THE WAKE-UP CALL

CHRISTIAN ROOK Interim Management

Nr. 032 English Edition May 27, 2025, 1:16 pm

Leadership in Crisis: Why Authoritarian Leaders Are Being Praised, And Why Democratic Approaches Build Long-Term Resilience

By Christian Rook

As a turnaround manager, I regularly witness how fear and uncertainty grip companies in crisis. Questions like "How bad is it really?", "Will we survive?", "Who will have to go?", and "Am I next?" often loom over the organization like a dark cloud.

In such moments, the path of least resistance seems to be adopting a top-down, autocratic leadership style. Radical cost-cutting measures are swiftly and uncompromisingly implemented. Information sharing, transparency, and open debates are frequently neglected. The prevailing motto becomes: "We must remove the rotten parts of the apple to save the fruit (almost)."

The "tough fixer" who dares to break rules, confront resistance, assert themselves without compromise, and loudly voice what "needed to be said for a long time," often coming from outside the established and politically secure management ranks, is celebrated as successful.

Sounds familiar, doesn't it?

However, my experience with long-term transformation success tells a different story:

While the quick shift to an authoritarian style may promise immediate clarity and rapid results, it often leaves behind a disastrous battlefield. In the pursuit of decisive actions and quick wins, the organization's workforce is metaphorically dismembered—much like the "Black Knight" in Monty Python's *Holy Grail*, who, after losing his limbs, insists, "It's just a flesh wound!" The organization responds with, "We'll manage anyway." Yet, most employees feel hurt and overlooked, leading to a loss of trust. Engagement and initiative rapidly decline, frustration and fears intensify, and top talent often leaves the company.

Revenge as Fuel for Authoritarian Leadership

What is often overlooked in classical management literature is a psychological phenomenon that particularly amplifies authoritarian leadership during crises: the desire for revenge as a motivator. In companies that feel threatened—be it by their own management, competitors, market changes, or external shocks—a collective sense of injustice and betrayal frequently arises.

This desire for revenge targets various entities: competitors acting "unfairly," customers who "ungratefully" switch, suppliers raising prices during tough times, or investors withdrawing their trust. Often, it also targets internal leadership cliques. There's a hope that the "tough fixer" will finally do what has long been necessary.

In one of my client companies, anger was directed at the "big sales cars" whose "brake discs are rusting in the parking lot" because management was too weak to make the sales team understand their role in the turnaround—perhaps because they "knew about skeletons in the closet."

In this emotional mix, authoritarian leaders ("now someone comes to sweep through with an iron broom") become attractive figures because they promise to enact this revenge on behalf of others.

The Psychology of Vicarious Revenge

People follow authoritarian leaders in crises not only for security and clarity but also for the promise of retribution. The authoritarian leader be-

comes a projection surface for collective revenge fantasies. They are expected to "crack down," "show who's boss," and "teach them a lesson."

This dynamic is self-reinforcing: the more the company sees itself as a victim ("The customers are so big; we can't do anything," "The suppliers are so big; we can't do anything," "The competition is so strong; we can't do anything"), the more it longs for a "strong man" or "strong woman" to punish the perpetrators. Employees willingly give up autonomy and participation if they feel someone is channeling their anger and frustration on their behalf.

This phenomenon also occurs in politics, as we are currently witnessing in many places.

In a machinery company I worked with, the workforce reacted euphorically to the announcement of ending all business relationships with a long-standing partner who had drastically worsened conditions during the crisis. The decision was emotionally satisfying but economically disastrous—it ultimately cost the company significant market share.

Revenge as Short-Term Energy, Long-Term Weakness

The impulse for revenge can indeed be mobilizing in the short term. Teams that feel threatened by a common enemy often develop extraordinary energy and cohesion. They work harder, forgo privileges, and accept painful cuts—as long as they feel it's part of a larger fight against an adversary.

But this energy isn't sustainable.

