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# BETWEEN SURVIVAL AND HEALING



The Philosophy of Organizational Collapse:  
Essays on Critical Thinking and Cognitive Awareness in  
Times of Change

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# **Between Survival and Healing**

*The Philosophy of Organizational Collapse: Essays on Critical Thinking and  
Cognitive Awareness in Times of Change*

*In an age weary of frameworks, tools, and the promises of agility, this book is an attempt to return to meaning. It is not a story about methods of repair, but about how crisis emerges and how change unfolds — and about what causes us to lose the ability to truly understand them. Organizations do not fall because they lack tools — they fall when they lose the ability to understand themselves. This is an invitation to reflect before reacting, to understand before designing, to seek meaning before speed. The healing of an organization is a cognitive process — no system can recover until it learns to see. A book for leaders who've stopped believing in frameworks — and started searching for meaning.*

*The Author*

# INTRODUCTION

It is a paradox of our times. Never before have we had so many ways to manage reality, and yet such a weak connection to its meaning. We live in an era in which organizations know more about themselves than ever before — equipped with data, analyses, and methods designed to deepen understanding, they increasingly lose the ability to see what truly matters: interdependencies, meaning, and direction. Paradoxically, this abundance produces the opposite effect. In this overload, organizations tend to seek relief rather than reflection, adopting solutions that appear to be remedies but serve primarily as mechanisms of avoidance. This book examines those mechanisms — the ways in which organizations, overwhelmed by complexity, protect themselves from genuine understanding. Its structure guides the reader through successive stages of this process:

## I. BETWEEN SURVIVAL AND HEALING

This part explores the three phases of organizational recovery — from immediate reaction, through stabilization, to genuine healing. It shows that many organizations confuse temporary relief with transformation. So-called 100-day recovery plans represent a necessary phase of survival. They treat symptoms and restore short-term functionality, but they do not cure the deeper disorder. They stabilize the organization's vital signs, yet leave untouched the structural and cognitive neglect accumulated over many years. They do not heal the system; they only postpone the problem. What returns later, often with greater force, are the unresolved root causes that were temporarily silenced.

Organizations in crisis frequently fall into superficial traps — forms of activity that create the appearance of control and progress. Action becomes a substitute for reflection. The acceleration of initiatives, the pressure to deliver quick results, and the multiplication of corrective projects all give a sense of agency, but rarely rebuild the capacity for learning or adaptation. In reality, these efforts only strengthen the illusion of movement.

This part also presents the crisis as an evolutionary process rather than a sudden event. Its signals appear long before the breakdown becomes visible, yet they are often ignored or rationalized. Organizations develop a tolerance for dysfunction — explaining symptoms instead of interpreting them. Instead of analyzing why the system is losing coherence, they seek external explanations: market conditions, competition, regulation, or the economic cycle.

In doing so, they shift responsibility outside their field of influence, reinforcing the belief that the situation lies beyond control. *Between Survival and Healing* is therefore not about operational repair but about cognitive recovery. It asks whether the organization still has the capacity to learn, to reflect, and to change itself — or whether it only manages its symptoms more efficiently.

## II. COGNITIVE LIMITATIONS OF ORGANIZATIONS — BARRIERS AND PARADOXES

Every organization possesses both the capacity to learn and the mechanisms that inhibit that learning. This chapter examines the internal cognitive barriers that prevent organizations from adapting, due to limitations in perception, interpretation, and reflection. One of the most subtle yet pervasive of these barriers is hope. In conditions of uncertainty, hope functions as an essential cognitive resource — it maintains focus, supports resilience, and sustains collective motivation. However, when excessive, it transforms from a source of strength into a mechanism of avoidance. It replaces analysis with expectation and reflection with waiting. Leaders begin to assume that the situation will naturally improve, that the market will self-correct, or that temporary instability will resolve on its own. In such cases, hope ceases to inspire action; it becomes a cognitive anesthetic that delays confrontation with reality.

Parallel to hope operate deeply rooted defense mechanisms designed to protect the organization's internal equilibrium. These include fear of making mistakes, attachment to past successes, and the preservation of the status quo, even when the environment has fundamentally changed. Such mechanisms rarely manifest as open resistance. Rather, they appear as cautious decision-making, selective interpretation of data, or procedural delays that collectively reinforce the illusion of control. The stronger these mechanisms become, the less capable the organization is of questioning the logic that once guaranteed its success.

Most organizations learn after a crisis has occurred, not during it. They engage in post-factum analysis, drawing conclusions only once the immediate pressure has subsided. What is missing is the capacity for reflection in action — the ability to evaluate and adjust decisions while events are still unfolding. Rigid adherence to pre-defined plans, combined with excessive confidence in initial assumptions, restricts the organization's adaptive potential. Cognitive maturity, therefore, is not defined by the precision of planning, but by the ability to learn and correct course in real time.

At the center of these limitations lies the enduring tension between rationality and intuition. Modern management frameworks often privilege rationality — what is measurable, explainable, and quantifiable — while undervaluing intuition as an informal or unreliable process. Yet intuition represents the accumulated synthesis of experience, perception, and tacit knowledge. When rationality dominates, organizations become rigid and reactive; when intuition prevails unchecked, they risk falling into illusion and arbitrariness. Effective decision-making emerges not from one faculty but from their integration — from the coexistence of analytical reasoning and intuitive insight within a single cognitive system.

*Cognitive Limitations of Organizations* thus demonstrates that the primary obstacles to transformation are not structural or procedural, cognitive.

An organization that cannot question its own cognitive logic inevitably perceives change as a threat rather than a developmental opportunity. The task of contemporary leadership is therefore not to eliminate uncertainty, but to cultivate the cognitive conditions in which uncertainty can be recognized, interpreted, and constructively managed.

### III. IN SEARCH OF THE HOLY GRAIL: WHY METHODS FAIL

Contemporary organizations operate in an age of excess — of data, frameworks, methodologies, and tools that promise predictable success. Yesterday it was Lean and Agile; today, artificial intelligence defines the dominant narrative. Each new approach appears as the long-awaited solution — the next “holy grail” of management. Yet, in this constant search for ready-made answers, something essential is lost: context, reflection, and meaning.

The modern organization no longer suffers from a lack of methods, but from an overabundance of them. The very richness of available solutions becomes its own form of blindness. Instead of asking why and for whom a method should be applied, organizations ask how quickly it can be implemented. They borrow what worked elsewhere, assuming that replication guarantees success. In the rush to implement, the question of fit — of cognitive and cultural alignment — disappears. Five steps, three pillars, seven principles: the formula replaces understanding. Methods become rituals — repeated gestures of managerial faith, performed without reflection on their purpose or consequences.

The paradox is that, in seeking certainty, organizations create its opposite. They confuse movement with progress, and frameworks with thinking. The more tools they acquire, the less they see. Activity becomes a substitute for awareness — a defense mechanism that conceals the absence of meaning. Over time, methods designed to enable learning become barriers to it. Instead of expanding perception, they narrow it to what can be measured, modeled, or standardized.

The overproduction of knowledge has also changed its value. Knowledge itself has become irrelevant, because it is no longer interpreted. Its volume exceeds the organization’s capacity to process it. Information accumulates faster than understanding. In this environment, experience — once the foundation of judgment — loses its authority. It is overwritten by new systems, new language, and new technologies that promise renewal, yet often erase the very memory needed for genuine learning.

In this landscape, power becomes the last stable currency. When knowledge loses weight and context, influence takes its place. Decisions cease to be acts of understanding; they become instruments of preservation — of existing structures, roles, and narratives. This is why resistance to change rarely originates “from below.” It emerges at the top, where influence is most deeply rooted and where the language of transformation is often used to defend continuity. Such resistance is subtle — it hides behind strategic caution, selective implementation, or perpetual “pilots” that never reach completion.

In times of crisis, this overactivity intensifies. Armed with countless tools and methods, organizations move faster, believing that acceleration equals effectiveness. Yet, the more they act, the less they understand. The true deficit is not one of solutions, but of ability to see which actions matter and why. Methods are instruments; meaning remains a human function.

#### IV. TECHNOLOGY AND THE HUMAN: FROM SYSTEMS TO SENSE-MAKING

For decades, progress has been measured by technology. Organizations have equated advancement with faster systems, automation, and artificial intelligence — with everything that can be quantified, optimized, and scaled. Yet technological growth, though impressive, describes only the external layer of change. It improves efficiency, but does not touch the inner logic of how organizations think, decide, and assign meaning.

Technology gives the illusion of control. It creates a sense of mastery over complexity, while in reality it only accelerates existing mental patterns. It cannot replace the human capacity to interpret — to distinguish movement from progress, data from meaning, and reaction from reflection. Every system, no matter how advanced, operates within the limits of the human logic that built it. Algorithms can process information, but they cannot understand context. They reduce error at the operational level but cannot correct errors in judgment.

