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 ~~unity of~~ 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 ~~dual nature~~ 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 ~~know~~ are aware of what is expected of them and understand the values that ~~drive~~ inform their decisions. This common understanding minimises the unknown and provides a focus on the relationship between activity and strategic goals. ~~This shared understanding reduces uncertainty and aligns behaviour with strategic objectives.~~

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). ~~A clear example is Google, which has cultivated a culture of innovation, openness, and collaboration. Employees are given autonomy, encouraged to take risks, and rewarded for creative contributions. This culture not only attracts top talent but also supports continuous innovation in a fast-changing technological landscape (Bock, 2015). Similarly, Southwest Airlines has built its reputation on a strong culture of friendliness and service. By encouraging employees to inject humour and fun into their work, the airline creates an engaged workforce and delivers high-quality customer experiences, even in an industry known for low morale (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

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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.

~~**Toyota** offers another instructive example. Its Kaizen culture of continuous improvement and teamwork has enabled it to maintain world-class manufacturing standards. Employees at all levels are empowered to identify inefficiencies and propose solutions, fostering innovation in processes and ensuring long-term competitiveness (Liker, 2004).~~

~~A strong culture can also be an asset in building a **distinctive brand identity**. For instance, **Apple** has cultivated a culture centred on design excellence, secrecy, and perfectionism. This culture has allowed Apple to consistently produce innovative products with strong customer loyalty. The alignment between its internal culture and external brand image reinforces its competitive advantage.~~

~~Furthermore, research supports the performance benefits of culture. Kotter and Heskett (1992) found that firms with adaptive, performance-oriented cultures significantly outperformed those with weaker or misaligned cultures. Thus, when values align with strategy and the environment, culture is a critical driver of organisational 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.

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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.

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~~Despite its potential strengths, a strong culture can become a liability when it fosters rigidity, discourages diversity of thought, or incentivises harmful behaviour.~~

~~A key example is Nokia. Once the global leader in mobile phones, Nokia's strong engineering-driven culture became resistant to new ideas. Top managers failed to recognise the disruptive potential of smartphones and were reluctant to challenge established practices. This cultural rigidity contributed to Nokia's dramatic decline in the face of competition from Apple and Android (Vuori & Huy, 2016).~~

~~Similarly, Blockbuster had a culture strongly tied to its traditional retail model. Leaders and employees alike were heavily invested in the legacy business, which created inertia when confronted with Netflix's digital streaming innovation. What was once a source of consistency and operational success became a liability, preventing timely adaptation.~~

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.~~An even more damaging case is Enron, whose strong but toxic culture glorified aggressive profit-seeking and high-risk behaviour. Employees were rewarded for short-term financial performance regardless of ethical considerations. This culture normalised dishonesty and rule-breaking, ultimately leading to one of the biggest corporate scandals in history (Sims & Brinkmann, 2003). In this case, culture did not just slow adaptation; it actively drove destructive behaviour.~~

~~Even organisations with admired cultures can face challenges. Uber, for example, initially built a culture of boldness, risk-taking, and disruption. While this supported rapid growth, it also fostered unethical practices, a hostile work environment, and reputational damage. The company was forced to undergo cultural transformation under new leadership to restore trust and legitimacy.~~

~~These cases illustrate that the very strength of culture can be dangerous. When employees strongly internalise shared assumptions, dissenting voices may be silenced, and organisations may fail to recognise the need for change. This phenomenon, known as cultural inertia, makes even successful firms vulnerable to external shocks.~~

Balancing and Managing Organisational Culture

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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.

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~~The dual nature of culture highlights the importance of cultural adaptability. Kotter and Heskett (1992) argue that adaptive cultures—those open to change, feedback, and innovation—are more sustainable than rigid ones. Leaders play a central role in ensuring that culture evolves in line with strategy and environmental conditions.~~

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 can involve **reinforcing positive aspects** of culture while addressing harmful or outdated practices. For example, after the 2008 financial crisis, many banks sought to shift away from aggressive, profit-maximisation cultures toward more risk-conscious and customer-focused values. Similarly, Microsoft under Satya Nadella transformed its culture from one of 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.~~For instance, a research and development unit may need a culture of risk-taking and experimentation, while a compliance team requires one of caution and rule-following. Strong cultures that fail to accommodate such diversity may limit effectiveness.~~

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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 ~~simply~~ only to build a strong culture~~,~~ but to ~~cultivate~~ create and support one that is ~~adaptive~~flexible, ethical, and has a strong strateg~~ical~~y that aligns with its actions~~aligned~~. This ~~requires~~ entails constant evaluation~~ongoing reflection~~, ~~open~~ transparent communication, and a willingness to ~~evolve~~transform. A strong organisational culture can be the greatest asset ~~an organisation possesses~~of a company, ~~—~~but without ~~if left unchecked~~a clear strategy, it can ~~just~~ also ~~as easily~~ become ~~its~~ a costly ~~most dangerous~~ liability.

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