Revenge as a motivator only works as long as a clear enemy is identifiable. Once that enemy is defeated or the situation normalizes, the mobilizing effect dissipates. Worse still, the authoritarian structure born from the revenge impulse becomes a burden when nuanced solutions are needed.

The Authoritarian Echo Chamber: When Leaders Hear Only Themselves

Another critical issue with authoritarian leadership in crises is the gradual isolation of the decision-maker. Authoritarian leaders, initially gaining support through determination and the revenge impulse, inevitably create structures that exclude dissenting voices.

The Emergence of One-Dimensional Answers

When leaders systematically suppress or ignore differing opinions, a dangerous echo chamber forms. Complex problems are increasingly simplified because only information that confirms the existing worldview gets through. The leader hears only voices that reinforce their perspective—often their own, echoed by loyal subordinates.

These one-dimensional answers to complex questions might suffice in the early stages of a crisis. "Cut costs," "Reduce staff," "Attack the competition"—such simple imperatives can yield quick wins. But as the crisis prolongs and challenges become more complex, this one-dimensional thinking becomes devastating.

In a technology company I advised, management became so fixated on cost-cutting as a panacea that they overlooked the necessity of investing in innovation. Competitors surpassed the company technologically while internal discussions revolved around which assistants to lay off next.

One CEO, entrenched in his self-righteous worldview, strictly adopted GE's policy under Jack Welch of annually replacing the bottom 10% of employees, applying it to the top 150 highest-paid executives and engineers. Consequently, highly competent individuals who could have strengthened the company long-term were let go with costly severance packages.

Within the leadership team, this directive was executed with silent gritted teeth, as criticism of the autocrat's brilliant ideas had long been unwelcome. Those who disagreed were simply removed.

Loss of Peripheral Perception

Authoritarian leadership leads to a phenomenon known as "management tunnel vision." While leadership focuses on what appear to be the most pressing operational problems, strategic opportunities and weak signals disappear from view. New market trends, changing customer needs, or innovative solu-

tions are overlooked because they don't fit the simplistic narrative of revenge and battle.

The irony: it is often precisely these peripheral developments that determine long-term success or failure. While the company fights old competitors, new disruptive business models emerge elsewhere.

New Research Findings: The Neuropsychology of Authoritarian Followership

Recent studies confirm this impression. People follow authoritarian leaders not only because they offer a sense of security and clear direction, but because authoritarian leadership activates specific neurochemical reward mechanisms. The prospect of vicarious revenge triggers dopamine release—the brain rewards loyalty, even if it's objectively damaging.

At the same time, neuroscientific research shows that authoritarian systems diminish cognitive capacity. Under authoritarian rule, critical thinking, creative problem-solving, and innovation decline. The brain switches into "survival mode," promoting obedience and fast reaction but impairing complex reasoning.

This neurological narrowing explains why authoritarian organizations can seem efficient short-term but lose adaptability over time. They become "cognitive monocultures" vulnerable to unexpected disruptions.

Democratic Leadership as a Resilience Factor

Organizations that seek long-term and sustainable recovery benefit from democratic or situational leadership that embraces multiple perspectives and emphasizes participation. Democratic leadership acts like an immune system against one-dimensional thinking.

Cognitive Diversity as a Survival Advantage

Democratic decision-making forces organizations to consider multiple viewpoints. This "cognitive diversity" is especially valuable during complex crises, as it prevents critical blind spots. And this isn't just theoretical—the more diverse a team, the better the outcomes: women and men, young and old, practitioners and theorists, ISTJs and ENFPs. While authoritarian leaders rely on outdated but familiar solutions, democratic teams often craft innovative approaches.

Studies show that companies embracing diverse perspectives (e.g., stakeholder value) are significantly more profitable than classically one-dimensional businesses (e.g., shareholder value).

The Antifragility of Democratic Systems

Democratic leadership has a property that risk expert Nassim Taleb calls "antifragility": they don't just survive stress—they grow stronger through it. Every crisis forces the system to rethink and improve.