The true challenge is not technological but cognitive. In a world ruled by quarterly results, it is easier to invest in a system than in awareness. Technology is measurable and reassuring; human understanding is ambiguous and slow. Organizations increasingly optimize what they do not yet understand — automating inefficiency, accelerating confusion, and calling it transformation.

This is where intellectual capital becomes critical: the dynamic system that unites people, structures, and relationships — the human, structural, and relational dimensions of organizational intelligence. Only the balance among these dimensions allows knowledge to live — to evolve from possession to understanding. Without that balance, organizations become either rigid systems of control or unstable networks of goodwill — efficient or inspired, but never whole. Every decision — even the most analytical — is an act of cognition: a reflection of how leaders perceive uncertainty, risk, and meaning.

*The Human-Centered Business Turnaround* (HCBT) framework redefines transformation as a cognitive process, not a procedural one. It shifts the focus from “what to change” to “how we think about change.” Through the A.R.E.S. model (Architectural Readiness and Execution System), it helps organizations see how they decide — how patterns of perception, trust, and hierarchy shape their readiness for transformation. No organization can heal without understanding how it thinks. Every restructuring that ignores cognition merely repeats the same logic in a new form. Sustainable transformation begins when human awareness becomes the organizing principle of the system — when technology extends, rather than replaces, human judgment.

## V. INSIDE THE COGNITIVELY AWARE ORGANIZATION: BETWEEN TRUST, LEADERSHIP, AND SURVIVAL

In moments of instability, organizations reveal their cognitive truth. Structures and systems endure longer than relationships, yet it is trust — not hierarchy — that determines whether a company can sustain its integrity under pressure. When fear replaces understanding, communication becomes cautious, and cooperation turns into self-protection. Teams that once collaborated begin to guard their positions. In such conditions, trust becomes a strategic resource — fragile, rare, and decisive.

For leaders, managing through crisis is not about maintaining appearances of unity, but about understanding the dynamics of trust: how it erodes, how it can be restored, and what behaviors reinforce or destroy it. Emotional loyalty cannot withstand sustained uncertainty. Only credibility — the consistency between word and action — allows cooperation to survive turbulence. Mature leaders know that stability does not arise from control, but from clarity and predictability.

Organizations live in tension between two cognitive modes— maintenance and transformation. The traditional manager stabilizes; the transformational leader redefines. Both are necessary, yet they serve different functions in the life cycle of a system. The traditional manager focuses on efficiency, control, and predictability. He protects continuity and minimizes deviation — essential qualities when the environment is stable. But in conditions of uncertainty, the same logic becomes a constraint: control replaces learning, and optimization delays adaptation. Where the traditional manager seeks stability through control, the transformational leader seeks it through understanding. He treats error not as failure, but as information. He does not avoid uncertainty.



Not every organization should be saved. The ability to endure is not the same as the ability to renew. Survival becomes meaningful only when it serves learning. When crisis strikes, the leader's task is to distinguish persistence from denial — to see whether the organization still has the energy to learn, or whether it is merely prolonging decline. Cognitive honesty — the capacity to see things as they are, before deciding what to do — becomes the rarest and most valuable leadership quality.

An organization that has lost the ability to learn cannot be restructured — it can only be replaced. Financial indicators may show stability, but without awareness, they are only delayed signals of decay. True recovery begins when the system regains the ability to interpret itself — when it stops running from quick actions to understand its causes.

Failure, in this light, is not an endpoint but a moment of clarity. It reveals where understanding has collapsed and where new learning must begin. Organizations that treat failure as feedback evolve; those that treat it as shame repeat their mistakes in more sophisticated forms. Resilience is not strength — it is awareness: the ability to see reality without distortion and act accordingly.

# I. DIFFERENCE BETWEEN SURVIVAL AND HEALING IN ORGANIZATIONS

## THREE PHASES TOWARD RECOVERY

*“Rescue is a reaction — a necessity to stop the process of destruction, restore liquidity, and sustain the organization’s basic life functions. Healing, in contrast, is a cognitive process — rebuilding the organization’s capacity to learn, to draw conclusions, and to correct its course of action once the immediate threat has passed. Survival stops destruction; healing allows us to understand why it happened — and how to act differently so it will not return.”*

Most organizations mistake survival for healing. It is like connecting a patient to a ventilator and declaring them cured. Rescue sustains life, but it does not restore consciousness. In the language of management, the terms rescue and healing are often used interchangeably, although they describe entirely different phenomena. Rescue is a reaction — a necessity to stop the process of destruction, to restore liquidity, and to maintain the organization’s vital functions. Healing, however, is a cognitive process — the reconstruction of the organization’s ability to learn, to draw conclusions, and to correct its direction once the danger has passed. Survival halts destruction, while healing enables understanding — why it occurred, and how to act differently to prevent its return.

The full process of organizational recovery unfolds in several phases, each corresponding to a different dimension of organizational awareness. The first is *the emergency phase* — the moment when the system reacts to crisis. Here, decisions are immediate and tactical: debt restructuring, cost reduction, liquidity improvement. These actions are necessary, but superficial — they address symptoms, not causes. Crisis does not emerge overnight; it matures within decision structures, omissions, and thought processes that lead to flawed choices. Finances are a mirror — they reveal the consequences, not the origins of mistakes, especially the cognitive ones, rooted in the misinterpretation of business reality.

## THREE PHASES TOWARD RECOVERY (CONT.)

When the threat of insolvency subsides, the organization enters *the stabilization phase* — a stage of reordering processes, structures, and relationships. Management begins to move beyond reaction, though it has not yet reached reflection on causes. At this stage, cognitive restructuring is crucial: not only introducing new procedures, but transforming the way the organization perceives itself and the goals it pursues. For stabilization to be sustainable, it must evolve from linear thinking to systemic thinking — from simple optimization to an understanding of interdependencies.

The final stage is *the resilience phase* — the point at which the organization ceases merely to react and begins to anticipate. Resilience is not mechanical endurance, but cognitive resilience — the ability to interpret early signals of weakness before they turn into crisis. It is preventive and proactive in nature. This is the moment when the organization learns to connect experience with reflection, data with intuition, and procedures with meaning. Only then can we speak of true healing — the restoration of the ability to see, to think, and to learn in action.

## TRAPS OF SUPERFICIAL REPAIR

*„It demands a confrontation with the deeper question of why the crisis happened at all. The answer is neither quick nor comfortable. This question does not concern processes alone but also ways of thinking — how we define success and failure, when we decide that things are “good enough,” and whether we still believe in the system’s ability to repair itself.”*

Most organizations stop somewhere between the emergency phase and stabilization. Rescue is necessary and appealing — it brings quick results: improved liquidity, reduced costs, a renewed sense of control. Healing offers no such immediate gratification. It demands a confrontation with the deeper question of why the crisis happened at all. The answer is neither quick nor comfortable. This question does not concern processes alone but also ways of thinking — how we define success and failure, when we decide that things are “good enough,” and whether we still believe in the system’s ability to repair itself. The most common mistakes in transformation are born precisely from the absence of this cognitive reflection. The most frequent traps of superficial repair:

- **Treating symptoms instead of causes-** Actions focused solely on finances conceal deeper distortions in operational structure, decision-making, culture, or leadership.
- **Lack of objective diagnosis-** The defense mechanisms of management — denial, rationalization, projection — distort reality and prevent an honest assessment of the situation.
- **Externalizing responsibility-** Explaining problems through market conditions, regulation, or competition deprives the organization of agency and its capacity for self-repair.
- **Fragmented interventions-** Fixing selected processes without understanding their systemic interdependencies brings short-term relief but no lasting change.
- **Preserving value destroyers-** Attempting to keep every structure and resource — even those that no longer create value — leads to cognitive stagnation and blocks learning. When systemic interdependencies are ignored, organizations often misinterpret what destroys value and what creates it.

## TRAPS OF SUPERFICIAL REPAIR (CONT.)

Each of these traps shares a common root: the lack of distinction between survival and healing, the absence of systemic thinking, and the pursuit of quick effects that confuses causes with consequences. An organization focused solely on survival stabilizes symptoms but preserves their causes. True healing does not mean correcting processes; it means transforming the way of thinking.

It is a cognitive process through which the organization learns to see itself as a system — a whole of interdependencies, where every element affects the others. Restructuring actions then cease to be the goal and become a means — a tool for restoring the organization's ability to understand and to learn. An organization that has passed through all phases — from necessity to resilience — acquires a new competence: cognitive flexibility — the ability to connect reflection with action, decisions with understanding, survival with meaning.

In this sense, healing is not a stage but an evolution of awareness. Critical thinking in the process of transformation lies in the ability to ask one fundamental question: *Do our decisions arise from understanding, or merely from the need to keep things running?* That question separates reaction from reflection — and survival from healing. A cognitively healthy organization does not avoid irregularities; it uses them as moments of learning. Healing is not the end of crisis but the beginning of maturity. It is not merely an improvement in numbers, but the restoration of the ability to see. Only such an organization can not only survive, but think — before it is forced to.

