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RYP White Paper

Corporate Stupidity.

The Problem Hiding in Plain Sight

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RYP WHITE PAPER

Business has not suddenly become "stupid", but organisations have progressively built systems that suppress common sense, human judgement, curiosity and genuine connection, while becoming increasingly sophisticated at measuring, documenting and managing the resulting dysfunction.

Corporate stupidity is when organisations consistently make decisions or impose work practices that go against common sense, employee feedback, or lived reality, often in the name of policy, process, or compliance.

INTRODUCTION

Why do intelligent people in intelligent organisations routinely do things that make absolutely no sense? I have been asking myself this question for much of the past 40 years. I have worked with organisations, CEOs, leadership teams, sporting organisations, communities and leaders across a wide range of industries and environments. I have seen extraordinary examples of intelligence, innovation and capability.

I have also seen extraordinary examples of nonsense. How often have you:

- Sat in meetings that achieve nothing?
- Experienced processes that frustrate everyone?
- Seen reports nobody reads?
- Endured technology that makes simple things harder?
- Put up with customer service systems that make it impossible to speak to a human?
- Witnessed performance management processes that nobody believes in?
- Observed employee surveys asking questions leaders could answer simply by talking to people?
- Put up with organisations continuing to do something because "that's the way we've always done it"?

I have come to call this Corporate Stupidity.

Importantly, I am not suggesting that organisations are full of stupid people. Quite the opposite. Some of the dumbest things organisations do are done by very smart people. That is what makes the issue so interesting.

THIS IS NOT A NEW PROBLEM

The idea that human beings and organisations do not always behave rationally is hardly new. In 1955, economist and organisational theorist Herbert Simon published *A Behavioral Model of Rational Choice*, challenging simplistic assumptions about perfectly rational decision-making and developing what became the influential concept of bounded rationality.

Three years later, James March and Herbert Simon published *Organizations* (1958), examining organisational behaviour, decision-making, motivation, conflict, communication and the cognitive limits that impact how organisations operate.

So, the academic foundations for understanding organisational irrationality, dysfunctional decision-making and the limitations of human and organisational rationality are more than seventy years old. Researchers have subsequently explored bureaucracy, organisational culture, institutional behaviour, decision-making, groupthink, management fashions, employee motivation and organisational dysfunction from many different perspectives. Here is a snapshot:

1972
Irving Janis introduced the concept of Groupthink, where cohesive teams often suppress dissenting viewpoints to maintain harmony. This psychological phenomenon frequently leads to catastrophic results and stupid corporate decisions.

1977
Meyer and Rowan examined how organisations adopt formal structures partly because those structures provide legitimacy, even when the structures can become disconnected from the actual work being performed.

1985
Edgar Schein's influential work on organisational culture examined how cultures develop, how they are reinforced, and the role leaders play in shaping them.

1988
Scott Adams, through his satirical Dilbert, captured what is called the Dilbert Principle, where companies systematically promote their least capable employees. This was later backed by independent data.

1993
Chris Argyris (a Harvard Professor) explored the concept of Organisational Defensive Routines, where smart professionals systematically prevent learning within the organisation through defensive routines to protect individuals from blame, which ultimately paralyses collective business acumen.

1996
Eric Abrahamson examined Management Fashion: the way new management techniques become fashionable and are promoted as being at the forefront of management progress. His analysis specifically identified consultants, management gurus, business media and business schools as participants in the creation and dissemination of these fashions.

2012
Mats Alvesson and André Spicer took the conversation considerably closer to the language I use in Corporate Stupidity, publishing "A Stupidity-Based Theory of Organizations." They introduced the concept of functional stupidity: an absence of reflexivity, a reluctance to use intellectual capacities beyond narrow purposes, and an avoidance of questioning or justification. They argued that organisational environments can actively suppress doubt and critical thinking.

2016
Alvesson and Spicer expanded their work to explore the Stupidity Paradox. They explored how organisations hire the brightest minds, only to force them into mind-numbing tasks, creating a paradox where smart people collectively make incredibly stupid organisational decisions.

2018
Anthropologist David Graeber published his theory of Bullshit Jobs, highlighting corporate roles so entirely pointless that even the employees in them do not see the point. This highlighted how disconnected modern corporate structures are from how work actually flows, creating human waste on a massive scale.

2021
Dennis Tourish introduced the theme of Leadership Bullshit and Corporate Myopia, which focused on how charismatic and hubristic leaders breed corporate stupidity, where the culture they lead squashes truth-tellers and rewards sycophants, leading to massive executive blind spots.

