What Kind of Leaders are Needed for Today's Accounting Firms?

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This paper attempts to answer the question: What kind of leaders are needed by accounting firms? It is no secret that changing the trajectory of an organization that is on the wrong path is not easy. In the knowledge economy, however, not being able to adapt quickly can be dangerous. This is why it is important for an organization to have the right kind of leader as well as the right kind of employees. The ideal leader must be one who has a vision and knows how to communicate it, believes in servant leadership, wants to set an ethical tone at the top, cares about all stakeholders, believes in maximizing client satisfaction, encourages teamwork by building a learning organization, understands the importance of diversity, supports CSR, and wants to build a strong, positive reputation for his/her organization. Indubitably, it is time to do away with the extremely dangerous goal of maximizing shareholder value and not hire leaders who believe in this philosophy.

INTRODUCTION

Most accountants today have learned about the importance of business ethics. Few, however, are familiar with the literature dealing with leadership. It is important for accountants to be familiar with some of the key principles of effective leadership. After all, most of the accounting scandals we observed during the last two decades also involved failures of leadership. These include scandals such as Enron, WorldCom, Freddie Mac, AIG, Washington Mutual, and Lehman Brothers. More recently, we have seen accounting scandals at firms such as Japan's Olympus Corporation, Britian's Tesco, and the Vatican Bank. The SEC filed 99 accounting-fraud investigations (a 46% increase from the previous year) in the fiscal year that ended September 30, 2014. In 2015, they started more than 100 investigations (Eaglesham & Rapoport, 2015). Cantoria (2010) lists ten major accounting scandals that significantly altered the corporate world. Cantoria affirms: "In the midst of all these accounting anomalies, the accountancy profession and the role it plays came into focus. Accountants helped in misleading the public by certifying that the financial reports of fraudulent companies were true and correct."

There is no question that the world of work has changed in the Global Internet Age. The kind of employees needed to ensure corporate success have changed but so has the type of leadership. Collins (2001) believes that the greatest leaders are what he refers to as "Level 5" leaders. These are individuals who have humility and fierce determination to make their organizations succeed. They have no interest in adulation. Yes, they are very ambitious but "their ambition is first and foremost for the institution and its greatness, not for themselves" (Collins, 2001). Contrary to what most boards believe, it is not the egocentric CEO that can transform a company into a huge success. Egocentric CEOs are too concerned about their own needs—money, power, and adulation. One thing is certain: toxic leaders can cause great harm to a company:

> *These toxic personalities are known as the 'dark trio': They are three personality types recognized by psychologists as having the most toxic effect in the workplace, namely; narcissism, Machiavellian personality, psychopathy… these three personalities types share one common trait–lack of empathy; for them it's an egocentric world… use of people without regard for their well-being. Research into the behavior of these personalities in corporate culture has consistently shown that while occasionally they may seem to do the organization good, they eventually bring it crashing down… (BizShifts, 2014).*

This paper will examine the type of leaders needed by accounting firms in the knowledge economy. Moreover, the criteria used in evaluating the performance of leaders of accounting firms should focus on these factors. One study found that creativity and integrity are the two major characteristics of an effective leader (Carr, 2010). An accounting firm headed by a dishonest leader can easily destroy his/her firm. Creativity may not seem that important for accounting firms – in fact, creative accounting has a negative connotation – but innovative leadership is important. In the knowledge economy, innovativeness is important if a firm is going to thrive. A firm has to be ready to change its business plan if necessary. Being slow to make changes can be deadly in the global Internet age. Once powerful companies such as Sears, A&P, Blockbuster, Radio Shack, and Borders are either in serious trouble or bankrupt because they were slow to make necessary changes. Shakweh (2014) asserts:

> *In today's business environment where intellectual properties, creativity and innovation are real competitive advantage, the emphases on qualities of human interaction have never been greater. As market conditions and technologies evolve at an astonishing pace, today's organizations and future business strategies must adapt accordingly or risk becoming irrelevant. Consequently, CEOs of the future will need to master the art of managing and leading change.*

LEADERSHIP WITH A VISION

Raphan & Friedman (2014) make the point that the successful organization of today must be innovative, agile, nimble, and quick to adapt to changing business conditions. Think of the military. The military has to constantly rethink how the battles of the future will be fought. Military strategies that worked during World War I were ineffective during World War II. Strategies that worked during World War II were not effective during the Vietnam War. The same is true in the business world. Leaders who are tied to ideas that worked in the past, will be ineffective leaders.