## THE EVOLUTIONARY NATURE OF CRISIS

*“Crisis does not begin at the moment of lost liquidity or the threat of insolvency, but much earlier — in the moment when an organization stops learning and adapting, repeating old and ineffective patterns.”*

In most organizations, crisis does not begin with financial losses but with a cognitive standstill. Early signs appear, yet decisions are no longer questioned because “things are going well.” That sense of comfort replaces reflection and analysis. It is precisely at that moment that adaptive capacity begins to weaken — when no one wants to interpret reality differently than before. The organization slips into a state of cognitive complacency: it still functions correctly, yet it has stopped learning. It no longer notices that what worked yesterday may already be obsolete today. Crisis, therefore, does not arise from an operational failure but from the loss of cognitive curiosity — from the belief that we understand the world well enough to stop asking questions. Crisis is not revolutionary in nature; it is not a single event but a slow sequence of decisions, omissions, and delays that gradually erode flexibility.

As described by M. Romanowska and P. Dziurski (*Anatomy of Crisis in the Enterprise*, SGH Publishing House, Warsaw School of Economics, 2016, p.27), its economic progression unfolds in stages:

- **Strategic crisis** – misreading market dynamics and losing alignment with the environment;
- **Performance crisis** – declining profitability, shrinking margins, and loss of competitive advantage;
- **Liquidity crisis** – growing debt and the threat of insolvency;
- **Insolvency crisis** – loss of capacity to continue operations.

Although this model is economic in nature, it can also be read cognitively — as a process of gradual loss of awareness and agency within the organization:

- **In the strategic crisis**, the organization loses its ability to interpret reality. It focuses on external factors (“the market changed,” “it’s the economy”), which offers the illusion of control but removes responsibility.
- **In the performance crisis**, it no longer understands the causes of its own problems. Actions remain superficial — correcting symptoms instead of the decision mechanisms that caused the decline.
- **In the liquidity crisis**, reflection gives way to survival. The focus shifts to financial restructuring, cost-cutting, and firefighting. The organization learns to react, but not to understand.
- **In the insolvency crisis**, even the sense of direction fades. The organization not only fails to know how to exit the crisis but also loses the ability to formulate why. It operates automatically, in a state of cognitive paralysis.

## THE EVOLUTIONARY NATURE OF CRISIS (CONT.)

Seen in this way, the economic sequence of crisis mirrors a process of cognitive closure — from externalizing responsibility to the loss of understanding and learning capacity. At each stage, symptoms are visible but often ignored. Their interpretation is displaced by the organization's defense mechanisms: rationalization (“it’s temporary”), selective perception (“it doesn’t apply to us”), and overconfidence in past success (“we’ve always managed before”). Long before the financial crisis becomes visible, the decision structure has already lost the ability to perceive cause and effect.

Understanding that crisis is evolutionary changes how we think about transformation. It is not about one-time repair projects, but about continuous adaptation — responding to micro-signals, adjusting direction, and maintaining cognitive vigilance. Resilient organizations do not predict every change; they learn to recognize early signs and respond before situations become critical. In healthy organizations, time functions as an investment — allowing learning, testing, and improving decisions. In those trapped in crisis, time becomes a cost — every minute of delay increases the loss. The basic rule is simple: even the best decision loses its meaning if it comes too late.

## WHEN WE FACE SOMETHING GREATER THAN OURSELVES – EXTERNAL AND INTERNAL CAUSES

*“The difference between the companies that survived and those that failed was not who was affected by the crisis, but how the crisis was interpreted. Some organizations treated it as a justification for passivity, waiting for the old order to return. Others used it as an impulse to redefine their operating model — launching digital channels, decentralizing management, and simplifying processes.”*

Every organization operates within a dynamic environment that is constantly changing. Market, regulatory, technological, and social conditions form a context in which even the best strategy requires continuous adjustment. Crisis does not always arise from mistakes — it often stems from a lack of adaptive capacity in the face of a reality that evolves faster than the organization’s ability to respond. In this sense, the greatest threat is not external risk itself, but the belief that the world still works according to familiar rules.

In analyzing the causes of crisis, we typically distinguish two domains: external factors — beyond the organization’s control — and internal ones, which lie within its reach. External factors include market volatility, competitive pressure, legal frameworks, cost constraints, macroeconomic disruptions, and breakthrough technologies. Internal factors include operations, management models, employee competencies, decision-making processes, financial structure, and communication patterns.

Although this distinction may seem obvious, most organizations misjudge its significance. Too often they attribute failure to external factors, while the real source lies within — in the inability to interpret change and respond accordingly. “The market has shifted.” “Competition is stronger.” “Times are hard.” Such narratives explain effects but do not diagnose causes.

The system’s defense mechanism lies in projection — shifting responsibility onto the environment to avoid confronting one’s own cognitive limitations. Yet it is precisely this confrontation that is necessary. The question is not whether the competition was too strong, but whether we adapted fast enough to surpass it. Not whether the times were difficult, but whether we lacked the flexibility to navigate them successfully.

A company that loses customers and blames its competitors illustrates this illusion in its purest form. At first glance, the cause seems obvious — cost pressures, pricing, market share. But a deeper look reveals internal neglect: outdated technology, inefficient cost structure, lack of innovation, delayed investment decisions.

The organization does not fail because the world has changed, but because it has not changed the way it interprets its own data. External events merely expose what was already weakened — they act as catalysts, not causes.



## WHEN WE FACE SOMETHING GREATER THAN OURSELVES – EXTERNAL AND INTERNAL CAUSES (CONT.)

Still, we cannot ignore that there are events against which organizations are defenseless. Pandemics, energy crises, or disruptions in global supply chains redefine the conditions of operation. The difference between the companies that survived and those that failed was not who was hit, but how they interpreted the blow. Some used the crisis as an excuse for inaction, waiting for a return to normality. Others treated it as a signal for reinvention — launching digital platforms, decentralizing structures, simplifying decision paths.

As a result, the latter not only survived but increased their systemic resilience. In a world of permanent volatility, advantage does not come from reaction speed but from the ability to anticipate. Organizations that do not wait for external signals but continuously examine their internal indicators of adaptability — information flow, decision-making time, team collaboration — are able to anticipate crisis instead of merely responding to it.

Proactivity does not mean hyperactivity. It is not action for its own sake, but cognitive readiness — the ability to identify patterns before they turn into pressure. True organizational resilience does not rest on capital strength but on the ability to distinguish causes from effects. An organization that sees itself only as a victim of external forces loses its cognitive agency. One that recognizes its own role in creating risk regains control.

Resilience is not a feature of structure but of awareness — the capacity to ask a fundamental question: *Is it the external environment that limits me, or the way I interpret it?* In the long run, it is internal factors — culture, decision-making, mindset — that determine how an organization responds to external pressure. The world outside is volatile, but its influence becomes destructive only when the organization stops understanding itself. It is not external reality that destroys companies — it is their cognitive blindness to their own limitations.

## HOW ORGANIZATIONS TREAT SYMPTOMS INSTEAD OF DIAGNOSING THE SYSTEM

*“Critical thinking is the ability to hold balance between two kinds of action: symptomatic, which saves the organism, and causal, which restores its learning capacity. It is not about abandoning financial interventions — those are necessary, but about not mistaking that level for the center of meaning.”*

When a financial deficit appears, organizations instinctively reach for what is visible and measurable: costs, liquidity, debt structures. These actions are essential — without them, there is no survival. Their effectiveness is limited, because they address the end of the causal chain, not its beginning.

Finance is a symptom, not the source of illness. It reflects the quality of internal processes — decision logic, communication rhythm, priority structure. A poor financial result is a sign of lost coherence between what the organization does and why it does it. Debt restructuring or cost-cutting, therefore, is like treating a fever — necessary but symptomatic. It lowers the temperature and restores control but does not remove the infection. At the cognitive level, symptomatic thinking gives a sense of agency. It creates an illusion of control that soothes anxiety and enables survival — and survival itself is a form of intelligence: adaptive, immediate, physiological. When this state becomes permanent, survival turns into a strategy — a habit of avoiding causes. The organization begins to mistake stability for healing, and activity for progress. At that point, the illusion of control emerges — the belief that managing finances means managing reality. In practice, it is only managing the consequences of reality. Processes remain unchanged, even if the results start to look better. From the outside, there is “improvement”; inside, there is anesthesia.

Mature critical thinking lies in maintaining the balance between symptomatic actions — which keep the organism alive — and causal ones, which enable it to learn. It is not about abandoning financial management; it is about not turning it into the center of meaning. Financial restructuring is a means, not a diagnosis. It does not replace the process of organizational learning; it merely creates the conditions for it.