2023–2025
And finally, numerous researchers have been exploring AI Stupidity, a new form of corporate stupidity. Scholars are analysing how companies outsource critical thought to algorithmic systems, leading to "algorithmic bias and institutional unlearning," and creating a blind over-reliance on AI for the operational performance of the organisation. In short, critical thinking and the wisdom of experienced staff are being taken out of decision-making.

In other words: the research is not new. The problem is not new. The question is why, despite decades of research, we appear to have become increasingly sophisticated at creating systems in which intelligent people can do remarkably unintelligent things.

Corporate Stupidity Defined

Corporate Stupidity is a leadership-induced disease that ensures organisations:

- Are overly complex to deal with
- Are not agile or adaptable
- Cause staff infuriation through their work practices
- Force staff to work in silos
- Create disengaged and demotivated staff

Leaders of corporately stupid organisations have an innate ability to overcomplicate simple things, whilst being blissfully ignorant of the fact they are disengaging and demotivating their staff.

"Nothing in the world is more dangerous than sincere ignorance and conscientious stupidity."

– Martin Luther King Jr.

HAVE WE MADE WORK TOO COMPLICATED?

My observation from four decades working with organisations is that something has changed. Business has become increasingly fascinated with numbers, systems, processes, measurement, compliance, technology, frameworks and tools. All of these things can be valuable. **The problem begins when the tool becomes more important than the purpose.**

We measure employee engagement	*rather than engaging employees.*
We conduct surveys	*rather than have conversations.*
We undertake psychometric assessments	*rather than getting to know people socially.*
We conduct 360-degree feedback exercises	*rather than having honest conversations.*
We complete performance appraisals	*rather than managing performance.*
We create policies to manage behaviour	*rather than leaders demonstrating the behaviour themselves.*
We collect customer satisfaction scores	*rather than asking customers what they think.*
We ask staff to enforce policies	*rather than empowering them to practise good judgement.*

We create dashboards to tell us what is happening while becoming increasingly disconnected from the people experiencing it.

We have become very good at measuring the experience of work without necessarily improving the experience of work. This distinction matters.

WHEN NUMBERS REPLACE JUDGEMENT

Numbers are seductive, as they look objective. They fit neatly into spreadsheets, dashboards, board papers and PowerPoint presentations. A score feels more manageable than a conversation about why people are frustrated. An engagement score of 68% gives a CEO something to put on a dashboard, but what does it actually mean? What if 68% is simply telling us that most people are prepared to tolerate the organisation? It really is a score of mediocrity.

The danger is that measurement can create the illusion of management. We can measure almost anything, but that does not mean we understand it. Nor does it mean we are doing anything about it. It is akin to rating out of ten how much you love your partner. The score has no relevance to feelings, emotions, or people chemistry.

20% Gallup's 2026 global workplace data provide an uncomfortable reminder: only 20% of employees worldwide were classified as engaged in 2025, with global engagement declining for the second consecutive year.

Perhaps the question shouldn't simply be: "What is our engagement score?" Perhaps it should be: "Why aren't our people engaged?" Or even more importantly: "Is our leadership team credible?"

THE HR-IFICATION OF PEOPLE

People & Culture, Employee Experience, Human Capital, Personnel, and Human Resources are all descriptors of the same function. However it is labelled, it has an important role to play in organisations. But somewhere along the way, parts of the HR profession have become increasingly fascinated with tools for managing people rather than the experience of being a person at work.

- Psychometric assessments
- Personality profiles
- Engagement surveys
- Pulse surveys
- 360-degree feedback
- Performance ratings
- Competency and skills frameworks
- Values assessments
- Talent grids
- Employee experience platforms
- Culture diagnostics

The problem isn't that these tools are inherently bad, as some are quite useful. **The problem is believing that a tool can replace leadership.** A personality profile might provide insight, but most people cannot remember what their personality profile said six months later. A 360-degree feedback process can generate useful information, but it can also become a bureaucratic exercise where people complete forms, receive scores, have a conversation, file the report and do nothing. A poor manager who undertakes a 360-degree feedback process will be revealed as a poor manager, and in reality has no meaningful chance of improving.

Research into multisource feedback has found that its effectiveness depends on important contextual factors rather than the mere existence of a 360-degree process.

