



## Meritocracy—Responding to the Myth

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## Meritocracy—Responding to the Myth

In my consulting practice, I spend a great deal of time talking with senior level executives about their organization’s human resource practices. One theme I hear consistently is that their organizations are “true” meritocracies where the “gifted” rise to the top as a result of a fair process. The irony is that women, blacks and people of color in those same companies often tell me that the environment is far from fair to them. They feel that developmental opportunities and promotions are not based on merit, but are reserved for those who play the game; special treatment is given to a few at the expense of others.

### Meritocracy

A SYSTEM WHEREBY THE TALENTED ARE CHOSEN AND MOVED AHEAD ON THE BASIS OF THEIR ACHIEVEMENT

This contradiction in perceptions caused me to ask two questions. “Do most companies truly have a meritocracy?” and even more fundamentally, “Is it in the best interests of an organization to strive for a system of meritocracy?” I would argue that the answer to both questions is “no.” In most companies, despite the best of intentions and the diligent efforts of dedicated managers and HR professionals, our system of assessing and rewarding talent is flawed—it is neither fair nor accurate. Furthermore, I believe it is not in the best interests of an organization to attempt to correct the flaws. Rather, we need to replace our current system of meritocracy with another approach—a system of inclusion based on the assumption that almost every employee is talented enough to contribute to our business objectives and that our role as managers is to nurture and develop the talents of all our employees, not only the “talented few.”

Why this emphasis on developing all employees? In today’s marketplace, people represent the only compelling competitive advantage for companies. Products can be duplicated, technology is constantly advancing, and access to raw products is virtually the same across the board. Quality and service—both people-based—are the only differentiators that companies can use to promote themselves. Furthermore, the largest expenditure a company has is payroll and related expenses, yet we manage human beings as fixed assets rather than the appreciable assets that they are. We are often content to rely on the talents and contributions of the 10–15% of our employees who are seen as the “go-to” people, whilst ignoring the potential of the large majority.

The key to maximum return on these “appreciable assets” is development to a high standard for all employees, regardless of differences. A workforce that is becoming more and more diverse makes this understanding critical going forward in the 21<sup>st</sup> century. And for those who assume that a fair and equitable process of developing employees exists in your organization, given the above reality of human assets as the key advantage, you can’t afford to be wrong.

**Meritocracy** | A system whereby the talented are chosen and moved ahead on the basis of their achievement.

## THE MYTH OF MERITOCRACY

I realize that the viewpoint that most organizations do not truly have a meritocracy, and furthermore shouldn't strive to have one, flies in the face of widely respected HR policies and practices, including those of the largest and most successful corporations in the world. So why do I think that our belief in meritocracy is a myth?

In most companies, despite the best of intentions and the diligent efforts of dedicated managers and HR professionals, our system of assessing and rewarding talent is flawed—it is neither fair nor accurate.

To answer that question, we have to start by examining the assumptions that underlie our current system of meritocracy:

1. Some people have extraordinary talent; some (perhaps even most) don't.
2. It is possible to make an accurate assessment of who has this talent and who doesn't.
3. Once we've made this assessment, the organization is best served by focusing attention and support on helping these few, particularly valuable, individuals to succeed.

These underlying assumptions give rise to the phenomenon of the “go-to” employee. “Go-to” employees:

- are enthusiastic about taking on new challenges.
- take initiative and are innovative towards solving problems.
- consistently exceed expectations with a focus on business objectives.

Their propensity for getting things done and their obvious display of talent make them the individuals managers rely on for most, if not all, of the important work of the business. As a result, our “go-to” people have significantly more opportunities to work on high visibility projects, more support for risk taking, more managerial coaching—more of almost all the opportunities and management interactions that support increased development and business savvy.

The process of selecting those with talent and distributing key assignments to them accelerates the development of talent in those who are chosen... and leaves as much as 90% of our workforce disconnected, underdeveloped and/or under-utilized.

Diversity is a given, and we're at a competitive disadvantage if we fail to maximize the richness of a pool of employees who could bring new perspectives and innovative solutions.

So an upward cycle gets put into place. "Go-to" employees display talent and then are rewarded with the key assignments which further development. They become more attractive to other executives who find new opportunities for them in their areas. With all of this development and exposure, it is no surprise that these are the people who advance in organizations.