## HOW ORGANIZATIONS TREAT SYMPTOMS INSTEAD OF DIAGNOSING THE SYSTEM (CONT.)

In summary:

- **Finance is the consequence of decisions, not their source-** The financial result is the mathematical record of what the organization has already done — or neglected to do. If revenues fall or costs rise, it is not because “the finances went wrong,” but because someone earlier misread the market, designed a flawed product, or made a poor strategic choice.
- **Crisis is born in thinking, not in the spreadsheet-** Financial problems stem from earlier cognitive failures: misreading signals, excessive optimism, lack of response, or poorly defined goals. Finance reflects how we think about reality — it does not create that reality.
- **Finance is a delayed indicator-** When poor results appear, the real crisis has long been under way — it simply existed earlier in decisions, relationships, processes, and culture. The numbers are only an echo of those past errors.
- **Fixing finances without changing awareness is treating symptoms-** Liquidity can be improved, costs cut, debts renegotiated — but unless thinking, decisions, and cognitive habits change, the crisis will return.

## II. COGNITIVE LIMITATIONS OF ORGANIZATIONS — BARRIERS AND PARADOXES

*“The greatest limitation in the development of an organization is not a lack of capital, imperfect technology, or even a flawed strategy. The true source of difficulty lies much deeper — in the way the organization perceives itself and interprets its environment. It is at the cognitive level that barriers arise — the kind that stop change despite the presence of resources and knowledge.”*

### HOPE THAT THINGS WILL GET BETTER

Hope serves as both psychological fuel and a cognitive risk. It provides the energy to act, yet it can also distort perception. In organizations under pressure, the narrative of hope becomes a means of maintaining continuity — a way to explain chaos and protect collective identity. The same narrative can also blind — when it sustains the illusion that “things will be fine” even as evidence points otherwise. In times of crisis, hope easily turns into a defense mechanism: it shields from fear but takes away the ability to see things as they are. Instead of interpreting reality, the organization starts replacing it with stories — that “the market will recover,” “the team will rally,” or “it’s only temporary.” In this way, hope, which was meant to integrate, becomes a factor of cognitive blindness. The difference between hope and illusion is subtle but fundamental. Hope rests on the awareness of risk and limitation; illusion rests on their denial. Hope gives energy while maintaining contact with reality; illusion gives energy at the expense of reality. Leadership in crisis, therefore, is not about “offering hope,” but about constructing meaning that is stable and credible. An authentic narrative of survival does not say that “everything will be fine” — it shows why it is still worth acting, even when not everything is fine. In this sense, leadership in crisis is the management of hope as a resource — the maintenance of meaning under conditions of limited certainty. Critical thinking emerges when hope ceases to be a defense mechanism and becomes a form of organizational intelligence: the ability to connect the will to survive with learning from reality, rather than against it.

### DEFENSIVE SYSTEMS

*“An organization may change its structure, business model, and reporting systems, but if it does not change the way it thinks about change, it will return to its old patterns.”*

Organizations tend to preserve their own patterns of thinking, which over time begin to operate like defense systems. Their function is stabilization, but their side effect is the gradual loss of the ability to learn. The three most common cognitive mechanisms that limit change are:

## DEFENSIVE SYSTEMS (CONT.)

### *FEAR OF ERROR*

Management systems often favor safety and predictability, leaving little room for experimentation. As a result, decisions become conservative, and development becomes reactive. Error ceases to be a diagnostic tool and turns into proof of incompetence. In such a culture, cognitive risk is blocked at the very stage of an idea.

### *THE TRAP OF INSTITUTIONALIZED SUCCESS*

Past achievements become a source of rigidity. What once worked is treated as an unquestionable standard. Thus, the organization stops responding to changes in its environment, because it interprets them through the filter of past experience.

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### *STATUS QUO AS A MANAGERIAL STANDARD*

Many organizational structures are built to sustain themselves. Processes and decisions are designed to maintain stability rather than foster growth. Change is perceived as a threat to balance, not as a condition for sustaining it. As a result, innovation exists only at the declarative level, not the decision-making one. The ability of an organization to transform depends not on the scale of its actions but on its cognitive capacity — on how it interprets error, risk, and uncertainty:

- **Error is data-** Failure is a source of information, not a basis for sanction. The analysis of mistakes becomes a tool for growth rather than a record of guilt.
- **Experiment is standard-** Experimentation is not the opposite of efficiency but its prerequisite in conditions of uncertainty. Organizations that test and adjust develop cognitive resilience.
- **Questioning is practice-** Maintaining the ability to question existing solutions requires a culture in which the question “Does this still work?” is a mandatory element of managerial reflection.

Transformation does not begin with processes — it begins with interpretation. An organization may change its structure, business model, and reporting systems, but if it does not change the way it interprets reality, it will return to its old patterns. That is why the development of cognitive competence is crucial: the ability to recognize one’s own limitations, reinterpret experience, and revise assumptions that no longer work. Only organizations that can identify and transcend their cognitive barriers are capable of lasting recovery and growth.

## REFLECTION AS PART OF ACTION – A NEW LOGIC OF ORGANIZATIONAL LEARNING

*“When the learning process becomes institutionalized, it turns into a ritual — systematic, yet stripped of cognitive freshness. Data analysis, strategy reviews, debrief sessions — all of this makes sense only as long as it leads to genuine understanding.”*

Organizations rarely learn in real time. Most analyses and summaries occur after the fact — after the project, after the crisis, after the change. That is when reports, presentations, and conclusions appear. The problem is that reflection after the fact is only an interpretation of the past. It does not alter the course of events — understanding arrives only when nothing can be changed. This requires a way of critical thinking where the question *“What is happening?”* matters more than *“Who is to blame.”*

Transformation is not a project — it is a cognitive capability. It does not consist of implementing plans, but of changing how reality is seen and interpreted. Projects have a beginning and an end; learning does not. An organization that treats change as a project focuses on implementation, not understanding. As a result, every subsequent transformation becomes a repetition of the previous one — only in a new configuration. The greatest illusion of mature organizations is the belief that they already *“think enough.”* When learning becomes institutionalized, it turns into a ritual — systematic, but devoid of cognitive freshness. Data reviews, strategic meetings, lessons-learned sessions — all of these matter only as long as they lead to real understanding. Once they become formalities, they stop being learning.

Learning in action requires the courage to question one’s cognitive assumptions while they are still in use. That is the hardest moment — it means confronting uncertainty, accepting the risk of error, and triggering the very defense mechanisms mentioned earlier. Yet only this kind of reflection — embedded in action — has transformational value. It corrects the process during execution, not after it.

Experience does not automatically become knowledge. For an organization to evolve, reflection must be placed at the center of action, not after it. This means the ability to operate simultaneously in two perspectives: doing and observing, executing and analyzing — in practice, thinking in motion. Reflection, in this sense, does not slow the process down; it becomes part of it. An organization that can learn while acting does not lose speed — it changes the way it interprets signals. Instead of reacting to effects, it adjusts causes in real time. It corrects the process during execution, not after it.

## REFLECTION AS PART OF ACTION – A NEW LOGIC OF ORGANIZATIONAL LEARNING (CONT.)

Learning in action requires several essential components:

- **Feedback mechanisms** — short information loops between operational and decision-making teams.
- **A culture of open dialogue** — spaces where errors can be discussed without loss of authority. Not formal “lessons learned” sessions, but ongoing conversations that enable immediate correction.
- **Rapid reflection cycles** — shorter review intervals (weekly rather than quarterly) that verify whether the original assumptions still hold.
- **Cognitive courage** — the willingness to question one’s own assumptions while they are still in use. This is the moment of highest risk — and greatest learning potential.

Without it, an organization reacts but does not develop — it makes operational decisions without changing its way of thinking. In times of crisis, the ability to learn becomes the essential condition for reversing decline. What matters is the speed of learning and the ability to apply knowledge immediately. In this sense, learning is the essence of recovery. It is a moment of cognitive acceleration, when a system can learn more than during periods of stability.

Thinking in motion is not a luxury — it is a new way of managing complexity. It allows change without losing contact with reality. Only an organization that can think while acting can transform crisis into a learning process. At that point, change is no longer a reaction to a problem — it becomes an evolution of organizational consciousness, the ability to see before necessity forces action.

## THE PARADOX OF INTUITION AND RATIONALITY IN STRATEGIC DECISION-MAKING

*„When an organization begins to fall, the temptation of rationalization appears — an overproduction of analyses, reports, and simulations meant to create a sense of safety. In truth, this is a defense mechanism: rationality used not for understanding, but for postponing decisions.”*

Every decision made under uncertainty is an act of interpretation, not merely calculation. Time pressure forces fast decisions — and thus, fast interpretations. There is rarely enough space to reach the root causes, often dispersed across different parts of the organization and reinforcing one another. As a result, we react to symptoms rather than to the system that produces them. Data are rarely complete, and analysis is never truly objective. The more complex the environment, the less one can rely on numbers alone. At some point, understanding must extend beyond the model — it must reach toward intuition.

Intuition in management is not the opposite of reason, but its extension — into areas where data no longer keep pace with reality. It is the ability to recognize patterns and tensions before they become measurable. In practice, it is the memory of the organization — the record of experience that does not always take the form of a spreadsheet. In a mature system, intuition is built from thousands of prior observations, decisions, errors, and corrections. It moves faster than analysis, but draws from the same sources.