Friedman & Lewis (2014) assert that the effective corporate leader of today is one who understands that the rules in a knowledge-based economy are quite different from the past. S/he understands that the key asset of a corporation today is the abilities and creativity of its employees. Leaders of today must be willing to change the way they conduct business. Imagine where IBM would be today if it had kept insisting on producing punched card equipment and electric typewriters.

There is no question that leadership plays a major role in supporting creativity and creating the organizational climate that fosters innovation. Some significant factors identified in the literature include: "innovative role modeling, stimulating knowledge diffusion, providing vision, showing support for innovation, and providing resources" (Isaksen & Akkermans, 2011).

Organizational leaders have to be able to develop a clear vision of the future of their organization. Without a clear vision, a firm has no direction. Needless to say, maximizing shareholder value is not a vision that motivates employees. Leaders should be seen as change agents who want their organizations to thrive (Friedman & Lewis, 2014). One of the major tasks of leaders is to communicate their visions to employees and make them believe in their vision. It is difficult to engage employees if they do not trust their leader and/or do not share in the corporate vision. The vision has to infuse the entire firm and motivate all members to partner in its realization.

SERVANT LEADERSHIP

Levine (2015) notes that we are moving away from an industrial economy, characterized by assembly lines and a one-size-fits-all approach to education, to an information economy (also known as the Knowledge Economy). The type of CEO that is badly needed in the knowledge economy is a servant leader (Friedman & Lewis, 2014). This is certainly true for accounting firms where the major asset of the firm is the intellectual abilities of its employees. The autocratic manager may have made sense in an industrial economy but does not work in a company that wants to retain the most effective and innovative employees.

The construct of servant leadership, which has its roots in the Bible, was first introduced by Robert K. Greenleaf in an essay he wrote in 1970 (Greenleaf, 1970). The servant leader is the antithesis of the autocratic, authoritarian leader who is primarily concerned with wealth, personal aggrandizement, and power and who believes in "leader first." Servant leaders focus on the needs of others; they care about people, empower others, want everyone to be successful and see themselves as facilitators (Greenleaf, 1978; Greenleaf, 1977). Hess (2013) studied effective CEOs and found that they tended to be servant leaders and cared about all stakeholders, not just shareholders.

These leaders were servants in the best sense of the word. They were people-centric, valued service to others and believed they had a duty of stewardship. Nearly all were humble and passionate operators who were deeply involved in the details of the business. Most had long tenures in their organizations. They had not forgotten what it was like to be a line employee. They believed that every employee should be treated with respect and have the opportunity to do meaningful work. They led by example, lived the "Golden Rule," and understood that good intentions are not enough — behaviors count. These leaders serve the organization and its multiple stakeholders. They are servant leaders (Hess, 2013).

Spears (2010) identifies ten characteristics of the servant leader:

Listening -- Listening intently and receptively to what others say. This, of course, means that one has to be accessible.
Empathy -- Having empathy for others and trying to understand them.
Healing -- Possessing the ability of healing the emotional hurts of others.
Awareness -- Possessing awareness and self-awareness.
Persuasion -- Having the power of persuasion; influencing others by convincing them, not coercing them.
Conceptualization -- Possessing the knack of being able to conceptualize and to communicate ideas.
Foresight -- Having foresight; which also includes the ability to learn from the past and to have a vision of the future.
Stewardship -- Seeing themselves as stewards, i.e., as individuals whose main job is to serve others.
Commitment to the Growth of People -- Being firmly dedicated to the growth of every single employee.
Building Community -- A commitment to building community in the institutions where people work.