Performance appraisals are another example. Research has long identified tensions between the psychometric and administrative aspects of appraisal and its fundamental purpose of motivating people to improve. So perhaps the question to ask is not: "Do we have a performance management system?" But rather: "Are our people actually becoming more capable?"

THE FASCINATION WITH PROCESS

Over the past several decades, businesses have developed an extraordinary appetite for process. Process is important. Good process prevents mistakes, creates consistency and can improve quality. Standards such as ISO 9001 exist for legitimate reasons and are used globally. ISO reports more than one million ISO 9001 certificates across 189 countries. The standard itself emphasises customer focus, process improvement and continual improvement. The problem occurs when the process becomes the objective rather than the means to an objective.

We can become so obsessed with following the process that we forget what the process was originally designed to achieve: to improve the consistency and reliability of performance. Often the result can be process without purpose.

And process without purpose is another form of corporate stupidity.

TECHNOLOGY: MAKING THE SIMPLE COMPLICATED

Technology has delivered extraordinary benefits, but technology does not automatically make organisations simpler. Sometimes it simply digitises the bureaucracy. Think about how many things used to be simple.

Then

- You could telephone an organisation and speak to a person.
- You could explain your situation.
- You could ask a question.
- You could solve the problem.

Now you encounter:

> *Press 1. Press 2. Press 3. Press 4.*
>
> *Your call is important to us; please hold.*
>
> *Thank you for your patience. All our lines are busy; we will be with you shortly.*
>
> *You can visit our website. All our policies and procedures can be accessed there.*
>
> *You will need to log in again, as your time limit has expired.*
>
> *Unfortunately, you need to reset your password.*
>
> *You will need to re-verify your identity through our three-tiered authentication process.*
>
> *To navigate this portal, you will need the six-digit verification code we sent to you.*
>
> *Please complete the online registration form, but you will need the latest version of the software.*
>
> *Please upload your supporting documentation, along with your face recognition and three forms of identification.*
>
> *Thank you for your patience. You have come through to customer service, but this is an accounts issue. I will transfer you, but I must warn you there is a long delay.*
>
> *Your request is being processed; please wait for an email in the next five working days.*
>
> *Please do not reply to this email, but you can download the app to communicate with us.*

> *Someone from our office may call you back at a time that is convenient to us.*
> *Please stay on the line and complete our customer satisfaction survey.*

And eventually you discover that the problem you had at the beginning still hasn't been solved. This is not an argument against technology. **It is an argument for human-centred technology.**

The OECD's 2026 work on digital government makes a similar point: users can experience fragmentation, duplication and unnecessary complexity when systems are not designed around the user's actual journey. It specifically argues that measuring what services cost people in time and effort is an important but underused form of performance measurement. Technology should remove friction and save time. Too often, it simply moves the friction somewhere else (usually to the customer).

WE USED TO TALK TO PEOPLE

There is another change that is self-evident: talking to people. We used to talk to people. Leaders talked to staff regularly and, more importantly, provided regular platforms to listen to them. Managers used to manage by walking around. Customers used to meet, know and talk to employees. There was a relationship that bonded people through intimacy, trust and friendship. Employees could feel when something was wrong or not working, and they could share this with their boss. Leaders could sense the mood of their staff as they walked around and spoke to team members.

You didn't need a survey to know whether your people were pissed off. You didn't need a dashboard to know whether customers were frustrated. You didn't need a culture diagnostic to know whether people trusted their leader. You could simply ask them. And then you could listen.

That doesn't mean the past was perfect. It wasn't. But we should be careful not to confuse more sophisticated measurement with better leadership. One of the most important organisational concepts to emerge from research is psychological safety: the belief that people can take interpersonal risks, speak up and contribute without fear. Edmondson's 1999 study linked psychological safety with team learning behaviour. Perhaps the best employee survey is still a leader who asks:

"What are we doing well, what could we improve,
and what is getting in your way?"
And then actually listens to the answer.

Creating a high-care, psychologically safe work environment is the number one role of any credible leader. Continuous improvement requires continuous feedback. Feedback should be treated as a gift, not a challenge to hierarchy. Feedback must be encouraged and provided without fear of retribution or ridicule. If feedback requires anonymous surveys or suggestion boxes, then there is something seriously wrong with the culture of the organisation.

THE CULTURE PROBLEM

Here is where Corporate Stupidity becomes particularly dangerous. Stupidity can become normal. The first time something ridiculous happens, somebody notices. The tenth time, people may provide feedback. The hundredth time, people just accept it. Eventually, new employees arrive and assume: "That's just how things work around here." That is culture.