Rationality is needed to verify this memory. Its function is not to deny intuition, but to keep it within the boundaries of reality. In a healthy organization, the two mechanisms coexist: intuition perceives, rationality explains. When one disappears, the system loses balance. In organizations dominated by rationality, it often turns into overproduction — endless analyses, simulations, and consultations that create the illusion of safety without increasing understanding. This becomes a defensive mechanism — rationality used not for knowing, but for postponing. The system works, but it does not move. Instead of learning from mistakes, the organization learns to avoid them. On the other hand, an excess of intuition without rationality leads to arbitrariness. Decisions become subjective, emotionally driven. Intuition without context turns into conviction, and conviction into dogma. The organization stops learning and repeats patterns that once worked, without understanding why.



## THE PARADOX OF INTUITION AND RATIONALITY IN STRATEGIC DECISION-MAKING (CONT.)

Cognitive maturity lies in the ability to merge both logics — instinct and analysis — into a single decision-making process. This requires a language that allows intuition to be spoken of as an equal form of knowing — neither idealized nor diminished. In practice, intuition is a signal — an early warning that something is beginning to drift between what the organization knows and what it does. Learning organizations translate intuition into hypotheses and test them in action. Reactive ones ignore these signals until they become operational problems.

The most dangerous moment comes when rationality stops serving development and starts protecting the status quo. When analysis exists to confirm past decisions rather than to question them, the organization loses adaptability. Logic, instead of clarifying reality, begins to confine it. In a healthy system, intuition is the starting point, and rationality the instrument of learning. The first opens; the second orders. Together, they create cognitive balance — the ability to see faster and decide wiser. In a world of data abundance and meaning deficit, this balance between rationality and intuition becomes one of the rarest and most valuable organizational assets.

### III. IN SEARCH OF THE HOLY GRAIL: WHY METHODS FAIL

Every few years, a new hope appears in conference rooms — a method that promises to fix everything. Posters, workshops, new vocabulary. After a few months, the same decision patterns remain. In the history of management, every decade brings a new language of promise: Lean, Agile, Design Thinking, OKR, and others. Each of these frameworks was born as a genuine response to real organizational challenges — process complexity, the need for optimization, the decline of innovation. Yet over time, many of them turn into rituals without meaning. Implemented mechanically and detached from context, they serve more to maintain an illusion of modernity than to enable true transformation. Organizations continue to search for a “Holy Grail” — a universal solution that will bring growth, order, and meaning. No method works in isolation from the system in which it is applied. It is not the method itself that determines the success of change, but the way it is interpreted.

#### METHODS WITHOUT CONTEXT

*„Organizations often copy the form without understanding the substance — they implement a tool or a method without adapting its logic. As a result, instead of flexibility, they create overload. The method stops being a tool for reflection and becomes a technical ritual designed to create the appearance of change”*

Most failures in implementing modern management frameworks stem from a lack of adaptation to organizational context. What worked in a startup environment loses its effectiveness inside corporate structures with entirely different cultures of decision-making and risk. Companies often replicate the form without grasping the meaning — they implement a tool but never integrate its underlying logic.

The method then ceases to be a tool for reflection and becomes a technical-psychological ritual, sustaining the illusion of progress. Managing complexity has no single solution. Many leaders, weary of uncertainty, seek simple algorithms that “always work.” It is a natural defense mechanism against unpredictability — and one of the greatest barriers to organizational learning. The effectiveness of a method does not arise from its universality but from its contextual elasticity. Mature organizations do not copy templates — they create their own configurations: combining the discipline of Lean with the empathy of Design Thinking, the structure of OKR with the adaptability of Agile. They understand that no method is an end in itself.

## METHODS WITHOUT CONTEXT (CONT.)

The most common mistake is confusing a change in the work system with a change in the way of thinking. New meeting formats, new reports, new task boards — these are visible changes, but only on the surface. Methodological transformation requires a cognitive transformation — a different understanding of leadership, of the balance between autonomy and accountability, of communication and trust. Agile is built on flexibility and learning in action — the ability to respond to change without losing direction. Lean Management focuses on identifying and eliminating waste — not only process inefficiency, but cognitive waste as well. To improve something, one must first see and understand it in its wider context. Design Thinking develops the capacity to view problems from multiple perspectives — especially from the standpoint of those who experience them.

All these approaches connect reflection and action. Their effectiveness depends not on procedures but on the way of thinking they bring into the organization. In a world saturated with tools, advantage belongs to those organizations that can learn faster than their environment changes. This requires not the perfection of methods, but the cultivation of ability to ask questions:

- *Why did this method work there, but not here?*
- *Which cognitive mechanisms does it strengthen, and which does it weaken?*
- *Is our structure ready to absorb it?*

There is no universal method. There are only frameworks that must be understood and adapted to context. Organizational maturity lies in using methods consciously — treating them as learning instruments that must be continuously verified in practice. Every method works only as well as the people who use it. Their way of thinking, communicating, and deciding determines the effectiveness of the system. In this sense, the human being is the true interface of the organization. No method can repair relationships where trust is missing, nor create a culture that does not accept mistakes as part of learning. True transformation does not begin with choosing a method, but with asking one question: *Does our way of thinking allow us to make use of it?*

## THE AGE OF KNOWLEDGE IRRELEVANCE

*“Dead knowledge is the one that has been recorded but never reprocessed. The true capital lies in the ability to learn in real time — not in the number of solutions or data one possesses.”*

For decades, knowledge was considered the main capital of organizations. Companies accumulated procedures, models, best practices, and experiences, believing that these assets would ensure their advantage. Today, that paradigm has collapsed. In a world where the pace of change surpasses the cycles of learning, knowledge becomes obsolete faster than it can be applied — and experience, once a source of protection, increasingly turns into a burden. What used to provide an advantage can now narrow perception. Leaders, confident in their proven frameworks, often carry yesterday’s logic into today’s reality — failing to see that the world has already changed its rules. Paradoxically, the greater the experience, the higher the risk of false certainty. Decisions rooted in the past lose accuracy in a reality that no longer repeats its patterns.

Organizations still seek “the method that works.” Lean, Agile, OKR, Six Sigma — each of these concepts had its moment of effectiveness, but none proved universal. When the environment shifts, the tool loses its power. Attachment to a method becomes a form of cognitive rigidity — companies start defending their tools instead of updating their understanding of reality. Knowledge offers comfort, but not always effectiveness, because in many organizations it has become a symbol of status rather than of value. Certificates, training programs, titles — they create the appearance of competence, yet rarely translate into adaptive capacity. Dead knowledge is the kind that has been recorded but never reprocessed. The true capital of an organization is not the amount of knowledge it has accumulated, but its ability to renew and reinterpret that knowledge. It is the capacity to learn in real time — to respond to new signals faster than old patterns expire. In a world where knowledge ages faster than organizational structures, the real advantage no longer lies in what we know, but in how quickly we can unlearn and learn anew.

Experience can be selective — we tend to see what confirms what we already believe. Leaders who have built their careers on one model of success rarely know how to abandon it. That is why organizations often die of their own experience — they believe for too long that what once worked will continue to work. Knowledge without the capacity for critical reflection acts like an autopilot — it keeps steering even when the direction has already changed. In a world of discontinuity, knowledge is no longer a resource one can possess, but a process of continuous renewal. It is not enough to have data — one must know how to reinterpret it. A tool alone is never sufficient; its effectiveness ends where understanding ends. The real challenge today is not the lack of knowledge, but the surplus of outdated certainty. That is why the true competence of the future is not specialization, but the ability to learn, unlearn, and redefine meaning — for only this capacity allows an organization to remain in touch with a reality that never stops changing.

## CHANGE AS A SYSTEM OF REPRODUCING INFLUENCE

*“Knowledge has always been subordinate to power. The difference is that once it had to at least exist to maintain credibility. Today, it is no longer required — not even as a pretense.”*

Every change carries the risk of losing influence. That is why power — even when it declares openness — instinctively defends itself. Transformation is always a conflict between the need for safety and the need for meaning. Knowledge has lost its meaning. For years, it served merely as the decoration of power. The illusion of meritocracy was maintained — that promotion came from competence, that decisions were based on data, that experience protected against error. It was never true. Knowledge has always been subordinate to influence. The difference is that once it had to at least exist to preserve credibility. Today, it is no longer required — not even superficially.

Corporate systems have long created environments in which competence is a substitute for loyalty. Formally, they promote knowledge, but in practice they reward those who do not question the structure of influence. Reports, models, and methods have become instruments of legitimation — political rather than cognitive tools. Knowledge no longer serves understanding but justification — a way to validate what has already been decided. This is why even the most talented experts leave organizations with a sense of futility: their knowledge has lost its weight in decision-making.

