

Chapter 13

A Case of Leadership Styles: The New Boss

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EXECUTIVE SUMMARY

This case examines the extent to which leadership styles influence organizational effectiveness. It compares two different leadership styles in the local office of an international auditing firm and their impact on the success of the business overall. A shift in office management had a very negative impact on employee satisfaction that resulted in a high employee turnover in addition to customer dissatisfaction and, therefore, poor company performance. This situation is linked to conceptualizations of leadership. Concluding reflections explore what could have been done differently to avoid this negative trajectory, considering not only leadership style, but the overall relationship of the office to its parent organization. This case is based in part on interviews with the office employees who compared the two different leadership styles.

ORGANIZATIONAL BACKGROUND

Adam's Auditing (AA) is a major international accounting firm that was established in the early part of the 20th century. It provided professional services including auditing, tax, assurance, consulting and corporate finance. AA served around 2,300 clients from all around the world within various industries including energy and utilities, financial service, government, real estate, pharmaceutical products, technology and others. It numbered international corporations that are household names as its clients.

The nature of AA's services requires professional employees to acquire specialist technical skills in accounting which are normally gained over a few years. In addition to that requirement, these types of activities, especially auditing, need a high degree of time flexibility from employees to enable the firm to meet the schedules and deadlines imposed by clients. This requires employees to work long hours, match clients' working hours when different from the firm's timing, travel to various places and locations, etc. Normally, employees fill out biweekly time reports showing the hours spent on each assignment. Performance promotions, including financial increases, are done on an annual basis. In the accounting business, the busy season is normally the first three months of the calendar year, when 'end of financial year' tasks are necessary. During these three months, most clients would request that the audit of their accounts be completed and their financial statements together with the independent auditor's report thereon be issued.

In the beginning of the year 2000, AA employees approximated 85,000 on worldwide basis and 28,000 in the United States of America. AA had 1,500 senior partners and eighty-four offices around the world including countries like United Arab Emirates, Japan, England, Saudi Arabia and Jordan. AA employed approximately 800 people in the Middle East which was regionally managed from Saudi Arabia. Among its offices in the Middle East was Roda Office which consisted of approximately fifteen employees.

In 2002, AA voluntarily surrendered its licenses to practice its professional services as Certified Public Accountants in the United States. The firm sold most of its American operations to other international auditing firms. Concerns over AA's reputation also severely impacted the viability of the firm's international practices. Most of them were taken over by the local firms of the other major international accounting firms.

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