

## Understanding the Impact of an Unfit Organisational Culture

### Introduction

Recent events—ranging from the wars in Ukraine and Gaza, the escalating climate crises, as well as the turmoil in South African politics—have not only tested our institutions but also exposed deep cultural fault lines. Across governments, multinational corporations, financial services, and security agencies, leadership failures often stem from a misaligned or toxic culture that blinds decision-makers rather than guiding them.

Whether we want to acknowledge this or not, organisational culture shapes how leaders perceive risks, foster innovation, and respond to crises. When it ossifies into an unquestioned ideology, it isolates decision-makers from emerging realities, stifles dissent, and paves the way for destructive outcomes. This document invites leaders from all sectors to reflect on culture's double-edged nature: its power to inspire, and its potential to undermine and destroy.

This analysis aims to illuminate what to embrace and what to avoid. The goal is to equip companies and senior managers with the insights and courage to prioritise truth over tradition—and to build resilient cultures that thrive amid rapid change.

### 1. **The Mirror and the Mask: Organisational Culture's Dual Role**

Organisational culture acts as both a mirror—reflecting an institution's core values—and a mask, concealing systemic flaws behind rituals, slogans, and entrenched beliefs.

When culture hardens into ideology—“this is how we do things”—it creates blind spots that:

- Discourage dissent and alternative viewpoints
- Insulate leaders from emerging risks (geopolitical shifts, digital disruption, supply-chain breakdowns)
- Suppress innovation by rewarding conformity

Conversely, a healthy, adaptive culture:

- Encourages open, inclusive dialogue across hierarchies
- Embraces agility, allowing rapid pivots in response to crises
- Fosters continuous learning through scenario planning and predictive analytics
- Ensures employees feel safe to challenge outdated practices
- The velocity of information on social media means a single misstep can trigger reputational onslaughts within hours. A resilient culture determines whether an organisation weathers that storm—or founder under public scrutiny.

## South African Case in Point

- Over decades, entrenched patronage within state-owned enterprises (for example, Eskom and Transnet) has created a toxic culture that now jeopardises organisational performance and, by extension, South Africa’s social and economic stability. Despite repeated risk signals and governance failures, leadership inertia allowed these networks to flourish, culminating in near-total institutional breakdown. This history underlines the necessity of regular cultural health checks, transparent governance mechanisms, and structured channels for frank, upward feedback.
- Private-sector organisations risk being dragged into the same downward spiral by macro-level instability. To safeguard their futures, executives must define and embed a culture that aligns with strategic objectives. Securing full buy-in requires leaders to treat culture as a strategic asset where businesses can thrive amid national-level challenges.

## 2. Deciphering an Organisation’s Culture

It is challenging, even nearly impossible, for leaders to assess their own culture objectively, since their appointment and continuous employment often hinges on endorsing existing norms. Expecting them to challenge those norms can feel improbable. However, the guidelines below can help identify toxic triggers and empowerment signals as a starting point.

### Toxicity Triggers

Trigger	Example Behaviour
Silencing dissent	Feedback is avoided; employees fear speaking up
Rigid traditions	“We’ve always done it this way” as a default response
Silo mentality	Departments protect turf and resist collaboration
Values ≠ actions	Public values are ignored in daily decisions
Chronic burnout	Overwork is rewarded; boundaries are penalised
Misuse of “cultural fit”	Excludes diverse voices under the guise of alignment
Punishing critics	Internal critics face stalled promotions or exclusion

### Empowerment Signals

Signal	Evidence
Psychological safety	Teams speak openly and challenge leadership
Learning orientation	Errors are treated as growth opportunities
Value-consistent decisions	Choices align consistently with core values
Clear purpose	Every role has a clearly articulated “why”
Inclusive practices	Diverse perspectives are actively sought and integrated

## Balancing a Strong Culture

<b>Pros</b>	<b>Cons</b>
Clear identity and shared purpose	Resistance to change
High coordination and cohesion	Groupthink and ideological rigidity
Elevated motivation and retention	Barriers to diversity and inclusion
Efficient conflict resolution	Friction in mergers or acquisitions
Brand consistency and reputation	Overemphasis on legacy rituals

A strong culture can energise or consume. Leaders must nurture values that evolve with purpose, not just tradition or a continuation of ideology.

### 3. **Taking Action**

Leaders bear responsibility for monitoring organisational cultural risks as vigilantly as financial or operational ones. Culture is a vital asset but can become your greatest vulnerability if unexamined.

#### Recommended Practices

- Conduct regular culture-risk assessments alongside financial audits. The risks posed by organisational culture to organisational success and well-being are often neglected.
- Use anonymous surveys, focus groups, and pulse checks to gauge psychological safety.
- Establish a cross-functional culture committee to surface blind spots.
- Integrate culture metrics into executive performance reviews and incentive structures.
- Apply scenario planning to model culture-driven crises (e.g., misinformation campaigns, whistle-blowing events).

No one-size-fits-all solution exists. Adopt a best-fit culture tailored to your organisation's mission to ensure resilience against tomorrow's challenges.

#### **Next Steps**

Consider deploying an Organizational Culture Assessment. If you'd like to dive into these bespoke diagnostics, let's continue the conversation.

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