

How neglecting company culture can cost you as a leader



In today's business world, where every decision is scrutinized, and every move is measured against the bottom line, it's easy to overlook the less tangible aspects of the business. Among these is organizational culture. Culture often takes a backseat—seen as an amorphous, hard-to-define concept with no immediate return on investment. Leadership and culture are intertwined, and neglecting culture as a leader can severely undermine your success.

Why do leaders neglect culture?

While organizational culture is often discussed, it's surprising how frequently it's overlooked by leaders. Let's delve into some common reasons why leaders neglect culture.

1. **Not a board level priority:** [Organizational culture](#) is rarely a strategic initiative that boards of directors champion. They are more likely to focus on financial performance, market expansion, and other tangible objectives. As a result, culture is often seen as “soft” and not worthy of boardroom attention, leaving it

underfunded and under-prioritized.

1. **Complexity and ambiguity:** Organizational culture is notoriously difficult to wrap your head around, let alone manage. It's a complex web of values, behaviors, and shared beliefs that can vary widely within the same organization. Because it's not easily quantifiable, many leaders shy away from tackling it head-on. The complexity becomes an excuse to focus on more concrete, immediate concerns.
1. **Lack of immediate ROI:** In environments where quarterly results are king, initiatives that don't offer quick, [measurable outcomes](#) often get sidelined. Culture is seen as a long-term investment—one that doesn't yield visible benefits until well into the future. This perception causes many leaders to prioritize short-term gains over long-term cultural health.
1. **Shared responsibility, no ownership:** One of the most significant barriers to addressing culture as a leader is that it's considered everyone's responsibility but no one's job. Without a clear owner or champion, culture initiatives often fall through the cracks, becoming a checkbox exercise rather than a genuine, sustained effort.

The hidden barriers to improving culture

While the importance of culture is widely recognized, several hidden barriers prevent leaders from addressing it effectively. These barriers—fear, self-deception, and resource

constraints—often work in tandem, creating a perfect storm that hinders cultural development.

Fear of the unknown

For many leaders, the idea of taking on culture feels like stepping into a minefield. Addressing culture can be seen as a dead end—a task that is both overwhelming and fraught with potential for failure. The fear is that by focusing on leadership *and* culture, they might be distracted from the more “important” aspects of leadership or, worse, held accountable for problems that they can’t easily solve—and no one is asking them to.

This fear is misplaced. True leadership isn’t about avoiding difficult challenges; it’s about confronting them head-on. Ignoring culture may seem safer in the short term, but it’s a risky move that can lead to long-term organizational decline.

Self-deception

Even when leaders acknowledge the importance of culture, they can fall into the [trap of self-deception](#). New leaders, eager to make an impact, often prioritize immediate challenges like financial performance or operational efficiency, assuming cultural issues can be addressed later. On the other hand, seasoned leaders might be so accustomed to the existing culture that they fail to see how it has deteriorated over time.

This self-deception—a form of willful blindness—prevents leaders from recognizing the underlying cultural issues that erode productivity, stifle innovation, and hinder growth. By telling themselves that culture isn’t their responsibility or priority, leaders unknowingly perpetuate the very problems that hold their organizations back.

Lack of resources

Even when leaders are aware of cultural issues and want to address them, they often face the challenge of limited resources. In a world where quarterly results dictate priorities, initiatives that don't offer immediate and tangible returns, such as culture-building efforts, are frequently sidelined. Leaders may opt to allocate resources to more pressing needs like product development, marketing campaigns, or cost-cutting measures, viewing cultural initiatives as less urgent or harder to measure. However, this short-term thinking can have long-term consequences. Culture-building efforts—such as [leadership development programs](#), employee engagement activities, and inclusion initiatives—are essential investments in the organization's future. When these programs are underfunded or postponed, cultural issues remain unresolved, leading to a gradual but inevitable decline in organizational health.

To drive lasting success, leaders must overcome these hidden barriers. Confronting the fear of addressing culture, recognizing and overcoming self-deception, and finding ways to prioritize cultural investments even in resource-constrained environments are essential steps. By doing so, leaders can create a strong, positive culture that supports the organization's long-term goals, leading to sustainable success.