Barbuto & Wheeler (2006) developed a scale to measure the construct of servant leadership and found strong correlation with such positive outcomes as "employees' extra effort, employees' satisfaction, and perceptions of organizational effectiveness." Lynch & Friedman (2013) point out a weakness in the construct of servant leadership:

> *One of the shortcomings of the concept of servant leadership is that servant leaders might easily focus too much on the needs of followers rather than the needs of the organization. A servant leader might also be more concerned with the needs of followers without considering the needs of society. In fact, a servant leader might do what is best for his followers without necessarily considering the higher values of truth, justice, peace, compassion, and human dignity (Lynch & Friedman, 2013).*

This is why servant leadership is not sufficient, but it is important since a leader's focus should not be on self-aggrandizement.

SETTING AN ETHICAL TONE AT THE TOP/ ETHICAL LEADERSHIP

Ethical leadership has assumed great importance in the accounting profession (Copeland, 2015). If a firm is truly concerned about behaving ethically, it must start with the leadership. Lennick & Kiel (2011: xxxii) assert: "The integrity crises of the first decade of the 21st century have been devastating. But they have not yet convinced enough leaders of the importance of morally intelligent leadership. How many wake-up calls do leaders need to get the message that their ultimate success depends on moral leadership?"

The emergence of the twenty-first century was plagued with extensive, evasive and disheartening leadership failures. Despite the accounting profession's standards of professional ethics, it was also tainted with ethical leadership indiscretions during this era. In response to these ethical leadership failings, renewed interest in developing accounting professionals with strong ethical principles and ethical leadership behaviors has emerged (Copeland, 2015).

COSO, The Committee of Sponsoring Organizations, stressed the importance of leaders setting a "tone at the top" by establishing honesty and integrity as the very first principle of internal controls (COSO, 2013). The expression "tone at the top" refers to the fact that the leadership of an organization creates the "tone of an ethical – or unethical – atmosphere in the workplace" (Malley, 2013). If the accountants, auditors, and executives at the top of the corporate hierarchy are concerned about integrity and ethics, this goal will work its way down to all employees.

Examination of the COSO 2013 Internal Control – Integrated Framework (2013) makes it apparent that the roles of accountants and auditors are changing and they must be part of the process to ensure an "ethical tone at the top." Auditors must also work with corporate leadership in creating a corporate culture based on ethics, not on greed:

> *What rationalization does a company make to justify a corporate culture where ethics are ignored? In recent years, greed, fraud, and a lack of ethical conduct have led to the collapse of many organizations. A variety of internal and external pressures can lead companies down the wrong path. And once the first misstep is taken, it's a slippery slope to hurting stakeholders, the community, and your reputation (The Institute of Internal Auditors, 2012).*

Effective leaders have integrity, are honest with others, and seen as competent. In fact, untrustworthiness is a major cause of leadership failure (Kouzes & Posner, 2010; Nahavandi, 2003:79). Good leaders are compassionate and empathetic; they care about their employees (Fox, 2010). Tischler (2007) declares that autocratic CEOs are not effective leaders. In fact, "Farsighted, tolerant, humane and practical CEOs returned 758% over 10 years, versus 128% for the S&P 500." A key factor contributing to the lack of credibility is that leaders are not providing transparent, open communication (Ketchum, 2013). As noted above, young people in particular, prefer working for organizations that care about people and act in an ethical and socially-responsible manner. This is why it is crucial to have an ethical tone at the top.

CARING ABOUT ALL STAKEHOLDERS, NOT JUST SHAREHOLDERS

Servant leaders who are ethical leaders will have no problem understanding that corporations have a responsibility to all stakeholders, not just stockholders (Yang, 2013). Stakeholders include customers, employees, suppliers, shareholders, the community, the government, the environment, and society. The following is from a statement by the Business Roundtable trade group:

> *Corporations have a responsibility, first of all, to make available to the public quality goods and services at fair prices, thereby earning a profit that attracts investment to continue and enhance the enterprise, provide jobs, and build the economy. The long-term viability of the corporation depends upon its responsibility to the society of which it is a part. And the well-being of society depends upon profitable and responsible business enterprises (Yang, 2013).*