What's important to note here is that the very process of selecting those with talent and distributing key assignments to them accelerates the development of talent in those who are chosen. And it's why I hold that our system of meritocracy is flawed. The process doesn't just impartially reward talent; it creates talent in some and not in others—and leaves as much as 90% of our workforce disconnected, under-developed and/or under-utilized.

#### **DIVERSITY IN A MERITOCRACY**

What we often see is that the default for selecting "go-to" folks is to tap those who are a lot like us—who resemble us in areas such as work style, interests, gender, or race. I believe it's a normal human response to entrust the most critical work of the business to folks with whom we feel most comfortable. After all, it takes more effort to interact effectively with someone who is different from us in some significant way. It takes more skill to have a difficult discussion about needed areas of improvement with someone with whom you're less comfortable. We need to acknowledge this reaction and we need to stop feeling guilty about it.

Diversity is a given, and we're at a competitive disadvantage if we fail to maximize the richness of a pool of employees who could bring new perspectives and innovative solutions.

However, we also need to recognize the cost. Diversity is a given, and we're at a competitive disadvantage if we fail to maximize the richness of a pool of employees who could bring new perspectives and innovative solutions. We need to develop an approach that eliminates the obstacles that are getting in the way of the development of all people and to create processes that encourage the full utilization of everyone toward business objectives.



## **THE ALTERNATIVE: A SYSTEM OF INCLUSION**

Instead of a system of meritocracy, we need a system of inclusion. Inclusion is a set of management practices, corporate culture, and interpersonal relationships that support the full utilization of a diverse workforce at all levels. How do companies make this change from a “some have it, some don’t” environment of a meritocracy to an environment of inclusion? I believe there are three key elements:

1. Believe that most people are capable of high levels of performance.
2. Position everyone for growth and development.
3. Coach performance based on clearly-defined standards.

The key to unleashing the unlimited talent that exists in an organization is directly connected to the belief that “most people are capable of high levels of performance.”

## **BELIEVE THAT MOST PEOPLE ARE CAPABLE OF HIGH LEVELS OF PERFORMANCE**

The key to unleashing the unlimited talent that exists in an organization is directly connected to the belief that “most people are capable of high levels of performance.” When managers believe that most people have enough raw ability to make substantive contributions to the organization—from whatever position they occupy, no matter what their ethnicity or gender, tenure or previous experience—they cultivate that potential by stretching all employees toward achieving clearly defined outcomes.

Believing in the capacity of most people to grow and develop starts with a recognition of the factors beyond innate ability that contribute to any individual’s development. Development is a by-product of two elements: the level of confidence an individual brings to a situation and the degree of effective effort expended by a person. If two people have equal ability, and one is highly motivated to work hard at a task, and the other is not, what do you think will occur regarding long-term performance and development? It is my belief that differences in effort and the seriousness with which one approaches a task have a far more significant impact on development outcomes than the “raw firepower” with which one is born. When managers believe that every person has sufficient innate ability to be successful, they are free to focus their attention on building confidence and shaping effective effort for everyone—not on sorting and selecting the “cream of the crop.”



When someone is supported and given opportunities to learn, a level of confidence, determination, and commitment emerges that enables these individuals to take advantage of the opportunities for growth.

### **POSITION EVERYONE FOR GROWTH AND DEVELOPMENT**

The most critical aspect of building confidence and shaping effort is in what I call a person's Position. By that I do not mean the person's job title, but the nature of the individual's assignments and the quality of the support he or she receives.

When someone is supported and given opportunities to learn, a level of confidence, determination and commitment emerges that enables these individuals to take advantage of the opportunities for growth.

All employees in the organization need to understand how their responsibilities are connected to meeting the business objectives. They need to feel that it is their job to learn about the business and improve it. They need to have assignments that promote the growth of their analytical and operational skills—whether it's figuring out how to file more efficiently or penetrate a new market. The key element here is that every good Position (with a capital "P") challenges the individual in some way and requires the person to learn new skills in order to be successful.

Not only does such Positioning benefit the bottom line, it also impacts the person's "Disposition." When someone is supported and given opportunities to learn, a level of confidence, determination and commitment emerges that enables these individuals to take advantage of the opportunities for growth—they start to look more like those "go-to" employees!