Today's corporations function as self-sustaining systems of appearances. HR, internal communication, reporting, and performance reviews do not serve diagnosis but the reproduction of hierarchy. A symbolic circuit emerges — everyone pretends the system works because every element draws its own benefit from that fiction. The system does not reward doubt, because doubt undermines the narrative of stability that holds the structures of power together. Thus, true knowledge — the kind that questions — becomes a foreign body.

Artificial Intelligence is the next stage of this process, because it allows the system to officially remove the human element from decision-making. AI offers the illusion of objectivity — a convenient justification for eliminating what is unpredictable, subjective, or non-compliant with procedure: the human factor itself.

In practice, this means the automation and standardization of thought. Decisions, seemingly data-driven, serve to confirm existing structures. The human being ceases to be a participant in cognition and becomes its disturbance. With that, intuition disappears — the part of knowing that connects experience with context, allowing us to see what data cannot show. The loss of intuition does not make organizations more rational; it makes them blind to complexity.

## CHANGE AS A SYSTEM OF REPRODUCING INFLUENCE (CONT.)

Experience, once the memory of the organization, turns into ballast — a trace of the past that must now be “optimized.” Organizations eliminate people with memory, because memory carries awareness of recurring mistakes. Instead of learning from experience, the system resets itself in every cycle — with a new language, a new tool, a new slogan. As a result, the organization loses the ability to learn. What remains is the ritual of continuous change without meaning — and the preservation of influence structures.

What is left of knowledge is power in its pure form: power without substance, equipped with technical means of enforcement, acting automatically, justified by a model, a report, an algorithm. In such a system, the human being becomes both the only source of error and the only bearer of meaning — and therefore, the first to be eliminated. We do not live in an age of ignorance, but in an age of knowledge irrelevance. This is the essential difference. It is the inability to discern what matters. The greatest act of courage today is not adopting a new tool, but maintaining the capacity to think when the system demands only reaction.

Every organizational transformation begins with words about growth, innovation, and the future. In truth, it concerns neither structure nor process — it concerns power: who holds it, who loses it, and who can redefine it in the face of change. Most transformation projects do not fail due to strategic errors, but because they disrupt hidden networks of influence.

Change, even when rationally planned, interferes with the delicate balance of interests, authorities, and informal dependencies that constitute the real system of power within the organization. On paper, organizations are structures — divisions, roles, hierarchies. In reality, they are systems of influence: dynamic, ambiguous, and often operating against formal logic. It is within this hidden layer — between dependencies, loyalties, and emotions — that the fate of every transformation is decided. Understanding this topography of influence is the first condition of designing meaningful change.

Power takes many forms:

- **Formal** — based on structure and position; visible, but cognitively weak.
- **Expert** — rooted in competence; granting informal authority.
- **Charismatic** — derived from narrative and emotional impact.
- **Relational** — built on loyalties and networks of trust.
- **Symbolic** — drawn from history, merit, and reputation.

Every organization creates its own ecosystem of power — a map that rarely matches its org chart. A transformation that ignores this reality operates blindly: it interferes with symptoms without ever touching the sources of resistance.

## RESISTANCE THAT DOESN'T COME FROM BELOW

*“In organizational transformation, the true lever is agency — the distributed capacity of people to act and influence. Change happens in everyday decisions, conversations, and micro-processes that form the fabric of the organization. Without activating that lever, transformation remains the effort of a few, not a systemic process.”*

In classical models of change management, resistance to transformation is assumed to emerge mainly “from below” — among frontline employees. In practice, however, the most persistent resistance originates at the top: subtle, sophisticated, and difficult to detect. Power that has lost its meaning does not disappear on its own — it defends itself, especially against change. This resistance rarely takes the form of open opposition. It manifests as delays, performative engagement, and selective implementation of change initiatives. It is cognitive resistance to the consequences of transformation for the existing balance of influence. Change threatens not only positions but identities of power. A new methodology, a new leader, a different model of work — each of these shifts the boundaries of who has the right to interpret organizational reality. Real power in an organization is the ability to shape perception — to define what is considered important, urgent, or real. Whoever controls the language of interpretation controls the direction of transformation. That is why every change requires not only management but also a cognitive shift, in which the language of transformation ceases to belong to leaders and becomes the shared language of teams.

In finance, leverage means the ability to achieve a large effect with limited resources. In organizational transformation, the leverage is agency — the distributed capacity of people to act and influence. Change takes place in daily decisions, conversations, and micro-processes that make up the living tissue of the organization. Without activating this leverage, transformation remains the effort of a few rather than a systemic process. A culture of agency is one in which responsibility is not delegated but co-created. In such organizations, transformation does not need to be pushed — it sustains itself. One of the most common mistakes in managing change is the creation of “transformation elites”: narrow teams with a monopoly on designing the future and speaking the language of change. Instead of a lever, a cognitive bottleneck emerges — a group of experts and leaders detached from everyday reality. Their reports are accurate, their timelines ambitious, their presentations persuasive. Yet the system remains unmoved, because it does not feel its own agency. Change becomes a product, not a process.

Every transformation is therefore both a political and a cognitive process:

- **political**, because it redefines the distribution of power,
- **cognitive**, because it changes the way the organization understands itself.

It is not enough to introduce a new tool, methodology, or team of experts. Without a shift in the system’s logic of interpretation, no change will endure. That is why effective transformation does not ask, “Do people want to change?” It asks instead, “Has the system given them the space to co-define the meaning of that change?”

## BETWEEN OVERACTIVITY AND AGENCY IN THE PROCESS OF CHANGE

*“Under pressure, the corrective impulse often prevails. Decision-makers want to see results — preferably in numbers. Yet healing requires time and cognitive courage: decisions that may not yield immediate outcomes, but restore the system’s capacity to learn.”*

During transformation, an organization often enters a state of acceleration. Action becomes a strategy in itself. The pace of decisions increases, initiatives multiply, and pressure for results intensifies. Movement replaces direction, and activity replaces thinking. In the short term, such dynamism brings relief. It creates a sense of energy and control — the comforting illusion that the organization is regaining its strength. Yet in reality, this acceleration is often a compensatory mechanism — an emotional reaction rather than a management strategy. When the structure loses stability, uncertainty becomes unbearable. Instead of analyzing it, the organization tries to manage it through intensity. Decisions are made faster, because speed is mistaken for effectiveness, and teams fall into a rhythm of constant reaction. Actions become impulsive — locally logical but systemically incoherent — because there is no time to uncover the true causes of dysfunction. In this sense, overactivity becomes a form of cognitive defense. It creates the appearance of agency while in fact limiting the ability to see interdependencies. The organization begins to produce decisions instead of awareness. As a result, an illusion of movement emerges — a system in constant motion that does not actually move forward. What appears as acceleration is often just a deepening of the existing state of reaction rather than an expansion of organizational awareness.

Systemic and impulsive change differ at their point of origin. Impulsive change is a response to a symptom. It focuses on the place where the problem surfaced, not where it began. Its goal is to restore balance quickly. Systemic change, on the other hand, requires pausing and diagnosing. It assumes that problems are not isolated but interconnected. It demands understanding how financial, operational, and strategic decisions create shared effects. It requires thinking in terms of interdependencies, not events. In practice, this means that the organization must distinguish between corrective actions and learning actions. The first stabilize the situation but do not alter how the system functions. The latter are slower but build the capacity to understand. Under pressure, the corrective impulse often prevails.

Decision-makers want to see results — preferably in numbers. Yet healing requires time and cognitive courage: decisions that may not bring immediate outcomes, but rebuild the system’s capacity to learn.



## BETWEEN OVERACTIVITY AND AGENCY IN THE PROCESS OF CHANGE (CONT.)

In times of crisis, power structures tend to harden. Facing uncertainty, control becomes an instinctive reaction. Power centralizes to minimize the risk of error. As a result, the system loses flexibility, and the flow of information becomes distorted. Teams begin to operate in an executional mode — without full awareness of the decision's context. Activity increases, awareness declines. What was meant to bring order ends up restricting the organization's ability to self-regulate. At this point, a distinction emerges between decision capital and cognitive capital. Decision capital is the ability to make choices under pressure. Cognitive capital is the ability to understand why a choice makes sense. The first governs speed; the second, direction. In a healthy system, both coexist. In crisis, the balance collapses — speed replaces depth, and decisions turn into reactions rather than reflections on true causes.

Leadership in complexity means managing the tension between the need for action and the need for diagnosis. In a world of uncertainty, acceleration is the natural reflex: more decisions, more meetings, more reactions. That is why a mature leader measures effectiveness not by the number of decisions made, but by the quality of understanding that precedes them. In a mature organization, agency is not defined by the quantity of decisions, but by the precision of the insights that precede them. Only when the organization regains its ability to perceive interdependencies does the process of genuine healing begin — a change that not only restores balance but builds a new level of awareness in action.