MAXIMIZATION OF CLIENT SATISFACTION

Clients / customers constitute a major stakeholder and firms must be concerned about them. One reason that the corporate goal of maximizing shareholder value was referred to by Jack Welch, former CEO of GE, as the "dumbest idea in the world," and a good way of destroying an organization in the long-run was that it caused firms to ignore client/customer satisfaction (Denning, 2011). McSweeney (2008) cites studies that conclude:

> *A corporate purpose focused on providing value to customers not only is competitively superior to a purpose of maximizing shareholder wealth, but also typically produces greater long-term returns to shareholders. Accounting firms have to measure client satisfaction and do everything possible to ensure that it is being maximized. One study found that 51% of accounting firms are not measuring client satisfaction (Caragher & Telberg, 2010).*

HIRING, RETAINING, AND ENGAGING THE BEST PEOPLE

Leadership is about hiring and retaining the best employees. Great leadership cannot succeed with the wrong kind of employees. A firm that cannot retain its most talented people will not be successful in the long run (Andersen, 2013).A company that wants to hire and retain the best employees has to create a corporate culture where employees feel that their work is meaningful. When people feel that their work is meaningful they are likely to be engaged. Employees that are engaged in work that makes a difference - i.e., work that benefits society - demonstrate much higher levels of job satisfaction than those not engaged in meaningful work; in addition, "having meaning in your life increases life satisfaction twice as much as wealth" (Barker, 2014). Working at a meaningful job is even more important to most people than bringing home a large paycheck (Myers & Diener, 1995). Most young people are even willing to take a 15% pay cut to work for an organization with good values (Meister, 2012). Meister (2012) claims that a firm that wants to attract employees who are going to be most highly engaged should be socially responsible. Indeed, young people are generally concerned about working for organizations that stress the "triple bottom line," i.e., people, planet, and profits. The senior vice president of Google has stated that a key reason people stay at their jobs has to do with feeling that their work is meaningful (Goudreau, 2015).

Gallup has been measuring employee engagement using what it refers to as The Q^{12} Employee Engagement Survey. Gallup's research shows that approximately 70% of American workers are disengaged (Harter & Adkins, 2015; Adkins, 2015). This is a serious problem because engaged employees are energetic, creative, enthusiastic about work, passionate about their jobs, and motivated; they will do everything possible to make sure their organizations succeed (Gross & Holland, 2011). Schwartz (2015) observes that "when employees have work that they want to do, they are happier. And when they are happier, their work is better, as is the company's bottom line." Employees that are unhappy at work are likely to find other jobs where they will feel appreciated. With the prevalence of social media such as LinkedIn and Facebook, it is very easy for capable employees to find jobs. Unhappy employees that cannot find jobs elsewhere will hurt the organization by not being engaged.

This is why it is crucial for leaders to ensure that their firm surveys its employees to see if they are engaged in their jobs and to determine whether or not they feel that their work is meaningful. Caragher & Telberg (2010) note that the employee turnover rate is usually much lower at firms with the right kind of leaders than their competitors. Good leadership is about creating a culture where employees want to stay and help build up the organization. Unfortunately, many firms do not know how to retain their best people (Goudreau, 2015).

BUILDING A LEARNING ORGANIZATION

The greatest asset of a firm is the creativity of its employees. Working in teams enhances the creativity of employees. According to Shenk (2014), creativity, rather than occurring in the domain of the "lone genius," often comes about when people work in teams.

For centuries, the myth of the lone genius has towered over us like a colossus. We canonize stories of rare geniuses—the ones who made the Sistine Chapel or Hamlet, the lightbulb or the iPod. On closer inspection, however, the primary creative unit is actually the pair. Whether it's Marie and Pierre Curie, or Tiger Woods and his caddy, a dyad is the most fluid and flexible of relationships—and it naturally arouses engagement, even intensity.

