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INSTITUTIONAL PERFORMANCE RESEARCH

The Culture Trap

Why Organizations Measure Sentiment
and Miss the System

How culture measurement programs diagnose symptoms while the underlying systems that produce them continue to degrade performance.

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EXECUTIVE SUMMARY

Most organizations have a culture problem. At least, that is what the engagement survey says. So they invest in values campaigns, culture workshops, and transformation programs. The engagement software market alone is approaching \$1 billion annually – and growing fast. The results, measured by the same surveys that identified the problem, are underwhelming. This paper explains why.

The evidence organizes around three findings.

FINDING 1**Culture measurement diagnoses symptoms, not causes.**

Organizations that score poorly on engagement surveys are typically experiencing the downstream effects of structural dysfunction – unclear authority, slow decisions, and process burden – not a culture problem that sentiment data can solve. The distinction matters because the interventions are different.

FINDING 2**The ROI case for culture programs is weak; the ROI case for structural design is not.**

Decades of organizational research show that structural variables – role clarity, decision architecture, and process load – are stronger and more consistent predictors of performance, retention, and engagement than stated values or sentiment scores. Structural interventions are measurable in ways culture campaigns are not.

FINDING 3**Culture is downstream of systems. Organizations deliver at the speed of their administrative reality.**

What employees experience as organizational culture – whether work feels navigable, whether authority is legible, whether effort connects to outcome – is largely produced by the structural architecture they operate within. Changing culture without changing systems is performative. Making those systems visible, interpretable, and governable is where lasting change begins.

The paper concludes with four structural design pathways: role and authority clarification, decision architecture reform, operational simplification, and governance alignment. Each is tied to measurable outcomes. Each addresses a root cause rather than a symptom.

How This Paper Uses Evidence Claims draw on peer-reviewed research, longitudinal organizational studies, and established frameworks in organizational design. Where findings are synthesized across multiple sources, the paper says so.

1.

Culture Measurement Diagnoses Symptoms, Not Causes

The architecture of the engagement survey industry

The employee engagement software market was estimated at approximately \$930 million in 2023 and is projected to exceed \$2.6 billion by 2030 (Grand View Research, 2024). Add consulting and managed services and the total is considerably larger. The core product – the engagement survey – asks employees how they feel about their work, their managers, and their organization’s values. That is useful data. But it is consistently misread.

Gallup has tracked global employee engagement for over two decades. The number has hovered between 20 and 23 percent for most of that time – and just declined to 20 percent, the lowest since 2020 (Gallup, 2026). Organizations have spent heavily on culture programs throughout. The question worth asking is not how to spend more. It is why the number refuses to move.

The answer is that engagement surveys measure the symptoms of structural conditions, not the conditions themselves. Gallup’s own foundational research found that engagement correlates with performance – but the causal chain runs from structural conditions to engagement to outcomes. Measuring engagement without fixing the structure is like reading a thermometer without treating the fever.

“Organizations deliver at the speed of their administrative reality – not the warmth of their culture survey.”

The Enron problem: what organizations say versus what their systems do

Edgar Schein, who built the academic field of organizational culture, observed something important: what organizations say about their culture and what their culture actually produces are routinely different. Sometimes radically so. The gap is not a communication failure. It is a structural one.

Enron’s stated values were Communication, Respect, Integrity, and Excellence – on the lobby plaques, in the handbooks. Its actual systems rewarded aggressive risk-taking, punished dissent through forced ranking, and structured reporting to hide liability. The culture was not a values problem. It was a systems problem. No engagement survey would have caught it. A structural audit would have.

Decades of research have confirmed the pattern. When structural incentives point in a different direction than the stated values, people follow the incentives. Every time. Stated culture alignment is a poor predictor of how people actually behave when the systems push the other way (O’Reilly & Chatman, 1986).

What measurement captures and what it misses

When organizations map where disengagement actually originates, it traces almost always to structural conditions: unclear ownership, slow decisions, inability to get things done. Amy Edmondson’s research on psychological safety – one of the most replicated findings in organizational behavior – found that team performance depended not on culture or values but on whether the structural conditions made it safe to speak up, flag problems, and escalate (Edmondson, 1999, 2018).