### **COACH PERFORMANCE BASED ON CLEARLY-DEFINED STANDARDS**

The first step in coaching all our employees to become "go-to" people is to clearly articulate the standards. Although most managers believe they do a good job of this, my observation is that too often we base our judgments of satisfactory performance on the "way we've always done it" or "how I like to see things done." Or, in trying to accommodate differences we change the standards and expectations, rather than allow for variation in how individuals meet the standards. Taking the time to think through and communicate clear expectations is key to ensuring that employees focus their effort on what's important to the business.

Once individuals clearly understand the level of performance that is required, the next step is to provide feedback about how they've met the standard and how they haven't. When we operate with a belief that most people can hit the standard, data that suggests someone has fallen short loses its sting. The information is not an indictment of the individual's worth or indication of his or her future potential; it's only feedback about how to improve.

The last step is to support employees to develop a strategy for improvement. Focus on incremental, positive changes based on the standards and your understanding of the individual's current strengths and weaknesses.

The organization that maximizes the contributions of every person at every level within an organization will always have the advantage over those who don't.

### **INCLUSION IS THE KEY**

The ability to maximize the contributions of every person at every level within an organization is the key to insuring a competitive advantage. The organization that does this will always have the advantage over those that don't. We can't assume that, based on our good intentions, all managers are equipped to provide this level of developmental support for their people just because it is the right thing to do. The capability to provide strong developmental support for everyone, regardless of who they are, is a learnable skill. The investment made to provide this capability among the leadership within an organization provides the basis for consistently exceeding standards.

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It is important to create an environment where everyone in your organization (management and non-management) subscribes to a way of thinking that supports the development of all. Make sure that all of your policies and management practices are in place to reinforce that belief.

Your bottom line will be glad you did.

### **A NOTE FROM THE AUTHOR**

I would like to acknowledge the leadership and insights of Jeff Howard, founder of J.Howard & Associates (now Novations Group's Diversity & Inclusion Practice), who first articulated many of the ideas in this paper. If you would like further insights, or want to learn more, please read the following articles by Jeff Howard:

- *Manage Inclusion: Orchestrate Position and Build Dispositions* (available from Novations Group, Inc.)
- *Manager's Mindset: Winning the War for Talent* (available from Novations Group, Inc.)
- "You Can't Get There From Here: The Need for a New Logic in Education Reform," *Daedalus: Journal of the American Academy of Arts and Sciences*, vol. 124, no. 4 (Fall 1995), p.85–92.



## THE AUTHOR

Michael C. Hyter is President and Chief Executive Officer of Novations Group, Inc. Prior to joining Novations, Mr. Hyter held a wide range of human resources and leadership positions at the Dayton Hudson Corporation. In 1992, he became vice president of Community, Government Affairs and Public Relations for sixty-three Dayton's, Hudson's, and Marshall Field's stores.

He attributes the turning point in his professional development to his participation in a leadership development program delivered by Jeff Howard (J. Howard & Associates). Exposure to the efficacy principles, he attests, was paramount to his career acceleration. "That event made me understand more fully that development is a learnable process and how to be responsible for taking on incremental challenges and risks in my own career."

He was so impacted by the efficacy principles that in 1996 Mr. Hyter joined J. Howard & Associates. He was attracted to the organization because of its mission of developing talent and helping organizations increase the yield of their employees. In 1999, he was promoted to a managing director role and in 2001 was named President & CEO of J. Howard & Associates. Mr. Hyter went on to become President and COO of Novations Group (the parent company of J. Howard & Associates) and in 2006 became its President and CEO.

Throughout his career, Mr. Hyter's work with executives in Fortune 1000 companies has resulted in organization-wide initiatives that have enhanced the business objectives of those organizations. He has also helped them expand that work into their subsidiaries in Europe and Latin America. This work has been enhanced by the belief that one of the most effective ways to impact an organization's bottom line is by growing and developing the talent within the organization.

Mr. Hyter is co-author of *The Power of Inclusion: Unlock the Potential and Productivity of Your Workforce*, published by Wiley in 2005.

Mr. Hyter serves on the board of the Executive Leadership Council and the Citi Performing Arts Center (formerly the Wang Center) in Boston.



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**"Meritocracy—Responding to the Myth"**

was originally published in *The Handbook of Business Strategy*, vol. 5, no. 1, 2004, p.41-43.