## IV. TECHNOLOGY AND THE HUMAN

*“In a world of quarterly results, it is easier to invest in a system than in awareness. Technology offers the illusion of control, while cognitive development begins with the admission of not knowing.”*

For decades, business growth has been equated with technological progress. Faster processors, automation, artificial intelligence, real-time data analytics — these are seen as the engines of organizational advancement. Yet technology, powerful as it is, describes only the external layer of development, for it does not touch the source of decision-making. Even the most advanced tool cannot solve a problem whose roots lie in the way people think, react, and assign meaning to solutions, methods, tools, and data. Organizational crises rarely stem from a lack of systems — they arise from an excess of conviction: from the inability to question one’s own cognitive logic. Technology can accelerate a process, but it cannot distinguish movement from progress. That task remains a human one.

Technology is predictable, measurable, and communicatively convenient. It can be shown to investors, captured in presentations, and translated into ROI. Human development is the opposite — ambiguous, difficult to measure, and resistant to the pressure of time. In a world governed by quarterly expectations, it is easier to invest in systems than in awareness. Technology offers the illusion of control, while cognitive growth demands the courage to admit uncertainty. Technological progress has reinforced the belief that more data leads to better decisions. Yet most decisions are not made in laboratories but in context — under the influence of emotion, pressure, belief, and internal logic. Technology can deliver data, but it cannot decide how that data will be interpreted.

Organizational decision-making unfolds across multiple dimensions:

- **Temporal** – between immediate survival and long-term meaning.
- **Cognitive** – between intuition and analysis.
- **Structural** – between hierarchy and organicity.
- **Perceptual** – between openness and closure of the system.
- **Operational** – between flexibility and rigidity.

## TECHNOLOGY DOES NOT CHANGE THE NATURE OF DECISIONS

*“Every technological advantage is temporary. Tomorrow’s innovation becomes tomorrow’s standard. Companies that build their strategy solely on tools will discover that their advantage disappears the moment their competitors buy the same technology.”*

Every decision is a cognitive act, not a computational process. Even the most advanced analytical system operates within the boundaries of the logic that humans feed into it. An algorithm does not understand meaning — it processes patterns. Technology can reduce operational errors, but it cannot correct errors in thinking. It is not technology that determines the future of an organization, but the quality of interpretation and the way that technology is used. Every technological advantage is temporary. Tomorrow’s innovation becomes tomorrow’s standard. Organizations that build their strategy purely on tools eventually learn that their advantage disappears the moment their competitors purchase the same system. What remains is cognitive capital — the ability to think, interpret, and learn faster than others. Automation eliminates errors at the operational level (by removing the human factor from routine tasks), but it shifts the problem upward — to the level of leadership. There, more subtle distortions emerge: conflicting visions, power dynamics, competing interpretations, excessive caution, or strategic overconfidence. These are not technological problems — they are cognitive ones. Their resolution does not require more data, but greater awareness: the understanding that technological progress is not the same as organizational progress.

## INTELLECTUAL CAPITAL: FROM KNOWLEDGE TO UNDERSTANDING

*“Financial, operational, or technological systems can be rebuilt. The cognitive system — the ability to see and understand — requires time and discipline. Without it, every restructuring becomes a repetition of the same scenario in a new configuration.”*

Modern organizations accumulate vast amounts of knowledge, but few are able to truly make use of it. Competence is widespread; the ability to process it is increasingly rare. The difference lies not in the quantity of knowledge, but in how that knowledge is understood, interpreted, and applied in decision-making practice. Intellectual capital is a concept that unites people, processes, and relationships — the cognitive, structural, and relational dimensions that together define how knowledge lives and moves within a system. It consists of three interrelated components: *human, structural, and relational capital*.

## INTELLECTUAL CAPITAL: FROM KNOWLEDGE TO UNDERSTANDING (CONT.)

- **Human capital** is the knowledge, experience, and intuition of people.
- **Structural capital** is technology, processes, and systems — the infrastructure that organizes knowledge and supports action.
- **Relational capital** is trust, communication, and collaboration — the elements that enable knowledge exchange and collective learning.

A cognitively aware organization keeps a deliberate balance between three dimensions: people, structure, and relationships. When growth relies too much on technology and processes, the organization becomes efficient but disconnected from meaning. When structure and rules are unclear, daily work turns chaotic, trust and collaboration weaken, knowledge stops flowing across teams. Sustainable performance emerges only when these three areas reinforce each other: competent people who understand context, clear and supportive structures that enable action, and relationships grounded in trust that allow ideas and learning to circulate freely. Managing intellectual capital therefore means managing integration — aligning human, structural, and relational systems so that knowledge moves, evolves, and translates into better decisions. In such an environment, knowledge is not a static asset but a living process of learning, reflection, and adaptation.

# HUMAN-CENTERED BUSINESS TURNAROUND: THE HUMAN AS THE COGNITIVE CORE OF THE ORGANIZATION

*“Instead of focusing on symptoms — costs, liquidity, structure — it looks for the cognitive source: why the organization interprets reality in a way that leads to errors. It does not ask what to do, but how we think about what we do. In this view, the human being is not the emotional center, but the interpretive center of the system.”*

Every organization is only as intelligent as the people who make its decisions. No tool, model, or system carries power on its own — it is the human who gives it direction, interpretation, and meaning. That is why repair, transformation, and growth do not begin with structure but with people. It is people who decide how to use available resources, what to prioritize, and how to assign meaning to action.

*Human-Centered Business Turnaround* (HCBT) emerged in response to the limitations of traditional transformation models. It shifts the focus from tools and methods to the human being as the subject of decision-making, because every decision — even the most analytical — is a cognitive act: the outcome of how a leader sees the world, interprets data, and reacts to uncertainty. Most transformation projects focus on mechanisms — methods, structures, processes — assuming that if we design the change process well enough, people will adapt to it. In practice, the opposite is true: it is the way people think that determines whether the process will work at all. HCBT assumes that an organization cannot be healed without understanding how its leaders think. Therefore, the foundation is not the management of change, but the management of perception — how people recognize reality, what they see as threat, and what they see as opportunity. It shifts the question from “What should we do?” to “Does this align with how we make sense of the world?”

HCBT treats transformation as a cognitive process, not merely a project. Every organization has its own logic of understanding the world — and that logic determines its capacity to adapt. To diagnose this logic, the *A.R.E.S.-Architectural Readiness & Execution System* model helps visualize how an organization thinks and makes decisions.

It analyzes decision-making across five key domains:

1. *Strategy* – how the company defines direction and meaning.
2. *Finance* – how it interprets economic data and their significance.
3. *Processes* – how decisions translate into operational actions.
4. *Technology* – how tools are used in the service of decisions, not the other way around.
5. *People* – how they behave under pressure, collaborate, and build trust.

## HUMAN-CENTERED BUSINESS TURNAROUND: THE HUMAN AS THE COGNITIVE CORE OF THE ORGANIZATION (CONT.)

Each area is assessed through seven decision-making dimensions that together form the organization's cognitive profile:

1. Long-term vs. short-term perspective
2. Rational/data-driven vs. intuitive
3. Flexible vs. Lack of flexibility
4. Adaptive vs. Inadaptability
5. Openness vs. closedness
6. Organic vs. hierarchical model
7. Cross-functional vs. siloed approach

HCBT redefines what constitutes the “center” of the organization. It is no longer the product, the client, or the technology — but the human being who gives them meaning. It is through human perception that the decision line runs: from signal to reaction, from fact to interpretation. In this view, a person is not a resource but an architect of sense-making in business. They decide whether data becomes knowledge or just another report; whether a process becomes a standard or a way of learning; whether strategy becomes direction or a document.

In HCBT, cognitive maturity becomes the measure of an organization's capacity to change. You cannot improve results without improving understanding. Any crisis — financial, strategic, or cultural — is always a symptom of lost capacity to see. HCBT restores that capacity for reflection: it stops the organization in motion so it can once again see why it does what it does. No system can be healed if it does not understand why it became sick. When leaders regain awareness of their cognitive patterns — how they respond to pressure, uncertainty, and emotion — they can finally change how they act.

## V. INSIDE THE COGNITIVELY AWARE ORGANIZATION

### RELATIONSHIPS IN DIFFICULT TIMES — BETWEEN TRUST AND SURVIVAL

*“In a crisis, trust becomes a kind of currency — costly, rare, and difficult to rebuild. People who have worked together for years begin to protect their own interests, and communication shifts from collaboration to self-preservation.”*

In a crisis, the first things to falter are not finances or processes, but relationships. A crisis does not immediately destroy structures — it first weakens trust, and with it, the foundations of collaboration. Under normal conditions, relationships form the social capital of an organization. They allow it to act faster than procedures, share information without barriers, and make decisions based on trust rather than control. In times of instability, that same capital becomes the most fragile asset. Every ambiguity, every defensive gesture can turn into doubt. In a crisis, trust becomes a kind of currency — valuable, scarce, and difficult to rebuild. People who have worked together for years begin to protect their own interests, and communication shifts from collaboration to caution. Defensive mechanisms — silence, postponing decisions, selective sharing of information — become the norm, even if they were once exceptions. Distrust is rarely a matter of ill will; it is a natural systemic reaction to a lack of safety. When the future is uncertain, people focus on protecting their own position.

