

Is the Leader Effective in the Survival of the Managed Organization—a Case Study From the 20th Century

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We can find many cases in the scientific literature, where the leader (CEO) of a political or business organisation is being declared a "hero" or "damned" in the "court of history" upon his/her action(s). The case study presented here analyses a politician who was active in the first half of the 20th century, examining if his activity was ended with success or failure for the state he led. The analysis focuses only on the decisions taken in the two world wars that were relevant for the 'survival' of the organization he led. I examine his decisions that were made in a non 'business-as-usual' situation from the view if they helped or threatened the survival of the state he led in the short and long term. In a particular situation, the decision has to be taken by the leader there and then, and it may not be possible to change or improve the decision later on.

Keywords: CEO, handling extreme situation, consequence of the decision, history, case study

Introduction

There are many cases in the scientific literature and in various publications that declare a leader/CEO of a historical or a contemporary political or economic organization a "hero" or "cursed" in front of the "tribunal of history" based on his/her deed(s). The case study published here analyses a politician¹ who was active in the first half of the 20th century, from the aspect whether his activity ended in great success or failure for the organization he led. In the life of most organizations that exist in a historical perspective, there are leaders who, in a given historical situation, have to make a vital decision for their organization. If a good decision is made, the organization will remain and the next leaders will manage it at a better or worse level, but bad decision can cause the destruction of the organization.

It is usually difficult to make a comprehensive summary judgment about a person's entire life, as all people have actions with positive and negative effects/results. As a lawyer, I am "accustomed" to the fact that the specific actions are judged by the court. The question that often appears in public discourse regarding various historical (nowadays sometimes contemporary) actors if they are "homeland rescuer" or "homeland loser" can be interpreted in this approach as if his/her specific action significantly contributed to the rescue or the loss of Hungary's statehood. It should not be forgotten that the same person can accomplish both at different points in their lives. The basic question is: When is a leader effective for his/her organization? I analyze Miklós Horthy's case study in this respect because it is close in time and in Central Europe—often

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¹ Horthy Miklós (1868-1957), his active career ended after the Second World War.

through family stories—there may not be any people who do not know him and have no definite positive or negative opinion about him. In the time that has passed since the end of his active career the—often politicized—debate if Horthy was a “homeland rescuer” or “loser” leader for Hungary has not yet come to a standstill mainly in Hungary, but sometimes with less intensity also in the neighboring states, which but also involved in the respective historical events under.

The Relevant Part of the Career of Miklós Horthy

As a first step, criminal justice briefly assesses the defendant’s personal circumstances, which may have provided motivation for the act charged. Miklós Horthy was born into a Hungarian noble family with Hungarian nationality in the Austro-Hungarian Monarchy and graduated from the Academy of the Imperial and Royal Navy. His career as a naval officer rose at an infrequent pace, and by the age of 39 he had been the emperor’s naval aide. During the First World War, he returned to the fleet, where he broke through the naval blockade of Otranto with his bond². Already as an admiral, but before several senior admirals, he was appointed commander-in-chief of the fleet in February 1918, so at the end of the war, upon the decision of the Crown Council, he was the one who handed over the fleet to the South Slavic National Council in October 1918. In the time of the Council Republic in Hungary, in May 1919, in Szeged, he accepted the post of Minister of Defense of the counter-revolutionary government. He marched to Budapest in November 1919, as the leader of troops loyal to the counter-revolutionary government. After the fall of the Council Republic in Hungary, the National Assembly appointed him to governor³ in accordance with the rules Act 1 of 1920 in the ratio of 131:10. He has not resigned from this post until his death, he regarded himself as legitimate governor of Hungary, who was forced in emigration (Turbucz, 2020).

The First Question: Was He a “Rescuer of the Homeland”?

This primarily raises the question of what we mean by “homeland”, which is “rescued” or “lost” as a deed. The literature unanimously says that from the 19th century onwards, “national, minority” identities developed in Europe and the demands of all nationalities emerged to have their own nation-state. The censuses conducted by the Monarchy in its own territory clearly prove the multi-ethnic nature of the state formation (KSH, 1912). According to the last data from 1910, the proportion of the Hungarian population was 54%, including the independent province of Croatia⁴, where the proportion of Croatian nationality was 82% (KSH, 1912). There are many evidences proving that some of these national communities self-organized expressed a political will for independent statehood; however, the dominant political actors rejected the demands to transform the dualistic monarchy into a multipolar one.

