

Why Organisations Misdiagnose People and how systems disguise their own failures

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Organisations frequently attribute poor outcomes to individual deficiency. This paper argues that such diagnoses are often incorrect. Behaviour that appears to be underperformance, resistance, or poor judgement is frequently the product of structural conditions, conflicting expectations, or distorted incentives.

Drawing on a set of practical diagnostic methods, this paper reframes individual behaviour as an emergent property of systems. It proposes that more effective intervention begins not with correcting the individual, but with understanding the environment in which that behaviour is produced.

1. The Habit of Attribution

When something goes wrong in an organisation, attention tends to focus on the individual closest to the problem. A missed deadline becomes a failure of discipline. Hesitation becomes lack of confidence. Inconsistency becomes poor judgement.

This is not simply a cultural tendency. It is structurally reinforced. Individuals are visible. Systems are not.

Attribution therefore follows visibility. The person becomes the explanation.

2. The Invisibility of Systems

Organisational systems are diffuse. They are composed of processes, incentives, reporting lines, expectations, norms, and informal practices. No single element explains behaviour, yet together they shape it.

Because these elements are distributed, they are rarely examined as a whole. Instead, behaviour is interpreted at the point where it becomes visible—usually in the actions of an individual.

This creates a persistent distortion. The system produces the behaviour, but the individual receives the diagnosis.

3. Behaviour as an Outcome

A more useful starting point is to treat behaviour as something to be explained rather than judged.

What appears to be a failure of performance may instead be:

- ❖ a rational response to conflicting demands
- ❖ an adaptation to poor upstream inputs
- ❖ a consequence of unclear decision rights
- ❖ a product of incentive structures that reward unintended outcomes
- ❖ a response to time pressure that compresses judgement

In this view, behaviour is not an isolated act. It is an outcome.

4. Why Misdiagnosis Persists

Despite this, organisations continue to diagnose at the level of the individual. Several forces reinforce this pattern.

Visibility

Individuals are observable. Systems are abstract. It is therefore easier to attribute cause to the person.

Accountability

Accountability mechanisms often require a named owner. This encourages the assignment of responsibility to individuals, even where causality is distributed.

Simplicity

A person-centred explanation is easier to communicate than a system-level one. It provides closure, even when it is inaccurate.

Action Bias

Correcting a person appears actionable. Redesigning a system appears complex. Organisations therefore favour interventions that are immediate, even if they are misdirected.

5. A Diagnostic Reframe

To move beyond misdiagnosis, behaviour must be examined through a structured set of perspectives.

Multi-layer enquiry

Using an adapted 5 Whys approach, behaviour is explored across task, process, relational, and meaning layers. This reveals both proximate and deeper causes.

Analytical lenses

Structural, process, behavioural, relational, incentive, and temporal lenses are applied to reduce single-cause explanations.

Role and decision clarity

Tools such as RASIC and decision-rights mapping expose ambiguity, duplication, and unowned responsibility.

Value positioning

The individual is located within the flow of value. This highlights upstream dependencies and downstream consequences.

Stakeholder and incentive mapping

The surrounding field of influence is made explicit. Behaviour is interpreted in relation to pressures rather than in isolation.

Constraints and friction

Practical barriers to effective action are identified, distinguishing inability from unwillingness.

Counterfactual testing

Simple counterfactuals are used to separate person-centred explanations from system-centred ones.

6. Working with Contradiction

In many cases, behaviour reflects not a single cause but a tension between competing demands.

An individual may be expected to deliver quickly while ensuring quality, reduce cost while improving service, or exercise autonomy while remaining aligned to central control.

These are not choices between options. They are contradictions to be managed.

A dialectical perspective treats such tensions as structural rather than accidental. Behaviour that appears inconsistent may in fact be an attempt to navigate incompatible expectations.

Intervention therefore requires not the elimination of one side of the tension, but a movement towards a more coherent synthesis.

7. A Simple Illustration

Consider an individual described as hesitant in decision-making.

A surface diagnosis might attribute this to lack of confidence. A deeper analysis may reveal:

- ❖ unclear decision rights, leading to fear of overstepping
- ❖ conflicting stakeholder expectations, creating risk in any direction
- ❖ incentives that penalise visible error more than delay
- ❖ time pressure that limits the ability to gather sufficient information

In such a case, hesitation is not a personal failing. It is a rational response to structural conditions.

8. Implications for Intervention

If behaviour is understood as an outcome of system conditions, then intervention must shift accordingly.

Rather than focusing solely on the individual, effective intervention may involve:

- ❖ clarifying roles and decision rights
- ❖ aligning incentives with intended outcomes
- ❖ reducing friction in processes and tools
- ❖ resolving or sequencing conflicting demands
- ❖ adjusting time horizons and expectations

This does not remove individual accountability. It places that accountability within a context that makes effective action possible.

9. From Blame to Understanding

The central shift is from attribution to explanation.

Where attribution asks, “What is wrong with this person?”, explanation asks, “What conditions are producing this behaviour?”

This shift is not merely analytical. It changes the nature of intervention. It replaces correction with understanding, and reaction with design.

10. Conclusion

Organisations do not misdiagnose people because they lack intelligence. They do so because the structures within which they operate favour visible, simple, and immediate explanations.

As a result, system-generated behaviour is repeatedly interpreted as individual failure.

By adopting a more structured and multi-perspective approach, it becomes possible to see behaviour differently—not as an isolated act, but as an expression of the system in which it arises.

The implication is clear. More effective change begins not with fixing people, but with understanding the conditions that shape what they do.