For leaders, managing relationships in a crisis does not mean maintaining “unity.” It means managing trust — its loss, its rebuilding, and its redistribution. In difficult moments, sympathy or collegiality are not enough. Relationships based solely on emotional bonds rarely survive pressure; they easily turn into disappointment. What truly holds a team together is credibility — the belief that the other person will do what they say and keep their commitments. Emotional trust can be gained through words; operational trust only through consistency. Leaders who combine empathy with predictable decision-making create microstructures of stability — spaces where people can act rationally even when the system around them is losing balance. A crisis brutally exposes what loyalty really is. It turns out not to be a personal trait, but a product of conditions. When a company no longer provides a sense of safety and purpose, loyalty fades and people start acting from an individual, not collective, perspective.

For leaders, this means accepting the loss of loyalty as a fact, not a betrayal. Not everyone who leaves during a crisis is disloyal — many simply no longer have the resources to keep fighting. The task of mature leadership is not to punish those who leave, but to maintain the quality of relationships with those who stay.

## RELATIONSHIPS IN DIFFICULT TIMES — BETWEEN TRUST AND SURVIVAL (CONT.)

Teams made up of people with similar experiences and ways of thinking lose perspective faster. They close themselves off to what they already know. Diversity, in such moments, expands the field of observation — it helps the organization see more, faster. Different viewpoints do not weaken a team; they force it to think. Open dialogue about differences allows for deeper understanding and decisions that make greater sense. After a crisis, relationships often become simpler and more real. Trust no longer rests on words but on the shared experience of action. Collaboration gains depth — less emotional, but more authentic. That experience becomes the foundation of the future. It shows who acts when things get hard, and who withdraws. In mature organizations, such memory does not divide people — it strengthens their sense of shared responsibility. A crisis changes the meaning of relationships. Collaboration ceases to be an accessory and becomes a capability — one that demands trust and credibility. In uncertain times, relationships are the strategic resource of survival, and trust is its currency. Organizations that can maintain and rebuild it not only endure the crisis but emerge from it more aware of who truly stands with them.



## THE TRADITIONAL MANAGER AND THE TRANSFORMATIONAL MANAGER — TWO WAYS OF THINKING ABOUT CHANGE

*“Many organizations declare transformation, yet in practice carry out only operational corrections. The difference between them does not lie in the scale of actions, but in the way they think about change. Transformation is not a series of initiatives, but a change in the cognitive model — in how the organization interprets reality, responds to complexity, and balances control and learning.”*

Contemporary organizations operate in tension between two management paradigms: maintenance and transformation. Both are necessary, but they perform different cognitive functions in the life cycle of an organization. The first stabilizes the system and allows continuity to be preserved; the second redefines its meaning and direction. Many companies declare transformation, but in practice perform only operational adjustments. The difference between them does not lie in the scale of actions, but in the way of thinking about change. Transformation is not a series of initiatives, but a change in the cognitive model — in how the organization interprets reality, responds to complexity, and distributes emphasis between control and learning.

Transformation is not about quick implementation but about reshaping the logic of decisions. Traditional managers seek certainty, striving for maximum control of the process. Transformational managers accept uncertainty as part of the system — instead of eliminating it, they learn to manage it. They understand that too much planning can become a form of avoiding risk, and excessive analysis — a delayed reaction to change. Transformational thinking does not mean chaos, but conscious experimentation. Instead of waiting for complete information, the leader makes decisions iteratively, correcting direction during action. It is the logic of minimum viable change — a change small enough to be safe but significant enough to trigger the system’s learning process.

The transformational manager fulfills a different cognitive function. They do not manage the process — they manage variability. They think systemically, see interdependencies and second-order effects. Their task is not to improve the existing order but to design a new one. They are leaders who can combine discipline in action with reflection on meaning.

There is no lasting advantage of one role over the other. The organization needs both stability and dynamism, tactics and strategy, planning and reflection. The difference is that the transformational leader understands the necessity of both — they can maintain balance between predictability and adaptation. They know that too much stability leads to stagnation, and too much change leads to loss of identity. Transformation is a process that requires managing the tension between control and development, between the past and the future, between safety and risk. It is a dynamic balance, not a final state.

## THE MEANING OF SURVIVAL

*“This is not about emotional judgment but about cognitive honesty — the ability to see things as they are before trying to change them.”*

Not every organization should be saved. Not every fight makes sense. The decision to continue or to end an organization's life is one of the most difficult moments of leadership, because it requires distinguishing strength from stubbornness. A crisis places a leader in a boundary situation: they must recognize whether the organization still possesses the capacity for regeneration, or whether it is merely delaying the inevitable.

It is not about emotional judgment but about cognitive honesty — the ability to see things as they are before taking action.

An organization that has lost the capacity to learn does not need a recovery plan — it needs a decision to end. There are moments when a system loses the energy necessary for learning and adaptation; maintaining it further consumes more resources than it can produce.

It is worth surrendering the fight when:

- there is no real path to recovery — numbers are no longer a symptom, but a verdict;
- the team is emotionally exhausted, and the structure cannot generate new motivation;
- the market environment has changed irreversibly, making the existing model obsolete;
- leadership has lost trust — not only of others, but its own.

At such moments, keeping the organization alive is not a sign of responsibility but of fear of loss. Ending operations is then not a failure, but a decision to stop destruction.

In boundary situations, emotions easily take control: leaders equate closure with personal defeat and narrow the field of rationality. They lose sight of the larger picture — the organization as a system that can be reborn, even if its current form must disappear.

It is worth fighting when:

- *problems are reversible* and there are real possibilities for restructuring;
- *organizational culture remains alive* — the team still finds meaning and readiness to act;
- *unique assets exist* (competence, brand, know-how, client trust) that can become a foundation for renewal;
- *leadership is ready to redefine its own role* — not to defend old schemes but to open to a new shape of the organization.

Fighting makes sense only when it serves transformation, not preservation — not maintaining the old order at all costs, but finding a new form in which the organization can continue to grow. The decision to continue requires a different kind of courage — not the one that grits its teeth, but the one that acts despite incomplete information.

## THE MEANING OF SURVIVAL (CONT.)

A leader who decides to fight should answer three questions:

1. *Is our organization still learning?*

– Can we accept feedback, change decisions, update assumptions instead of defending old positions?

2. *Do we still have people who believe in the meaning of this fight?*

– Does the team still have energy, motivation, and a shared sense of purpose, or is everyone acting only for themselves?

3. *Can we change ourselves before we try to change others?*

– Is leadership ready to revise its own patterns, decisions, and habits before demanding change from the team?

If the answer to any of these questions is “no,” the fight may turn into the defense of an illusion — an effort to preserve a form that has already lost meaning. The final decision should not be based solely on financial data, but on whether knowledge, trust, and a shared belief that it is worth trying still exist within the company.

Every organization has its life cycle: a moment of growth, maturity, and exhaustion. Mature leadership is the ability to recognize in which phase the system currently is — whether it is still learning or merely repeating old patterns. Failure is never final. It is part of the process, not an exception. Every company — regardless of scale or industry — faces moments when decisions prove wrong, the market reacts differently, and plans stop working. This is a normal stage of the cycle. Failure reveals the limits of effectiveness; it shows where the system stopped functioning as intended. It is a signal for updating data, models, and decisions. Companies that treat mistakes as shameful incidents lose their capacity to learn; those that analyze causes adjust their course faster.

## CONCLUSION

Crisis is not the end. It is a moment of cognitive awakening — the point at which the organization sees itself without filters, narratives, or justifications. Then its essence is revealed: a system of decisions, relationships, and beliefs that either learns or repeats its errors in increasingly refined form. Survival is the cognitive intelligence of an organization — it allows it to maintain vital functions, operational continuity, and reduce fear. But survival alone does not lead to development. Without reflection, it becomes a strategy of stagnation — a mechanism that protects against change instead of enabling it. Meaning appears only when survival is integrated with learning — when an organization can read a crisis as information, not as failure. When decisions cease to be reactions to symptoms and become ways of understanding causes. Then survival becomes the beginning of awareness.

Critical thinking is not a technique but a practice of maturity — the ability to see things as they are before trying to change them; the recognition that knowledge has limits, data do not exhaust reality, and power does not guarantee understanding. It is the capacity to remain in uncertainty long enough to see what is truly happening.

Organizations that survive without understanding repeat crises. Those that can see themselves within the crisis learn — and gain cognitive resilience. This resilience does not depend on strength but on awareness: the ability to recognize tensions between action and reflection, between power and humility, between knowing and not knowing. Ultimately, it is not the market, technology, or capital that determines an organization's endurance, but its ability to think. Survival is only a stage. Meaning — is the ability to give significance to what has survived. Critical thinking is the bridge between the two. In an era tired of frameworks and agility slogans, it is a rare breath of sense.