This is why it is so important to create a firm where knowledge is shared and teamwork and collaboration are the norm. Karlgaard & Malone (2015) feel very strongly that to compete in today's global economy, a CEO must know how to build great teams. Don Tapscott (2013), author and futurist, has the following to say about collaboration:

> *Collaboration is important not just because it's a better way to learn. The spirit of collaboration is penetrating every institution and all of our lives. So learning to collaborate is part of equipping yourself for effectiveness, problem solving, innovation and life-long learning in an ever-changing networked economy (Tapscott, 2013).*

Unfortunately, the natural tendency of people is to try to hoard their specialized knowledge and expertise since they want to be perceived as vital to the success of the organization and therefore indispensable. This is why it is vital for leaders to transform their firms into learning organizations. A learning organization is "an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights" (Garvin, 1993). Senge (1990) introduced the concept of a learning organization almost 25 years ago. In the knowledge era, it is even more important for employees to work together in teams, be open with each other, motivate each other, and share knowledge, insights, and experiences. The right kind of CEO can build a learning organization.

If a CEO is effective, the most creative employees will not be looking around for another job. Laszlo Block, a human resources executive at Google, states that most firms do not know how to hang onto the key people in their organization. Google, on the other hand, has the ability to retain its employees for two reasons: (1) Google is careful in its hires and makes sure that every candidate is carefully screened by many different people. The goal is to make sure that people will all be able to work well together. (2)

Google ensures that employees feel that the work they do is meaningful and important. People want to feel appreciated and that they work at meaningful jobs that make a difference (Goudreau, 2015).

Alex Brigham, executive director of the Ethisphere Institute, which uses a ratings system known as the Ethics Quotient to create a list of the "The World's Most Ethical Companies," states:

> *… studies show that employees increasingly want to work for an organization that aligns with their own personal values. They are more loyal to such organizations. In addition to providing a competitive advantage in workforce recruitment, many companies also display the designation in their marketing materials to attract customers, particularly in new markets, where the company may not be well-known (Smith, 2013).*

ENCOURAGING DIVERSITY

Researchers are finding that an essential ingredient for enhancing innovativeness and creativity is diversity, i.e., people from all kinds of backgrounds with all kinds of views working together (Friedman, Leverton & Friedman, 2015; Phillips, 2014; Hewlett, Marshall & Sherbin, 2013; Friedman & Amoo). It is difficult to have innovation without diversity. A true learning organization needs diversity. Therefore, CEOs that encourage diversity and collaboration will ensure that there is a steady flow of innovative ideas. Desmarias (2015) sees diversity as the secret ingredient that leads to creativity:

It's the holy grail of business success--a creative team that can innovate your company into unchartered and untapped markets. There's no shortage of advice about how to foster it, but really the shortest route to creativity lies in one simple ingredient: a diverse team made up of people who spring from widely varying backgrounds. When placed in close proximity, they're like flint on steel, producing sparks that can ignite brilliant ideas.

Successful diversity management results in "more committed, better satisfied, better performing employees and potentially better financial performance" (Patrick & Kumar, 2012). Racial and gender diversity has been found to correlate with economic performance, i.e., more customers, increased sales, and greater profits (Herring, 2009). The collective intelligence of a team is not additive; it is the social sensitivity of team members that determines how well the group, as a whole, will function. According to Thompson (2015):

> *A general collective intelligence factor explains a group's performance on a wide variety of tasks. This "c factor" is not strongly correlated with the average or maximum individual intelligence of group members but is correlated with the average social sensitivity of group members, the equality in distribution of conversational turn-taking, and the proportion of females in the group.*

Women seem to be better than men at social sensitivity, i.e., the ability to correctly perceive, interpret, and respect the feelings, viewpoint, and opinions of others in the group. This is why having females in a group improves its "c factor", i.e., it becomes smarter (Thompson, 2015). Jack Ma, founder of the huge Chinese e-commerce firm, Alibaba, boasts that 34% of the leadership positions in his company are held by women; 40% of the total workforce is female; by comparison, only 21% of Google's leadership consists of women, and 30% of its employees are female. Ma feels that "women think about others more" and that "women balance the logic and the instinct," and claims that women are the "secret sauce" that makes his company so successful (Kokalitcheva, 2015).