The real impact of ignoring culture

The adage "[culture eats strategy for breakfast](#)" isn't just a catchy phrase—it's a hard truth. Many leaders misinterpret the symptoms of poor culture as isolated problems. High employee turnover, low morale, and disengaged employees are often treated as one-off issues. However, these are lagging indicators of a systemic, deeper cultural issue that has a ripple effect in the organization.

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Watch this video to see the ripple effect of culture in action:

These people problems usually get in the way of success and can't be solved with quick fixes like increased pay, team-building exercises—or gym memberships and wellness programs.

When the real problems behind these culture-related issues go unaddressed long enough, they will ultimately erode an organization's ability to achieve its desired results.

The role of leadership in shaping culture

Leadership isn't just about managing the tangible aspects of a business; it's also about shaping the intangible elements that define the organization's soul—its mindset.

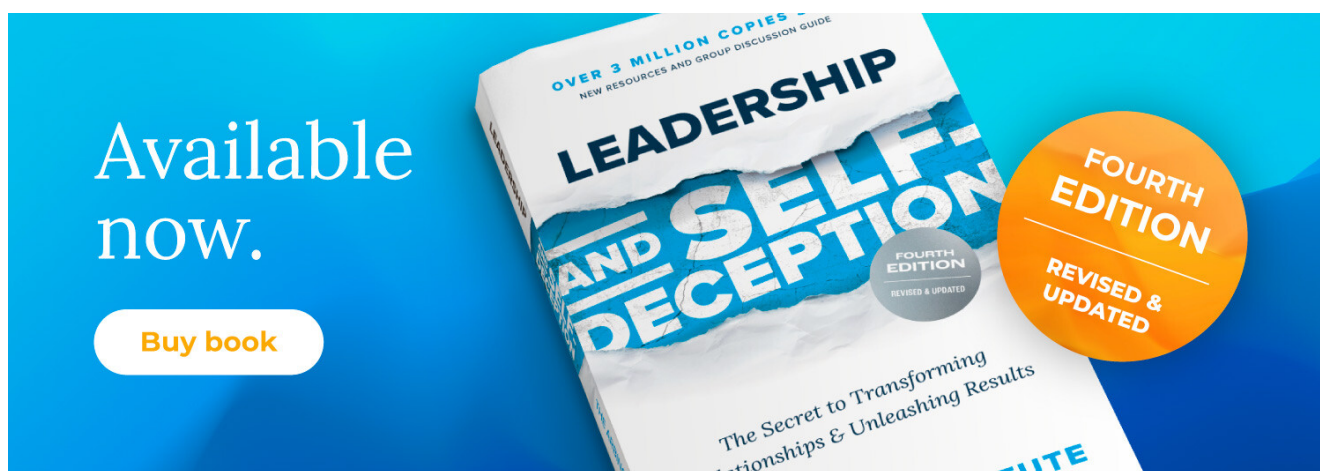
Mindset is the driving force behind how we behave, the decisions we make, and what we do. And culture is ultimately the output of that. It's how we work together every day. Neglecting culture may seem minor in the short term and easy to dismiss, but it can lead to significant problems down the line. Leaders who want to drive lasting success must prioritize culture—not as an afterthought but as a core strategic initiative.

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Investing in culture might not yield immediate returns, but it will pay dividends in the long run. By fostering a strong, positive culture, leaders can build an engaged, motivated workforce that is aligned with the organization's goals—ultimately leading to sustainable success. Ultimately, culture doesn't just eat strategy for breakfast; it's the secret ingredient to the recipe for success.

Companies that prioritize culture perform better financially and create environments where employees thrive, innovation flourishes, and customers remain loyal. By investing in culture, organizations lay the groundwork for sustained success, adaptability, and resilience, ensuring they remain competitive and prosperous in the long term. Prioritizing culture is not just a “nice-to-have”—it's a critical component of business success.



This blog is published as part of Argyris's Leadership Faux Pas series. Have you ever wondered what not to do as a leader? This series dives deep into the common missteps that can derail even the most promising leaders. Learn from these pitfalls and elevate your leadership game. New blogs released weekly!

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