

Anderson leadership management contribution to success or failure



Analyze the leadership and management at Arthur Andersen and evaluate its contribution to the company's success and failure. Leadership has been defined as the individual traits, behavior, interaction patterns, role relationships, follower perceptions, the influence over the followers, task goals and organizational culture (Yuki, 1989). Through the years, the firm Arthur Anderson has gone through many leaders and their style and leadership and behavior has affected the firm in certain ways.

From the beginning when the leadership role was in the hands of Arthur Anderson, he placed very strong emphasis on ethics and demanded honest accounting from all his employees despite the conflict of interest amongst some of his clients. His pacesetting leadership style requires all new partners and employees to undergo a series of mandatory trainings annually to ensure that all of them were able to remain focused on the company's philosophy and values.

Pacesetting leadership style demands the followers to do as the leader says and such a leadership style produces positive results only if the team is already motivated and skilled. Which in this case, Arthur Anderson has it covered. However, when used extensively, it could overwhelm and stifle the team's innovation which was what we observed of the firm when analysts view the training process as "making of androids". The stifling of innovation may not be such a huge issue at this point as creativity and innovation was not what Arthur Anderson was looking for in his team but instead, structure and following the books.

Furthermore, while leading the team, he had a directive leadership behavior which refers to assigning team members specific tasks, clarifying

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expectations on their work and setting rules and regulations to be followed etc. This behavior pattern has been known to initiate structure which is the goal of Arthur Anderson which explains the success of his leadership during his time. When Arthur Anderson passed on, Leonard Spacek took over the rein of leadership and made use of the authoritative leadership style by coming up with a new logo that he thinks “ epitomized the common vision” that he has or the firm. This style of leadership is effective when the team needs a new vision as circumstances have changed which was true as the firm now has to readjust themselves to the leadership of Spacek instead of Anderson. Such style of leadership inspires entrepreneurial spirit and vibrant enthusiasm for firm which proves success. As the years went by, the leaders that followed up had their priorities wrong and lost focus of what was built throughout the years. The rules and standards set were gradually removed from the system.

Eg: the mandatory 2 year audit practice was removed. Such leaders will model the wrong behaviors and will inevitably spread themselves too thin and organizations are at the greatest risk when leaders lose their focus and led to the failure of Anderson. Leaders who are self-serving will also cause the downfall of a firm as it would cause the team to have no confidence in him. For example, Kapnick was reportedly said to have wanted to head both departments by himself and it could have been one of the reasons why the other partners lost trust in him causing him to resign.