From a state law point of view, Horthy was a soldier (naval) of the Austro-Hungarian Monarchy. As long as this state formation existed, he kept his oath faithfully; neither his “personal file” nor history knows of any case in which he would have broken this oath. From a state law and constitutional law point of view, several state formations existed under the supremacy of the Hungarian Holy Crown (cf. Hungarian Middle Coat of

² Battle of the Strait of Otranto (1917). The strategic goal was to give its ships free travel from the Adriatic to the Mediterranean. The examination how the results obtained should be used is not the subject of this study.

³ Governor: a person who replaces the ruler with full authority in the event of the ruler’s impediment, absence, or minor, who can make all the ruler’s decisions.

⁴ From 1091 until the end of World War I, Hungary and Croatia were in a personal union.

Arms⁵), which in a given historical age had—in our present terms—sovereign statehood, but at another later time their public law system intertwined with the Hungarian Monarchy, regardless of whether a legal document stated or established this or whether the relationship was created only by customary law.

Hungary did not have such an “intertwining” with Austria; the establishment of the Monarchy in public law did not establish such a relationship legally; it only described the long-known form of the “personal union⁶” in modern public law terms.

From a legal point of view, the terms “homeland-rescuer” and “loser” can therefore only be interpreted in relation to the Kingdom of Hungary or to the Countries of the Holy Crown. Researchers have repeatedly described that the winner powers made a strategic decision to disintegrate the Monarchy already before the proclamation of the Council Republic, and also “roughly” agreed on the territory of the successor states already that time. If we look at the nationality data of the pre-World War censuses, we see that the final borders are “roughly” aligned with the ethnic blocks, although all neighboring countries have been given a border-close “full Hungarian” area, the reason of which can be found on military maps. It is often heard that the border cut off the ring road of the railway network and that is why in Hungary there is a Budapest-based railway network. This is a fact, but we must not forget that Hungary was a loser, while the neighbors were at the winners’ side at the conference. Building railway backbones would have been a very expensive and long job for them.

The Monarchy was basically a land-based state with a fleet of marginal importance, and its commander-in-chief was not one of the most important actors in court and political life. These important actors lost their significance after the First World War. In this respect, Horthy was given considerable personal prestige by his rank of commander-in-chief and his reputation as a winner admiral, as his name was associated only with victory and no significant defeat. In this situation, he was a perfect person for the post of commander-in-chief of the army preparing to liberate the country, no matter how much he understood the tactical and strategic issues of land warfare, as he was someone who led the navy in “the good old days” and he gained victory. His person thus represented a significant recruiting force and enthusiasm for the army, of which he was able to make good use with his personal appearances and parade.

There is no “what if” option in history, but in strategic planning and its education we also take a brief look at what the likely impact of the other scenario is. The long-term stabilization (survival) of the Council Republic in Hungary had the chance of 0% because of the declared communist ideology, regardless of the attack of the National Army, as due to the ideological opposition an intervention force would have appeared sooner or later if the neighboring countries would have not been able to destroy the Council Republic themselves (cf. Russia’s example of international military action against communist power). From this point of view, the National Army contributed to the preservation of the existence of Hungarian statehood, since if the Council Republic was defeated by the successor states, the territory would be divided among them. From this aspect, Horthy was one of the actors taking part in the survival of the Hungarian statehood—his role was significant, but by no means exclusive⁷.

⁵ In the Middle Coat of Arms of the Hungarian Kingdom, the so-called coats of arms of the “Holy Crown Countries” were included, which until the end of World War I were the provinces of Hungary in public law: Croatia, Erdély/Transilvania (part of Romania), Dalmácia (part of Croatia), Szlavónia (region Croatia), Fiume/Rijeka (port town in Croatia).

⁶ Personal union: an international public law union of two or more independent states led by the same ruler, their constitutional autonomy is not violated. An example from our days for the personal union is the United Kingdom of England and Scotland.

⁷ The purpose of this article is not to go into the question of who played and to what extent, possibly a decisive role in addition to Horthy, in the creation of an independent Hungarian statehood after the Council Republic.