Measurement is not the problem. The problem is treating sentiment data as a diagnosis rather than a signal. It tells you where the pain is. It does not tell you why. Organizations that stop there end up managing survey scores while the underlying systems continue to degrade performance in ways surveys rarely capture.

2.

The ROI Case for Structural Design Outperforms Culture Campaigns

The evidence on culture programs

McKinsey's own research found that roughly 70 percent of large-scale organizational change efforts fail to meet their objectives. That finding has held across decades of replication. A significant share of those failures are culture transformation programs.

Kotter and Heskett tracked 200 companies over 11 years and found that a strong culture correlated with performance in some cases (1992). But the real driver was not the culture itself – it was whether the culture supported adaptability, which is a structural property. Organizations with strong but rigid cultures underperformed those with more flexible designs, regardless of how clearly the values were communicated.

The broader research is consistent: interventions that target stated values produce weaker and less predictable behavior change than interventions that target structural conditions – role clarity, decision rights, process design. Structural redesign produces more reliable results that hold over time (Hackman & Oldham, 1976; Parker, 2014; Rousseau & Fried, 2001). The leverage is not in the values work. It is in the systems work.

The evidence on structural design

Hackman and Oldham identified the properties of work design that consistently predict motivation, performance, and retention: meaningful work, clear task ownership, autonomy, and feedback (1976). These are not culture features. They are design features. You can map them, measure them, and change them.

Four decades of organizational design research point the same direction. Galbraith's star model and Nadler and Tushman's congruence model both find that performance follows from alignment between strategy, structure, process, and reward systems – not from alignment between stated values and individual behavior. The architecture drives the outcome.

McKinsey's Organizational Health Index measures structural conditions – role clarity, accountability, coordination, and innovation capability. Organizations in the top quartile generate total shareholder returns three times those in the bottom quartile (Keller & Price, 2011). Structural health predicts long-run performance more reliably than engagement scores do.

The measurement problem culture programs cannot solve

Culture programs have a measurement problem built in. The outcome they target – culture change – is typically measured with the same survey that identified the problem. Structural interventions do not have this problem. Decision speed is measurable. Role clarity is measurable. Administrative burden is measurable. The results either show up in operations or they do not.

Structural programs generate operational outcomes. Culture programs generate follow-on surveys.

3.

Culture Is Downstream of Systems

How structural conditions produce cultural experience

Ask people what their organization's culture is actually like – not what it says on the wall, but what it feels like to work there. They will describe their experience navigating the systems: whether decisions get made or stall, whether authority is clear or contested, whether effort connects to outcome or disappears into process. That navigational experience is culture, in the sense that matters.

Organizational researcher Karl Weick put it plainly: people understand their organization not by reading the values statement but by observing what happens when they act (1995). The structure responds, and that response is what they learn from. When employees describe a culture as bureaucratic, political, or opaque, they are almost always describing what the structural conditions reliably produce.

Leslie Perlow studied engineers at a major technology firm who described their culture as high-pressure and always-on (2012). They attributed it to cultural norms. When her team examined the structural conditions, they found the real source: broken escalation pathways, unclear decision ownership, and process systems requiring constant coordination for routine work. They redesigned the structure. The norms changed as a consequence.

The compensatory systems problem

Organizations that do not fix structural problems do not simply stagnate. They develop workarounds: informal networks, personal heroics, and relationships that preserve output while the underlying systems quietly deteriorate. These workarounds show up in culture surveys as resilience and strong team bonds. They are actually a warning sign that the formal systems have failed.

Workarounds are expensive in ways that rarely appear in engagement data. They need constant maintenance. They depend on specific people. They do not scale.

And because output is preserved, the structural problems stay invisible. Leaders see a functioning organization. What they are actually seeing is people working around a broken one. Culture measurement will not surface this. Structural diagnosis will.

The design implication

If culture is downstream of systems, the right question is not how to change the culture. It is how to design the systems that produce the culture you want. That is a solvable problem. It requires making the structural conditions visible – mapping where authority is unclear, where decisions stall, where process has accumulated beyond its value – and then governing those conditions continuously. The culture follows.

Every organization that has built a high-performance culture and sustained it has done the same thing: designed and governed the structural conditions that generate it. Not measured sentiment. Not launched values workshops.

4.

