



The normalization of dysfunction in organisations - why does this problem persist?

There is a familiar quote that suggests that “the culture of any organisation is shaped by the worst behaviours that the leadership will tolerate”. Onerous as that sounds, if only it was that simple. What is to be done if such “worst behaviours” are embodied by the leaders themselves, and therefore encouraged in those around them? The dysfunction that leaders display is often stimulated and rewarded by boards and shareholders driven by self-interest, who therefore turn a blind eye to how people in organisations are really treated, no matter the usual suspects of values (trust, integrity, care and so on) proudly emphasized on company websites, and displayed on the walls of corporate reception areas.

No organisation is perfect, and various forms and levels of dysfunction are part of organisational life. The challenge however is that instead of identifying and working towards eliminating or at least reducing dysfunction, it is frequently simply accepted as the new normal, and as the saying goes “what you allow, will continue”. Interestingly, the concepts of leadership dysfunction and leadership toxicity are often used interchangeably, understandably so, as their effects on organisations are equally destructive. A dysfunction might be defined as an outcome for an organisation or institution that runs significantly contrary to the purpose of the organisation. It is important that we make a distinction between failure and dysfunction. The latter concept is systemic, relating to the design, leadership and culture of the organisation. Failure can happen as a result of dysfunction; and it can transpire as a result of myriad other factors too.

The pervasiveness of organisational dysfunction and the normalization thereof create numerous difficulties, as we will see later in this article. When raising issues in organisations are avoided,

acknowledgment is resisted, people are being silenced, and behaviours become irrational, leadership should be concerned! It is highly probable that a dysfunctional organisation is incapable of real learning. The inability to see dysfunction could threaten the sustainability of an organisation’s operations, which should alarm leaders as well as board members and shareholders. Jim Collins’ book, “How the mighty fall” draws attention to the fact that over time, no organisation or leader is omnipotent. So, the curious question is: what if the leaders of companies are the ones who consciously and unconsciously maintain dysfunction - what then? As many people in the corporate world can attest to, leaders who bring about dysfunction have mastered the art of deceiving others – they are generally charismatic, bold, self-confident, can talk the talk and are adept at building relationships that support them and their objectives. Small wonder that the book [Snakes in Suits](#) is so frequently referenced when talking about dysfunctional leadership.

The real challenge for companies and leadership teams is not to increase productivity, address employee engagement, maximize profits and exceed customer expectations; it is rather about recognizing dysfunction within the organisation and how that impacts the aforementioned aspects of their business. The next (and dare we say easier) step is to address the dysfunction, if the will to do so is there. Colin Powel once famously said “Every organization should tolerate rebels who tell the emperor he has no clothes.” In our experience, too often rebels who dare to speak truth to (dysfunctional) power are ridiculed, labeled as trouble-makers and even pushed or forced out. Ignoring organisational dysfunction eventually results in sub-optimal performance and often deep crisis for the organisation and its stakeholders. The corporate stage is filled with a litany of examples.

One interesting hypothesis suggests that correction of dysfunctions requires observation, diagnosis, and incentive alignment. It is necessary that some influential leader/s or group should be able to observe the failure; it should be possible to trace the connection between the failure and the organisational/leadership features that lead to it; and there should be some way of aligning the incentives of the powerful within and around the organisation so that their best interests are served by them taking the steps necessary to correct the dysfunction. If any of these steps are blocked, a dysfunctional organisation can persist indefinitely. Although not the focus of this article, we suggest that incentives and dysfunction often go hand-in-hand.

Psychiatrists and psychologists have a hefty handbook, titled the *Diagnostic and Statistical Manual (DSM)*, which exhaustively lists and explains the full inventory of human maladjustments. Interestingly, in the line of business consulting and coaching, we

would suggest that a “DSM” also exists, albeit somewhat less formal and rigorous, and somehow even amusing. We recognize the same forms of organisational disorders - dysfunctions occurring across industries and in all types of organisations.

[Dr Karl Albrecht](#) identified 17 primary patterns, or syndromes, of organisational dysfunction. Some organisations have a few; others have many. We believe Dr Albrecht’s work is very helpful in identifying the dysfunctions in an organisation. Whenever we speak to leaders about this, there is laughter in the room, not undermining the seriousness of the matter, but simply because Dr Albrecht’s description of these patterns are so spot on, funny, memorable, and mostly, all of us have experienced and/or embodied these dysfunctions in our workplaces. The following section provides a short description of these dysfunctions as articulated by Dr Albrecht, and where applicable, incorporates what we’ve personally witnessed and experienced in organisations.