The case of preventing the return of King Charles IV from Family of Habsburg is in connection with our basic question. (The question is usually raised in terms if Horthy was a “traitor” or not.) We had seen before that Horthy had sworn to the monarch and had served him close for a period of time. He was the governor of the Kingdom of Hungary, which title lasts until the absence or obstruction of the monarch. Yet, when the Crowned King wanted to return to his country and wanted to take over his ruling powers, Horthy prevented this to happen twice in 1921 by military force. Strictly from a purely legal point of view, it is clear that preventing the recapture of the powers of a legitimate head of state constitutes the most serious crime against the state. However, at a given place and time, this recapture would have entailed military intervention by both the surrounding states and the Entente powers, as for the winner powers it would have been unacceptable to have any Habsburg or Hohenzollern (German imperial house name) monarch in any countries of their interest. They *might* have approached the question differently after the global economic crisis, but the issue was no longer relevant in Hungary that time. Therefore, based on the totality of historical data, we can give truth to Lilly Doblhoff, who, as a contemporary Hungarian aristocrat, saw that Horthy correctly assessed the situation when he prevented the return of Charles IV (Doblhoff, 1938), as *he as a governor had to be loyal primarily to Hungary and only secondarily to the monarch.*

The Other: Was He a “Loser of the Homeland”?

First it is also necessary to define the content of the concept, as under Horthy’s governance and since then there has always been a legally independent Hungarian state under public law and international law (in different forms of state, in international relations, but state sovereignty has not been questioned). Therefore, the concept of “loose-the-homeland” can only be interpreted as loosing from the territory of the state or having become a “subsidiary alliance⁸”.

As governor, Horthy’s room for maneuver in the Hungarian constitutional system, using today’s example, was bigger than that of today’s Hungarian President, but smaller than that of the French President. His foreign policy actions—often based not on the Crown Council meeting but on informal consultations—were in line with the government’s policy in both foreign and domestic policy. He was a “good marketing face” for the decisions and successes; if he did not agree with a decision, he did not usually make it public. As a sailor, he was “accustomed” to having to set the direction as a captain and pay attention on keeping it; it is the duty of his officers to handle each smaller issue. It is clear from this view why he did not act as a governor in the peace years of 1920 and 1930 in cases where certain groups indicated economic and ethnic problems but did not address them. The “German orientation” was the result of the government and not of his policy, which led to the two Vienna Decisions⁹ that allowed him to “ride in” the “rejoined/reclaimed” territories. Many authors at

⁸ Subsidiary alliance: The concept was created in the India policy of the British Empire India politic. The basis is that the East India Company signs a contract with the local monarch, who accepts that (1) soldiers of his ally stay at his territory, (2) he appoints a governor in the country who limits his power as a monarch, (3) he cannot make an alliance or enter a war without the allowance of the ally, (4) the ally decides in the debates worth the neighboring countries, (5) the ally is the main authority for him. There are two other conditions of the definition that cannot be interpreted for Europe as it existed between the two World Wars (Ingram, 1995).

⁹ 1st Vienna Decision 1938: Hungary receives 11927 km² of border area from Slovakia, the population of which, according to the 1930 census, is 90% Hungarian.

2nd Vienna Decision 1940: Hungary receives an area of 43,492 km² from Romania, with a population of 54% Hungarians according to the 1940 census, a significant part of whom live in the province of Szekely-land, which is 100% Hungarian but more than 100 km from the post-World War II Hungarian-Romanian border.

many places have written about the extent to which the Vienna Decisions determined the status of “German ally” or “subsidiary alliance” and thus the war messages from then on, so I only mention here that, according to the definition of Ingram (1995), after the Vienna Decisions, there was no longer a realistic chance of leaving the German sphere of interest¹⁰. The country’s German foreign policy orientation was primarily shaped by the foreign minister, and the governor did not pursue an independent foreign policy without at least informal approval from the government.

The question about the possible case of “loose-the-homeland” first arises related to the German occupation. According to the available sources, the political and military leadership (not only the governor) also received information about the expected German occupation, but no defense plan was prepared against it. From a humanitarian point of view, it is very likely that the organized resistance of the armed forces would not have prevented the occupation of the country, but would have resulted in many victims, including civilians. From a legal point of view, the country was *de facto* occupied, but *de jure* all the officials of the Kingdom of Hungary stayed in their position and continued to perform their duties in accordance with the relevant Hungarian laws. But it could happen that the oral order coming from the occupying force overwrote the whole Hungarian hierarchy of sources of law. At his meeting in Germany the day before the occupation, Horthy *did not sign* the “paper presented to him” in which he would “admit” that German troops had arrived in the country at his request. This was a very important step on his part, as it did not allow the German formations occupying the strategic points to be considered legally legitimate. A clear legal clarification of the situation would undoubtedly have required the resignation of the governor and the government, or a declaration that they had lost their power and they pursue their activities in (possibly internal) emigration. Prime Minister Kállay escaped to the Turkish embassy, but Horthy, consistent with his ship captain’s self-image, remained, “did not leave the sinking ship”. As Horthy remained in place and appointed a new government, Kállay and his government did not have the opportunity to function as an “emigrant government”.