Edgar Schein's work reminds us that culture is not simply what is written on the wall. It is embedded in assumptions, behaviours and the way organisations actually operate (the informal rules). And leaders are central to that process. Symbolism by a leader is everything:

- **What leaders reward** highlights what is important.
- **What any leader measures** signals how they measure success.
- **What behaviours leaders tolerate and ignore** signals acceptance.
- **What standards leaders accept** become the standards of performance and tomorrow's culture.
- **What any leader role-models** highlights the disciplines and behaviours that are expected.

And perhaps most importantly: the issues, behaviours, mindsets, disciplines or values that leaders do not allow staff to challenge become important. What you cannot speak about speaks volumes for any leader.

Corporate stupidity thrives where people are afraid to ask: "Why?"

THE BOARDROOM BLIND SPOT

I have sat on or chaired over a dozen Boards in my career. I believe Boards significantly underestimate the organisational risk created by stupidity. Boards are accustomed to discussing finances, risk, governance, compliance, cyber security, ESG, operational performance, strategy, regulation and annual reporting. But how often does a Board ask: **"How much is organisational stupidity costing us?"**

Not because stupidity appears as a line item in the accounts. But because corporate stupidity is a governance issue. It hides inside things like:

- Lost productivity
- Employee turnover and absenteeism
- Customer complaints
- Poor customer experiences
- Customer churn
- Rework, or poor execution of customer promises

- Errors, omissions and duplication
- Unnecessary administration
- Slow decision-making
- Mediocre engagement scores (year on year)
- Poor staff morale
- A culture of survival
- A lack of discretionary effort by staff
- Slow or no growth

Corporate stupidity festers with staff and creates a climate of "Why bother?"

That is an expensive sentence.

Often the biggest risk to an organisation is not the competition, but itself! **This is a Board issue that most directors are blind to.**

THE CEO'S DILEMMA

Many CEOs genuinely care about their people. But there is a danger that leadership teams become more focused on people processes than people. They receive reports, review engagement scores, monitor turnover, examine absenteeism, approve HR initiatives, endorse training programs that offer no hope of any return on investment, receive culture dashboards, and discuss employee experience. Yet the real question may be much simpler: **Do our people actually want to work here? And if they don't, why?**

People don't necessarily refuse to come into the workplace because a policy is unfair. They do not want to come in because the culture is poor:

- Their manager is difficult, or not credible
- They are not listened to
- Too many meetings are pointless
- Decisions and promotions are political
- Compliance is the norm, so initiative is frowned upon
- Administrative bureaucracy gets in the way of common sense
- There is no sense or feeling of progress
- They do not feel they have autonomy for decision-making
- The place drains their energy
- Ultimately, they do not feel valued
- They are simply trying to survive from one week to the next

Work has become unnecessarily inhuman and complicated. You cannot fix culture issues with another survey. You fix them through leadership. **All of these are leadership credibility issues.**

The number one role of any CEO is to create the right team climate for any team to excel, free of fear of persecution, retribution or personal risk.

THE HUMAN COST OF CORPORATE STUPIDITY

Ultimately, corporate stupidity is not about processes; it is about people. People become frustrated. They can become cynical, and when this occurs, people stop contributing, and they stop challenging and caring. If this becomes the normal modus operandi, people do exactly what their job description requires, and nothing more. Eventually people will leave (usually the best ones first).

The tragedy is that organisations will interpret this as an employee engagement problem. But actually, it is a leadership credibility problem, a culture problem and a stupidity problem all rolled into one.

CAN I SAFELY ASK: WHY THE HELL ARE WE DOING THIS?

We need permission to ask this question. It can be an uncomfortable question, but also a liberating one. Because once we start asking it, we might discover that some of the things we spend enormous amounts of time, money and energy doing are unnecessary. For example:

- Which processes can be removed? They cannot all be good and streamlined!
- Which meetings should disappear? If a meeting has no preset purpose, objectives, outcomes and agenda, kill the meeting!
- What reports can stop?
- How many policies can be simplified?
- How can technology be redesigned?
- What face-to-face conversations must happen?
- What are the mechanisms for leaders to listen more?
- Do employees have permission to challenge the status quo?

Organisations simply need a mechanism to rediscover common sense. Perhaps the greatest danger isn't stupid people in an organisation; it is stupid practices and thinking. Leaders must encourage their smart people to start questioning and calling out stupid things.