Pathways Forward: A Structural Framework

There are two types of organizational improvement effort: those that address what people feel about the system, and those that address the system itself. The four pathways below address the system. Each entry covers what it fixes, the primary lever, and how to measure progress.

Pathway	Fixes	Structural Lever	Measure of Progress
Structural Clarity & Redesign	Role ambiguity; unclear authority; compensatory workarounds	Clarify ownership, decision rights, and handoff accountability	Reduction in escalations; faster decision cycles. <i>Confident action follows when people know who owns what and how execution moves.</i>
Decision Velocity	Approval layering; review burden; risk-averse routing	Map decision pathways; align authority with accountability	Decision velocity; reduction in review layers per outcome. <i>Sustained advantage depends on decisions moving faster than the drag accumulating beneath them.</i>
Operational Systems	Process density; reporting overhead; administrative drag	Audit and reduce non-value-generating process burden	Hours recovered; share of time on delivery vs. overhead. <i>Reclaimed capacity becomes available for delivery, judgment, and innovation.</i>
Institutional Performance & Governance	Misaligned incentives; measurement accumulation	Align measurement systems to outcomes, not activity	Quality of output per unit of governance input. <i>Organizational credibility holds when performance is legible and governance supports the work.</i>

Figure 1. Four structural pathways for resolving the conditions that produce disengagement and drag. Pathway labels align with Monderman’s four diagnostic dimensions: Structural Clarity, Decision Velocity, Operational Systems, and Institutional Performance. Sources: Galbraith Star Model; Hackman & Oldham Job Characteristics Model; Edmondson psychological safety research; McKinsey Organizational Health Index.

Structural Clarity & Redesign addresses the ambiguity in role ownership, authority, and handoff accountability that forces people to compensate around the organization’s formal architecture. First step: map where escalations originate and why. Measure: reduction in escalations and decision latency. Risk: clarifying authority surfaces political conflicts that culture programs were masking.

Decision Velocity targets the approval layering, review burden, and risk-averse routing that slow organizational movement. First step: map decision pathways against authority levels; identify where review exceeds accountability. Measure: decision velocity per outcome category. Risk: removing layers without rebuilding accountability can displace rather than resolve the underlying problem.

Operational Systems addresses the process density and administrative overhead that absorbs time and attention without contributing to delivery. First step: audit hours absorbed per process against value generated. Measure: share of productive capacity available for delivery versus overhead. Risk: simplification without process redesign can eliminate controls before replacements are in place.

Institutional Performance & Governance addresses measurement accumulation and incentive misalignment that reward activity over outcome. First step: map the measurement portfolio against its behavioral effects. Measure: quality of output per unit of governance input. Risk: reducing measurement without replacing it with outcome accountability creates visibility gaps.

5.

Conclusion

The research is consistent. The variables that predict sustained performance – role clarity, decision speed, navigable processes, aligned incentives – are structural. The variables that culture programs measure – sentiment, stated values alignment, engagement scores – are produced by those structural conditions. Treating the signal as the cause is how organizations spend heavily on culture transformation and see limited return.

Organizations do have cultures. Those cultures do affect performance. The culture measurement industry has built real diagnostic capability around that fact. But the intervention logic – survey, identify gaps, launch a program – skips the step that matters most: diagnosing the systems that produce the sentiment.

What people experience as culture is largely what the structure produces. Whether work feels navigable, whether authority is clear, whether effort connects to outcome – these are design questions with design answers. Organizations deliver at the speed of their administrative reality, and that reality can be made visible, interpretable, and governable. The organizations worth benchmarking on culture got there by governing their structural conditions, not by measuring how people felt about them.

None of this rules out culture initiatives. Once the structural conditions are aligned – authority clear, decisions moving, processes simplified – culture programs serve a real reinforcing function. They communicate what the new system expects and help people build shared understanding of how it works. The sequence matters. Culture initiatives amplify structural change. They do not replace it.

The choice is not between culture and structure. It is between treating symptoms and fixing causes. The organizations that get this right stop asking what their culture score is and start asking what their systems are producing.

Monderman helps organizations make the hidden structural and administrative conditions that determine performance velocity visible, interpretable, and governable – so leaders can translate diagnosis into design and reduce the drag that sentiment surveys will never surface on their own.

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