Organisational Culture as an Asset and a Liability

Organisational culture refers to the shared assumptions, values, and practices that guide behaviour in the workplace. Schein (2010) describes culture as the "pattern of basic assumptions" that a group learns as it solves problems of external adaptation and internal integration. A strong organisational culture can therefore provide direction, motivation, and a shared purpose. At the same time, when misaligned with the external environment or when based on toxic values, culture can become a barrier to success. This dichotomous aspect means that culture can be both a powerful asset and a serious liability.

Culture as an Asset

One of the main advantages of a strong culture is that it creates clarity and cohesion. Employees are aware of what is expected of them and understand the values that inform their decisions. This common understanding minimises the unknown and provides a focus on the relationship between activity and strategic goals.

Google is a good example; it has fostered a culture of innovation, transparency and cooperation. Smart people are given autonomy, encouraged to experiment, and rewarded for honing new ideas. This atmosphere takes no time to cultivate and does not just attract the best talent; it encourages constant innovation in a rapidly changing world of technology (Bock, 2015). So has Southwest Airlines, which built itself by emphasising friendliness and service. The airline cultivates employees who are prepared to contribute humour and enthusiasm to their work, creating a motivated workforce that provides consistently high-quality experiences for customers, even in a notoriously low-morale industry (Gittell, 2003).

Toyota is another example. Their Kaizen culture of continuous improvement and teamwork empowered them to remain a world-class manufacturing company. Everyone, at all levels, has the skills to identify inefficiencies and propose solutions, innovation in processes and long-term competitiveness (Liker, 2004).

A strong culture can also be an asset in building a unique brand. Apple has a culture of design excellence, secrecy and perfectionism. This culture helped them produce innovative products with strong customer loyalty. The alignment between their internal culture and external brand image is their competitive advantage.

Research also supports the performance benefits of culture. Kotter and Heskett (1992) found that companies with adaptive, performance-oriented cultures outperformed those with weaker or misaligned cultures. So, when values align with strategy and environment, culture is the key to success.

Culture as a Liability

Despite its benefits, a strong culture can be a liability if it creates rigidity, stifles diversity of thought or encourages bad behaviour.

Nokia serves as a relevant example. Once the industry leader in mobile handsets, Nokia's engineering-driven culture became stagnant, lacking new ideas. Executive management failed to recognise the disruptive capacity of smartphones and did not advocate a break with a successful past. This cultural rigidity was a major contributor to Nokia's decline in the face of competition from Apple and Android (Vuori & Huy, 2016).

Similarly, Blockbuster's culture was embedded within its traditional store format. Leaders and employees were heavily invested in the old business, and when faced with Netflix's digital streaming innovation, they were stuck in the past. What was once a source of consistency and operational excellence became a liability, preventing them from adapting to changes.

A worse case is Enron, whose strong but toxic culture celebrated aggressive profit seeking and high-risk behaviour. Employees were rewarded for short-term financial performance regardless of whether their behaviour was ethical or not. This culture normalised dishonesty and rule-breaking and led to one of the biggest corporate scandals in history (Sims & Brinkmann, 2003). In this case, culture did not just slow down adaptation; it drove destructive behaviour.

Even organisations with great cultures can have challenges. Uber, for example, built a culture of boldness, risk-taking and disruption. While this supported rapid growth, it also created unethical behaviour, a toxic work environment and reputational damage. The company went through a cultural transformation under new leadership to restore trust and legitimacy.

These cases show that the strength of culture can be a danger. When employees deeply internalise shared assumptions, dissenting voices may be silenced, and organisations may not see the need for change. This is known as cultural inertia, and makes even successful companies vulnerable to external shocks.

Balancing and Managing Organisational Culture

The importance of cultural adaptability comes from the dichotomous aspect of culture. As Kotter and Heskett (1992) argue, adaptive cultures—those that are flexible, capable of incorporating feedback and progress—tend to last more than inflexible ones. In this sense, the role of leaders is crucial in making sure that culture remains dynamic, as well as adjusted to the company's strategy.

This might include renouncing toxic or dated cultural manifestations while building upon the existing, more positive elements of culture. For example, many banks have sought to break from aggressive, profit-maximising cultures to be more risk-averse and customer-focused after the crisis of 2008. Under Satya Nadella, Microsoft also moved away from a culture of rivalry and internal competition to one of collaboration and learning. This cultural shift revitalised innovation and helped Microsoft regain its position as a technology leader.

Organisations also need to recognise the importance of subcultures. In large firms, different divisions may require different cultural emphases. To take the above example, one R&D unit may need a culture of risk-taking and experimentation, while for a compliance team, the culture must be cautious and rule-following. Cultures that are healthy and reconnecting ingestion will limit effectiveness.

Conclusion

Organisational culture is a powerful but double-edged force. When aligned with strategy and environment, it creates cohesion, motivation, innovation, and competitive advantage, as seen in companies like Google, Toyota, and Southwest Airlines. However, when culture becomes rigid, toxic, or misaligned, it can obstruct change, normalise unethical practices, and even cause organisational failure, as shown by Nokia, Blockbuster, and Enron.

The challenge for leaders is not only to build a strong culture but to create and support one that is flexible, ethical, and has a strong strategy that aligns with its actions. This entails constant evaluation, transparent communication, and a willingness to transform. A strong organisational culture can be the greatest asset of a company, but without a clear strategy, it can also become a costly liability.

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