

Building Merit-Based Organizations

Every organization claims to value merit. Almost none build the machinery that enforces it, and the difference between claiming and building is the difference between a high-performing institution and a tenured one.

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Merit is an organizational design problem. It is treated everywhere as a value, printed in mission statements and recited at town halls, and values enforce nothing. Systems enforce. An organization is merit-based only to the extent that its ordinary machinery, the way it screens, the way it rates, the way it promotes, makes performance consequential without anyone having to be brave. By that test, most organizations that claim merit do not practice it, and the federal government, whose merit commitment is written into statute, offers the clearest case study in the gap between the claim and the machine.¹

The argument of this article is a single design principle with three applications: systems get the behavior they reward, regardless of what they proclaim. This is the oldest conservative insight about institutions, that incentives govern where exhortation cannot, and it converts the merit question from rhetoric into engineering. Three or four mechanisms decide whether an organization actually runs on merit. Here they are, each with the federal exhibit showing its failure mode.

Mechanism one: transparent, job-related screening

A merit organization admits people through instruments that measure demonstrated capability against published criteria. The alternative admits people through instruments that measure something else while calling it capability. For years the federal government's front door was the occupational questionnaire, on which applicants rated their own expertise; the Merit Systems Protection Board documented the predictable result, that self-assessment rewards confidence over competence and screens out the honest.² Congress legislated the correction in the Chance to Compete Act, which requires technical, job-related assessments in place of self-certification.³ The lesson generalizes to any institution: whatever your screen actually measures is what your organization will eventually be made of. Design the screen accordingly.

Mechanism two: performance differentiation with consequences

A merit organization measures performance in a way that distinguishes levels of it, and then attaches consequences to the distinction: recognition, pay, opportunity at the top; correction and, where correction fails, separation at the bottom. The federal exhibit is the flattest measurement curve in institutional life. When the Government Accountability Office examined ratings across the government, 99.5 percent of employees were rated fully successful or above.⁴ A rating system in which effectively everyone passes at the same level is a system that has been captured by its own comfort. It cannot reward the excellent, because it cannot find them; it cannot correct the failing, because it has certified them; and it teaches every observant employee the true lesson of the institution, which is that the ratings are ceremony and the real currency is elsewhere. Differentiation without consequences is gossip. Consequences without differentiation is caprice. Merit requires both, joined.

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Mechanism three: promotion tied to demonstrated results

A merit organization advances people on the strength of what they have demonstrably done, judged against what the next role requires. The federal system advances people, to a remarkable degree, on the calendar. Time-in-grade rules make fifty-two weeks at one level a formal prerequisite for the next, and in practice the prerequisite functions as the case: tenure accumulates into eligibility, eligibility into expectation, expectation into promotion.⁵ The design consequence is precise and perverse. When time is the pathway, the behavior the system rewards is remaining, and organizations that reward remaining are eventually led by those who remained. The correction is equally precise: treat time as a floor, never as evidence, and require every advancement to carry a demonstrated-results case that would survive a skeptical reading.

The original alliance, and the objection it answers

It is worth remembering who built the first American merit machinery. The Pendleton Act of 1883 was carried by a coalition of reformers and conservatives who understood patronage as a corruption of equality before the law: if the state may hire its friends, then citizens are unequal before their own government, in employment as surely as in court.⁶ Competitive examination was equality's enforcement mechanism, the same test for the senator's nephew and the shopkeeper's son. Merit systems are egalitarian technology. That is their deepest defense.

It also frames the strongest modern objection, which deserves a full hearing: that "demonstrated results" and "job-related criteria" are administered by human beings, and administered standards drift toward the preferences of the administrators. Give managers sharper tools of differentiation and consequence, the objection runs, and some will use them to punish dissent, reward loyalty, and dress favoritism in the costume of rigor. This is not a hypothetical fear; it is the abuse the spoils

system perfected. The answer is that the objection describes discretion without transparency, and the mechanisms proposed here are transparency's instruments. A manager who must promote against published criteria, on a documented results case, under an appeals process, with his own rating distribution visible, has materially less room for favoritism than one presiding over the current ceremony, where the 99.5 percent rating hides every preference behind a uniform grade. Opaque systems protect the favorite. Measured ones expose him. The remedy for administered merit is administration in the open, which is precisely what the prohibited personnel practices in current law were written to guarantee.¹

The machinery test

Any organization, public or private, can audit itself with four questions. Does our screen measure demonstrated capability against published criteria? Does our rating instrument actually distinguish levels of performance, and do the distinctions carry consequences in pay, opportunity, and correction? Does advancement require a results case, with tenure as a floor rather than the argument? And can an ordinary employee see enough of the system to trust it? Answer honestly, and the mission statement becomes irrelevant, because the machinery has already declared what the institution values. This institute's Foundational Paper No. 1 develops the full framework for the federal case. The point pressed here is the one that precedes it: merit is never a slogan an organization adopts. It is a machine an organization builds, and the building is the proof.

NOTES

1. 5 U.S.C. § 2301(b) (merit system principles); 5 U.S.C. § 2302 (prohibited personnel practices).
2. U.S. Merit Systems Protection Board, studies of federal occupational questionnaires and applicant self-assessment.
3. Chance to Compete Act of 2024, Pub. L. No. 118-188.
4. U.S. Government Accountability Office, GAO-16-520R, Distribution of Performance Ratings Across the Federal Government, 2013 (May 2016).
5. 5 C.F.R. § 300.604 (time-in-grade restrictions).
6. Pendleton Civil Service Reform Act, ch. 27, 22 Stat. 403 (1883).

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