1. **ADD: Attention Deficit Disorder.** This is probably the dysfunction most frequently observed. This shows up when the leadership team of an organisation cannot seem to focus on strategy, a particular goal or specific challenge long enough to gain momentum in solving it. Typically, the CEO or the top team will shift from one preoccupation to another, often reacting to some recent event, a key move by a competitor, or a change in the marketplace. A variation of this syndrome is the “too many irons in the fire” syndrome, which is characterized by a whole range of programmes, or “initiatives,” most of which squander resources and dilute the focus of attention.
2. **Anarchy: When the Bosses Won’t Lead.** A weak, divided, or distracted executive team fails to provide the clear sense of direction, momentum, and goal focus needed by the extended leadership team. A war between the CEO and the board, or a major battle among the members of the top team can leave the organisation without a rudder. Lacking a clear focus and a set of meaningful priorities, people begin to scatter their efforts into activities of their own choosing. The differences in the top team becomes evident and trickles down into the organisation. Without a sense of higher purpose, unit leaders put their own priorities and political agendas above the success and longevity of the company.
3. **Anemia: Only the Deadwood Survives.** After a series of economic shocks, downsizings, layoffs, palace wars, and purges, the talented people have long since left for better pastures, leaving the unskilled and cranks lodged in the woodwork. They have more at stake in staying put, so they outlast the more talented employees. When conditions start to improve, the organisation typically lacks the talent, energy, and dynamism needed to capitalize on better times. This is deadly, as organisations cannot survive, never mind thrive in the complex, perpetually changing world of work without the right people.
4. **Caste System: The Anointed and the Untouchables.** Some organisations have an informal, “shadow” structure based on certain aspects of social or professional status, which everybody knows about and most people avoid talking about. For example, hospitals tend to have very rigid caste systems, with doctors at the top of the heap, nurses in the next lower caste, and non-medical people toward the bottom. These castes never appear on the organisation chart, but they dominate collective behaviour and organisational culture every day. Caste categories usually set up de facto boundaries, promote factionalism, and tempt the in-group members to serve their own social and political needs at the expense of the organisation and to the detriment of the lower castes. We often introduce leaders in these types of organisations to [Margaret Heffernan’s](#) brilliant work – she suggests that “it’s time to build organisations that celebrate vigorous debate & truth telling”. She goes on to say that “the biggest catastrophes that we’ve witnessed rarely come from information that is secret or hidden. It comes from information that is freely available and out there, but that we are willfully blind to”. We would add that in the case of the caste system, leaders simply think they have all the answers, and their underlings cannot possibly know something more or better than they do.
5. **Civil War: The Contest of Ideologies.** The organisation disintegrates into two or more mega-camps, each promoting a particular proposition, value system, business ideology, or local hero. The split can originate from the very top level, or it can express profound differences between subcultures, e.g. engineering and marketing, nursing and administration, or the editorial culture and the business offices. The work of the [Arbinger Institute](#) would suggest that this dysfunction is the result of a focus on self, or inward mindset, as individuals, teams, divisions or even the entire enterprise.
6. **Despotism: Fear & Trembling.** A tyrannical CEO or an overall ideology of oppression coming from the top causes people to engage in avoidance behaviour at the expense of goal-seeking behaviour. A few episodes in which people get axed for disagreeing with the chief, or for questioning the lack of ethics and leadership, and everybody soon learns “keep your head down and don’t draw attention to yourself”. In our view, fear and trembling inevitably leads to death.