The Corporate Stupidity Test

Perhaps every organisation should ask itself ten questions:

1. What do we do that nobody can explain?
2. What meetings could we eliminate tomorrow?
3. What reports does nobody actually use?
4. What processes frustrate our customers?
5. What processes frustrate our employees?
6. What do our people know that our surveys don't tell us?
7. What are our leaders afraid to hear?
8. What behaviour do we tolerate that we should challenge?
9. Where has technology made something harder rather than easier?
10. **What would we stop doing if we weren't afraid to challenge the status quo?**

Perhaps the most important question is the last one. Because corporate stupidity survives when nobody challenges it.

HIGH CARE, HIGH CHALLENGE

Any team that has sustained success has a culture of high care, high challenge.

High Care

Staff feel safe, supported and valued. People and their leaders genuinely care for each other, and care about the purpose, vision and mission of the organisation. Staff come to work because they care and are genuinely excited to work for the organisation.

High Challenge

Staff are expected to challenge the status quo, solve problems and innovate. Continuous improvement relies on staff providing their ideas and the gift of feedback. Without this, progress cannot occur, and performance will just muddle along.

A high care, high challenge culture is not a nice-to-have. **It is the prerequisite for any high-performing team.** Many leaders know this but have no idea how to achieve it.

A CONVERSATION WORTH HAVING

I am not suggesting that everything in modern business is stupid. Far from it. The world of work has become more complex because the world itself has become more complex. Technology is extraordinary, data is valuable, measurement of performance is critical, processes and disciplines matter and drive performance standards, and HR has an important role to play in supporting all of this.

The issue is not whether we need these things. The issue is whether they are serving people and purpose, or whether people are increasingly serving the systems we have created. That is the conversation to explore around Corporate Stupidity:

Question the unnecessary.
Challenge the ridiculous.
Listen to the people closest to the problem.
Use technology to simplify, not complicate.
Measure what matters.
Talk to people.
Give people permission to say what they really think.

And as a leader, dare to say: **"This is ridiculous. Why are we doing it?"** Because the academic conversation about organisational irrationality, dysfunction and stupidity has been going on for decades. Perhaps it is time for business to have the conversation in plain English.

Welcome to Corporate Stupidity.

Facta Non-Verba – Deeds Not Words

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About RYP International

RYP International is a Coaching & Advisory Practice working with organisations, leaders, teams and communities to develop capability and culture and maximise performance. For more than 40 years, David Stewart has worked across business, sport, leadership and community environments, helping people and organisations move from good intentions to better performance.

Corporate Stupidity represents the next conversation. Not about doing more. About having the courage to stop doing the things that make no sense.

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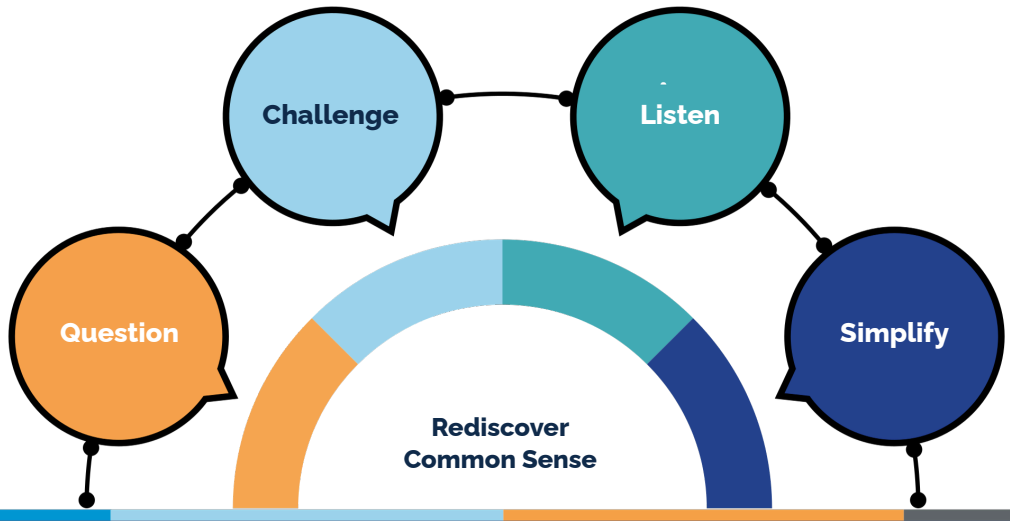

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