The second question of “loose-the-homeland” arises about his remaining in place after the failure of the “attempt to jump out” of the German World War Alliance. In recent years many researches have dealt with the examination and analysis of how this step was prepared, organized, and carried out, so I will not go into this. The military order¹¹ declared that he asked for a truce from the enemy and called on the soldiers to carry out his orders issued for this purpose. Tactically and technically, this means for unit leaders that troops have to stop combat contact with the enemy, try to make local truce agreements, or move away to a safe distance from the enemy and not attack them until they receive a new command. The execution of the order in the troops did not go smoothly because of various reasons, and the German units present in the country quickly abducted Horthy’s son and “asked” for the revocation of the order in exchange for his son’s life. Here again, he faced a serious loyalty dilemma: who to protect to the detriment of the other, his own child, or the country of which he is the governor. Here his father’s self won and he chose his son’s life. In my opinion, it is not even possible to give a probabilistic answer on the basis of the available historical data if anything would have changed for the

¹⁰ In the 1st Vienna Decision, the participation of the arbitrator was rejected by France and England because of “disinterest”. By the time of the Vienna Decision, the state of war had already existed.

¹¹ Horthy military order in 15/10/1944 “Guards! From the devastating struggle in the heart of our beloved country, considering the fighting forces, I do not expect a decisive, favorable turn for the country. That is why I decided to ask for a truce. As the Supreme Warlord of the Armed Forces, I call upon you to fulfill my orders given through your Commander-in-Chief just to your oath in faithfulness and unconditional obedience. Our future existence depends on all members of the armed forces behaving conscientiously and to the utmost in a disciplined manner in this serious situation”.

country's point of view—would it have given any opportunity to the Hungarian delegation in the peace talks—if he had insisted on “jumping out”, as the outcome of the war was already clear at that time; only the date and the magnitude of the losses incurred until this date were only in question.

The measures taken during the governor period between the two world wars and the ones that were not taken undoubtedly affected the living conditions of many citizens radically, but these did not affect the *existence of Hungarian statehood*; therefore they cannot be assessed on the issue of “lose-the-homeland”, independent from the fact that they negatively affected the life circumstances and life chances of many citizens.

Based on these data, I think it is necessary to define the perspective to give the answer: the answer about some actions or the whole “oeuvre”.

Both law and history “like” to look for examples. It is worth recalling the example of a soldier contemporary with Horthy, to whom decisions with significant positive and negative effects are also tied. Marshal Philippe Petain achieved significant successes against the German army in First World War. He became prime minister after the fall of Paris in the World War II and signed a truce with Germany a week later. He was then elected President of the Republic and Prime Minister by the National Assembly convened in Vichy, which position was held by him until the liberation of France by the Western Allies. This activity is valued as a clear collaboration by the French, regardless of his cautious and unsuccessful attempts to “overture” for the Western allies. He was sentenced to death after the war for his collaborative activities, but President de Gaulle changed the sentence from mercy to life imprisonment. Since his death, it has been customary for the French president to send a flower to his grave on the anniversary of his death. There are several public spaces bearing his name, thus appreciating his achievements in First World War for France.

Criminal law evaluates each act separately. Therefore, on the basis of the data analyzed above, we can state with high probability that Horthy's activities between 1919 and 1921 significantly contributed to the preservation of the sovereign Hungarian statehood—to the “rescue-of-the-homeland”. Thus, we can say that after the First World War he was one of those whose activities enabled the survival of an independent Hungarian state. In the period between 1944-1945—remaining in the German federal system, which brought many (not only territorial but also economic) successes to the country in the 1930s—he made decisions that ruled out the possibility for the Hungarian party to have a position at the peace negotiations closing the war that is more favorable or rather provides more opportunities/chances for Hungary.

Conclusion

In this case study, I examined the decisions of a fundamentally non-political but soldier head of state made in a not “business-as-usual” situation if they helped or jeopardized the chances of survival of the state he led in the short and long term.

The question arises in a similar way for all organizations, not only for states but also for economic organizations. In a special situation, the manager's decisions help or jeopardize the organization's chances of survival. The decision must be made by that leader then and there. It does not matter to the existence of the organization that “we think”/“maybe” another leader would have made other decisions that would have benefited the organization more. The chef candidate can be subjected to various “stress tests” before being appointed, but after his or her appointment, the decision must be made by him or her, so that in many cases the postponement of the decision is also a decision.

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