Friedman, Leverton & Friedman (2015) believe that a firm that wants to maximize its innovativeness has to be concerned about obvious as well as subtle, less intentional discrimination. Innovative firms will be welcoming to all kinds of individuals and do everything possible to encourage collaboration across diverse groups. As noted above, diversity and innovation go hand-in- hand. Highly effective employees come in all sizes, shapes, and backgrounds. He might be an obese individual who walks with a cane and stutters, has a terrible accent, and wears Chassidic garb; she might be a woman with a name like Shantell or Nakeisha**,** who wears a hijab and is in a wheelchair. One of the most renowned theoretical physicists is Stephen Hawking.

There is certainly a great deal of subtle discrimination hindering innovation. This includes discrimination against people who are unattractive, short, overweight, have a speech impediment or speak "funny," have a strange name, and/or wear different kinds of clothing. Any organization that wants to prosper in the knowledge / creative economy must train its people to welcome those who are different. All it takes is one great idea to make a company thrive. Similarly, the loss of a key person because he/she does not feel included at his/her job can help destroy a company (Friedman, Leverton & Friedman, 2015).

Diversity is a big issue in accounting. Only 44% of employees working in CPA firms are female. The number of blacks and Hispanics who work as accountants is a ridiculously low 10%: 4% were Black/African American, 5% were Hispanic/Latino, and 1% were Multi-ethnic (Moore, 2013).

SUPPORTING CORPORATE SOCIAL RESPONSIBILITY

There are numerous definitions of corporate social responsibility (CSR). One definition of corporate social responsibility is cited in Hollender & Fenichell (2004, p. 29):

> *… an ongoing commitment by business to behave ethically and to contribute to economic development when demonstrating respect for people, communities, society at large, and the environment. In short, CSR marries the concepts of global citizenship with environmental stewardship and sustainable development.*

Smith (2011) provides a summary of definitions of CSR and notes that it does not mean exactly the same thing to everyone. He concludes:

> *The corporation must continue to evolve their way of behavior and align with society's expectations and the paradigm shift the Systems Age will necessitate. In the future, CSR may be a concept of the past because all corporations will behave in socially responsible way. The future is unknown, but corporations are certainly realizing that they are a part of the whole, society. As such, businesses are required to adapt, and those that do not, will cease to exist and be replaced by corporations that function properly in the* system.

Some prefer to use the term triple bottom line (TBL), i.e., people, planet, and profits, or the three Ps. According to Savitz: "The TBL captures the essence of sustainability by measuring the impact of an organization's activities on the world …including both its profitability and shareholder values and its social, human and environmental capital" (Slaper and Hall, 2011).

Call it CSR or TBL, one thing is clear, there is an interdependence of society and business; corporations have to be concerned about society and not just profit (Porter & Kramer, 2006). Porter & Kramer feel "that CSR can be much more than a cost, a constraint, or a charitable deed — it can be a source of opportunity, innovation, and competitive advantage." Martinuzzi, Krumay & Pisano (2011) describe what the European Union is doing to ensure that all companies take corporate social responsibility seriously. They start with the pyramid developed by Carroll.

Carroll (1991) developed a so-called pyramid of corporate social responsibility, including economic, legal, ethical and philanthropic aspects. Economic responsibilities form the basis of the pyramid, comprised of providing goods and services, being profitable and competitive - the most basic responsibilities of a company. On the next level, legal responsibilities reflect a "social contract" between the society and businesses and incorporate basic notions of "right" and "wrong" which can be codified. Legal responsibilities build a kind of framework constituting "the rules of the game" between businesses as well as between businesses and the society. On the next level, ethical responsibilities of business go beyond codified norms, including non-codified social values and expectations of society. For companies, this means a level of social performance higher than currently required by the law. Ethical responsibilities correspond to the basic principles of moral philosophy such as justice, rights and utilitarianism. On the top level of the pyramid, philanthropic responsibilities embrace those activities of businesses that are reactions to society's expectations that businesses should be good corporate citizens. They can achieve this by contributing to the arts, education and local community development.

