

Value-Based Leadership

Abstract

We measure value-based leadership (VBL) - the strength of personal values and to what extent they penetrate firms' organization - in a survey of 1,500 Danish CEOs. First, VBL is more common in family firms and women CEOs. It is not correlated with the CEO' s IQ or management practices. Second, VBL correlates with firm performance; CEO turnover and hospitalizations establish the causality of this link. Third, firm policies are different: (i) during the pandemic, VBL firms have lower employee turnover; (ii) in normal times, they have flatter organizational structures. Fourth, factor analysis confirms robustness of the findings. Other factors derived from a deep survey on CEO characteristics and opinions do very little to explain firm outcomes. We conclude that value-based leadership contributes in explaining the value added of CEOs for firms.

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