

The Paradox of Meritocracy: Hidden Risks in Merit-based Performance Systems

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Abstract

Building on recent research on stratification and organizations, the goal of this article is to examine whether certain organizational efforts to promote meritocracy at the workplace could actually undermine it. We develop and empirically test the novel theoretical argument that when an organizational culture or ideology promotes meritocracy (compared to when it does not), managers in that organization may ironically show *greater* bias in favor of white men over equally-performing women and minorities in the translation of employee performance into salary increases. This is what we call the “paradox of meritocracy” effect. In order to assess this effect, we conducted an experiment with over 220 individuals with managerial experience in which participants were asked to compensate several employee profiles using monetary bonuses. We manipulated both the gender of the employees being rewarded and whether the company’s core values emphasized meritocracy in the performance evaluation-reward system. Our study finds that when an organization is explicitly presented as meritocratic, compared to when it is not, participants in managerial positions favor a male employee over an equally qualified female employee by awarding him a larger salary bonus. This finding is key for understanding why wage inequality still persists within jobs and work establishments today; it also demonstrates that the pursuit of meritocracy at the workplace may be more difficult than it first appears. We conclude by proposing future research directions to investigate why under which circumstances merit-based practices and ideologies may fail to solve gender and race bias within organizations.