Utilities
MSNG	Mosenergo	Utilities
MSRS	Moscow United Electric Grid Company	Utilities
MTSS	MTS	Communication Services
NVTK	Novatec	Energy
PHOR	Fosagro	Materials
PLZL	Polus	Materials
POLY	Polymetal	Materials
ROSN	Rosneft	Energy
RSTI	Rosseti	Utilities
RTKM	Rostelecom	Communication Services
TATN	Tatneft	Energy
TRMK	TMK	Energy
UPRO	Unipro	Utilities
URKA	Uralkali	Materials

Table 2. Word count statistics for CEO letters

Word count	
Mean	1286.143
Standard Error	115.802
Median	1007
Standard Deviation	685.0937
Sample Variance	469353.4
Range	3375
Minimum	499
Maximum	3874
Count	35

Source: author's calculations.

Table 3. Statistics of dependent variables

	ROA	ROIC	NPM
Mean	0.051558	0.100171	0.090077
Standard Error	0.011379	0.023747	0.022281
Median	0.03442	0.088363	0.052414
Standard Deviation	0.067321	0.14049	0.131814
Sample Variance	0.004532	0.019737	0.017375
Kurtosis	2.079061	6.336895	4.684522
Range	0.35419	0.901414	0.715254
Minimum	-0.11574	-0.26636	-0.1735
Maximum	0.238452	0.635052	0.541753
Count	35	35	35

Source: author's calculations.

Table 4. Descriptive statistics of each component and cumulative linguistic variables

	WE	achieve	Reward	focuspre- sent	posemo	negemo
Mean	2.418	3.656571	1.306	3.420286	3.199429	0.633714
Standard Error	0.334583	0.165413	0.082101	0.167407	0.150987	0.053916
Median	1.96	3.51	1.24	3.26	3.06	0.58
Standard Deviation	1.97942	0.978597	0.485715	0.990394	0.893252	0.31897
Sample Variance	3.918105	0.957653	0.235919	0.980879	0.7979	0.101742
Range	7.35	3.48	1.83	3.78	3.35	1.15
Minimum	0	2.09	0.65	1.93	1.57	0.2
Maximum	7.35	5.57	2.48	5.71	4.92	1.35
Count	35	35	35	35	35	35

	VISION	PA	EMO_R
Mean	10.58	7.076857	0.828634
Standard Error	0.516085	0.265361	0.015972
Median	10.52	7.43	0.857143
Standard Deviation	3.053198	1.569897	0.094491
Sample Variance	9.322018	2.464575	0.008929
Kurtosis	-0.91284	-0.62785	0.924683
Range	10.99	6.2	0.413112
Minimum	4.86	4.07	0.545139
Maximum	15.85	10.27	0.95825
Count	35	35	35

Source: author's calculations.

Table 5. Statistics of control variables

	AGE	CEO_TENURE	LN_AS
Mean	52.62857	8.514286	2.418
Standard Error	1.52022	1.143025	0.334583
Median	52	6	1.96
Standard Deviation	8.993742	6.762228	1.97942
Sample Variance	80.88739	45.72773	3.918105
Kurtosis	-0.84222	0.826542	-0.55214
Range	34	27	7.35
Minimum	38	1	0
Maximum	72	28	7.35
Count	35	35	35

Source: author's calculations.