CSR and employee engagement are strongly related. Holland (2011) asserts: "Corporate social responsibility drives employee engagement, which in turn drives business success. Therefore, investing behind CSR initiatives makes good business sense." A 2015 Cone Communications study dealing with corporate social responsibility found that 87% of Americans "Would be more loyal to the company (i.e., continue buying the company's products/services)" if it supported a social or environmental issue; 48% would boycott a company's products/services if they found that the company "behaved irresponsibly" (Cone Communications, 2015). Firms that are seen as socially responsible are able to attract and retain engaged employees. This will ultimately have positive effects on net income and growth (Gross and Holland, 2011). There are now several firms that scrutinize companies for CSR. Just Capital, a new firm that is being started by billionaire Paul Tudor Jones II and Deepak Chopra, plans on rating corporations -- and making them available to the public for free -- on CSR, i.e., on how well they are treating their employees, the environment, and society (Stanley, 2015). Mr. Jones, in a TED tale makes the point that "Traditionally, there are three ways to change income inequality: by revolution, higher taxes or wars. His alternative is Just Capital" (Stanley, 2015)

BUILDING A STRONG CORPORATE REPUTATION

Warren Buffet, CEO of Berkshire Hathaway, sent a memo to his senior managers which made it crystal clear how important reputation is to an organization:

> *The top priority — trumping everything else, including profits — is that all of us continue to zealously guard Berkshire's reputation. We can't be perfect but we can try to be. As I've said in these memos for more than 25 years: We can afford to lose money — even a lot of money. But we can't afford to lose reputation — even a shred of reputation (Baer, 2014).*

In this memo, he also stressed that the "Everyone else is doing it" is totally unacceptable as an excuse to justify the lack of ethics and morality of a business decision. Buffet is known for the following quote: "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently." Barnett & Pollock (2014) discuss various definitions of corporate reputation and come up with the following: "a collective assessment of a company's attractiveness to a specific group of stakeholders relative to a reference group of companies with which the company competes for resources." In any case, it is clear that reputation is an important "intangible asset."

Major business leaders who attended the World Economic Forum were asked to name their foremost measure of success. The majority mentioned the reputation of the corporation, integrity, and high quality products; only 20% mentioned profitability (Hindery, 2005: 10). Marketing firms understand that what matters a great deal to an organization in the long run is its image and the image of its brands. An effective CEO enhances the value of his/her company's brands (Hilpern, 2015). Professor Cronin of Lancaster University has the following to say about brand value:

> *Thus a brand's reputation as an employer, its treatment of workers and consumers, its upkeep as a good corporate citizen, and its capacity to maintain and develop positive relationships with its customers all become important factors in cementing a particular image and awareness in the psyche of the public (Hilpern, 2015).*

The same is true for accounting firms. Companies that have strong, positive reputations will succeed in attracting and retaining engaged employees; clients will flock to them.

CONCLUSION

It is hoped that this paper sheds light on the answer to the question: What kind of leaders are needed by accounting firms? First, it is time to do away with the extremely dangerous goal of maximizing shareholder value and not hire leaders who believe in this philosophy. Researchers have found that MSV does not work. Before this goal became popular, pre-1976, the compound annual real shareholder return was 7.6; after this goal became popular, post-1976, this return dropped to 5.9% (Adams, 2012). Firms headed by narcissistic leaders are more likely to destroy a firm than help them achieve their goals. It is clear that millennials in particular are concerned about CSR and are willing to use social media to spread the word if a company is behaving responsibly or irresponsibly (Cone Communications, 2015).There are some who feel that MSV, "the world's dumbest idea" can be saved if it is combined with some other goals (Denning, 2012).

This paper describes various constructs and principles that should be considered by corporate leaders. The ideal person to head an accounting firm, or any kind of organization, must be one who has a laudable vision and knows how to communicate it, believes in servant leadership, wants to set an ethical tone at the top, cares about all stakeholders, believes in maximizing client satisfaction, encourages teamwork by building a learning organization, understands the importance of diversity, supports CSR, and wants to build a strong positive reputation for his/her organization. Changing the trajectory of an organization that is heading towards disaster is not easy. This is why it is important for an organization to have the right kind of leader as well as the right kind of employees.

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