Authoritarian systems, by contrast, either shatter under stress or become rigid. They lack self-correction mechanisms because dissent is systematically silenced.

Long-Term Loyalty vs. Short-Term Compliance

While authoritarian leadership is fueled by the emotional energy of revenge, democratic leadership is built on rational conviction and shared values. This foundation is more stable and sustainable. Employees who are part of the decision-making process stand behind those decisions, even when times get tough.

Loyalty to democratic leaders outlasts the crisis itself because it is rooted in enduring relationships rather than temporary emotion.

Case Studies: Authoritarian vs. Democratic Crisis Management

Tesla vs. Toyota: Two Crisis Models

Tesla under Elon Musk is a textbook case of authoritarian crisis leadership, amplified by revenge motives. Musk routinely positions himself as a warrior against the traditional car industry, regulators, and critics. This mobilizes emotional support but also results in erratic decision-making and frequent course changes.

Toyota, in contrast, has long followed the "Toyota Way," a democratic leadership philosophy based on continuous improvement and employee involvement. During the 2008 financial crisis, Toyota responded with methodical analysis and incremental changes—not revenge theater. The

result: Toyota weathered the storm more steadily than most.

Amazon vs. Patagonia: Scale and Values

Amazon shows how authoritarian leadership can be effective in certain phases. Jeff Bezos's uncompromising vision and "Day 1" mindset drove explosive growth. But the costs are increasingly visible: high turnover, labor disputes, reputational challenges.

Patagonia takes a different path—democratic decision-making and value-driven leadership. While smaller, Patagonia is more resilient to external shocks and enjoys exceptional employee loyalty. During the COVID crisis, it tapped into its workforce's creativity and dedication, while Amazon relied heavily on automation and control.

The Limits of Democratic Leadership and the Situational Approach

Democratic leadership has downsides: slower decisions, potential conflict escalation. In acute crises, this can be problematic. That's why situational leadership—adapting styles to context—is so effective.

The Adaptive Leadership Approach

The best crisis leaders I've observed switch fluidly between styles. In the critical phase, they make quick, sometimes authoritarian decisions. But they're careful to keep this phase short and return to participative methods as soon as possible.

Crucially, even during authoritarian moments, democratic values—respect, transparency, fairness—are preserved. Leaders explain why fast, solo decisions are necessary and indicate when inclusive processes will resume.

Institutionalized Diversity of Thought

It's especially vital in crisis to maintain institutional mechanisms that prevent leaders from hearing only themselves. These can include advisory boards, "devil's advocate" rounds, or systematic employee surveys.

The key is to ensure these mechanisms remain active under pressure—when easy answers are most tempting.

The Future of Crisis Leadership: Embracing Complexity

Today's business environment is more complex and unpredictable than ever. Climate change, digital transformation, geopolitical instability, demographic shifts—all contribute to a constant state of crisis. In such a world, the weaknesses of authoritarian leadership are increasingly exposed, while the strengths of democratic approaches become more relevant.

Organizations relying solely on revenge and simplistic answers will be overwhelmed by reality. The future belongs to those who accept complexity as normal—and design leadership accordingly.

Conclusion: From Revenge to Resilience

My takeaway from numerous restructurings is clear: Leadership that enables openness, transparency, and dialogue is more successful in the long run. Only those who engage employees, build trust, and allow room for differing perspectives can lead organizations sustainably out of crisis.

The temptation to rely on revenge impulses and authoritarian structures is understandable—and sometimes even briefly effective. But companies that want to endure must overcome this primitive reflex and instead embrace the superior problem-solving capacity of democratic systems.

In a world growing more complex every day, companies simply cannot afford to waste the cognitive capacity of their people. Investing in participatory leadership isn't just morally right—it's essential for survival. It transforms crises from existential threats into opportunities for growth and innovation.

Christian Rook
info@christianrook.com
www.christianrook.com