7. **Fat, Dumb, and Happy (we would include old, or at least middle aged): If It Ain't Broke...** Management guru Peter Drucker once observed, "Whom the gods would destroy, they first grant forty years of business success." Even in the face of an imminent threat to the basic business model, the executives cannot muster a sense of concern, and cannot come to consensus on the need to reinvent the business. Often, they also do not possess the awareness and competencies to reinvent themselves and their organisations. As author and coach Marshall Goldsmith reminded us years ago already – "what got you here won't get you there".
8. **General Depression: Nothing to Believe In.** Sometimes things get really bad, such as during an economic downturn or a rough period for the enterprise, and leadership utterly fails to create and maintain any kind of empathic contact with the rank and file. Feeling abandoned and vulnerable, the front-line people sink into a state of discouragement, low morale, and diminished commitment. When employees lose their ability to trust their leaders and don't feel safe, it is impossible to give their best and contribute all they have to offer. Small wonder that [Patrick Lencioni](#) places absence of trust at the foundation of his pyramid of dysfunctional teams.
9. **Geriatric Leadership: Retired on the Job.** When a CEO (or any senior leader) has had his or her day, either for reasons of physical health, psychological arthritis, or personal obsolescence, he or she may hang on to the helm too long, refusing to bring in new blood, new ideas, and new talent. This syndrome can extend to the whole top team, whose members may have grown old together, committed to an obsolete ideology which once made the enterprise successful, but which now threatens to sink it, particularly if they have settled into patterns of group-think and non-challenging-of each-other-when-it-is-required ways of working together.
10. **The Looney CEO: Crazy Makes Crazy.** When the top leader's behaviour goes beyond the merely colorful and verges on the maladjusted, the people in the inner circle start behaving in their own crazy ways, in reaction to the lack of an integrated personality at the top. This begins to look like a kind of syndicated craziness to the people down through the ranks, who find themselves perpetually baffled, bemused, and frustrated by the increasing lack of coherence in executive decisions and actions.
11. **Mal-organization: Structural Arthritis.** A defective organisational architecture works passively and unremittingly against the achievement of the mission. Departmental boundaries that don't align with the natural processes of the operation or its workflow, conflicting responsibilities and competitive missions, and unnatural subdivisions of critical mission areas impose high communication costs, inhibit collaboration, and foster internal competition. The reality that frequently shows up in organisations is a lot of talk about Agile, collaboration, innovation and so on, yet the organisational architecture, decision-making processes and delegation of authority are still aligned to the old ways of doing things, where power to decide and act has not been appropriately distributed throughout the organisation, as it is not set up as a network/web, but still stuck in a hierarchy.
12. **The Monopoly Mentality: Our Divine Right.** When an organisation has long enjoyed a dominant position in its environment, either because of a natural monopoly or a circumstantial upper hand, its leaders tend to think like monopolists. Unable or unwilling to think in competitive terms, and unable to innovate or even reinvent the business model, they become sitting ducks for invading competitors who want their piece of the pie. Leaders suffering from this type of dysfunction often start thinking of themselves as invincible, demigods.
13. **The One-man Band: Clint Eastwood Rules.** A "cowboy" type of CEO, who feels no need or responsibility to share his or her master plan with subordinates, keeps everybody in the organisation guessing about the next move. This creates dependency and learned incapacity on the part of virtually all leaders down through the hierarchy and renders them reactive rather than potentially proactive.
14. **The Rat Race: They Keep Moving the Cheese.** The culture of the enterprise, either by design or by the style of an industry or business sector, burns out its most talented people. A prevailing notion that one must sacrifice his or her personal wellbeing in order to get ahead, possibly in pursuit of big financial rewards, creates a goal focus, but at the expense of cooperation, esprit de corps, and individual humanity. A reduction in the commissions or other elements of the financial cheese creates a sense of victimization and resentment, not a sense of shared fate. People often joke that certain firms and/or industries employ insecure overachievers, and instead of supporting such employees with regards growing their self-worth and therefore their unique contribution they are pitted against each other and the imposter in them becomes ever more anxious.
15. **Silos: Cultural & Structural.** The organisation disintegrates into a group of isolated camps, each defined by the desire of its chieftains to achieve a favored position with the royal court, i.e. senior management and the kingmakers at the top. With little incentive to cooperate, collaborate, share information, or team up to pursue mission-critical outcomes, the various silos develop impervious boundaries. Local warlords tend to serve their individual, parochial agendas, and evolve patterns of operating that favor their units' suboptimal interests at the expense of the interests of the enterprise. These silo patterns tend to create fracture lines down through the organisation, polarizing the people who must interact across them. It is only a matter of time then, till many of the mighty will fall – marketplace competition is so fierce that long established enterprises will be outsmarted by younger, nimbler, less divided ones.

16. Testosterone Poisoning: Men Will Be Boys. In male-dominated industries or organisational cultures such as military units, law enforcement agencies, and primary industries, the rewards for aggressive, competitive, and domineering behaviours far outweigh the rewards for collaboration, creativity, and sensitivity to abstract social values. In non-“coed” organisations, i.e. those with fewer than about 40% females in key roles, executives, managers and male co-workers tend to assign females to culturally stereotyped roles with little power, influence, or access to opportunity. This gender-caste system wastes talent and often stifles innovation and creativity. An additional challenge is that many competent, experienced, promising female leaders do not rise to the challenge of contributing and shaping the organisations they serve, as they have been lead to and/or come to believe that their valuable gender-informed contributions of kindness, intuition and so on do not belong in the workplace. So often, female leaders believe they must behave like their male colleagues to be taken seriously. In the world of work, we need every voice to be heard and every orientation to be welcomed, whether that be race, gender, age, sexual orientation, religion or belief system. We need to be able to not just tolerate but appreciate and welcome the discomfort that comes with engaging with people who are very different to us, and leaders should lead this charge – we often say stronger we are better together, but we can only be so if we are authentically and beautifully our true selves, each and every one of us.

17. The Welfare State: Why Work Hard? Organisations that have no natural threats to their existence, such as government agencies, universities, and publicly funded operations, typically evolve into cultures of complacency. In a typical government agency, it’s more important not to be wrong than it is to be right. Lots of people have “no-go” power, i.e. the power to veto or passively oppose innovation, but very few people have “go” power, or the capacity to originate and champion initiatives. Welfare cultures tend to syndicate blame and accountability just as they syndicate authority: you can’t take risks, but if anything goes wrong you get to blame the system.

In conclusion, Dr Albrecht states that “Intelligent people, when assembled into an organization, will tend toward collective stupidity.” It will serve all organisational stakeholders well to focus on joining forces to replace said stupidity with a commitment to purpose beyond profit alone, openness to learning, ability to have the necessary challenging conversations when required, owning up to mistakes and true collaboration. That then, is the task of twenty-first century leadership: working on addressing our own leadership dysfunction and mindsets that drive toxic behaviour so we can truly lead by example and create a better world for all. Leaders don’t need to be perfect, but should be striving to become better human beings, and truer leaders. What leaders do, and more importantly who they are, shape the culture of the organisations they lead. Will we rise to the challenge? It seems the fate of not just our organisations, but our planet and life itself depends on our answer.

The views expressed in this article are those of the authors alone and not the Arbinger Institute per se.

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