



# The Tension Between Hul's Scrupulous Meritocracy and the Need for Psychological Safety

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**Abstract** – Hindustan Unilever Limited (HUL) has long been recognized for its strong performance-driven culture, often described as a scrupulous meritocracy where rewards, recognition, and career progression are closely tied to measurable outcomes and individual contribution. This meritocratic system has played a critical role in building managerial excellence, operational efficiency, and sustained competitive advantage. However, as organizational contexts evolve and work becomes more complex, collaborative, and innovation-driven, concerns have emerged regarding the unintended consequences of an intensely meritocratic culture—particularly its impact on psychological safety defined as an environment in which employees feel safe to voice ideas, concerns, and mistakes without fear of negative consequences—is increasingly viewed as essential for innovation, learning, and employee well-being. This paper examines the paradox within HUL's organizational culture, where strong merit-based systems may inadvertently suppress open dialogue, risk-taking, and experimentation. By analyzing HUL's talent management practices, performance appraisal mechanisms, and leadership expectations, the study explores how excessive performance pressure can undermine trust and inclusivity. The abstract further discusses the strategic implications of balancing meritocracy with psychological safety, arguing that sustainable high performance requires not only rewarding excellence but also fostering environments that encourage candor, collaboration, and learning from failure. The paper concludes by highlighting pathways through which HUL can recalibrate its cultural framework to harmonize meritocratic rigor with psychological safety, thereby reinforcing both employee engagement and long-term organizational resilience.

**Keywords** – Meritocracy, Psychological safety, Performance culture, Hindustan Unilever Limited.

## I. INTRODUCTION

Hindustan Unilever Limited (HUL) has long been regarded as a benchmark organization in India for leadership development, performance excellence, and talent management. Renowned for its rigorous systems, transparent evaluations, and unwavering emphasis on meritocracy, HUL has cultivated a culture where performance, capability, and results decisively shape career progression. This scrupulous meritocratic framework has been instrumental in building a steady pipeline of high-performing leaders and sustaining the company's competitive advantage in a dynamic and demanding market. However, as organizational research increasingly highlights the importance of psychological safety in fostering innovation, learning, and employee well-being, a subtle yet significant tension emerges between HUL's high-performance ethos and the human need for safe interpersonal environments.

Meritocracy, by design, rewards excellence and holds individuals accountable for outcomes. At HUL, this manifests through demanding targets, continuous performance assessments, and early leadership responsibilities. While such practices sharpen managerial capability and instill a strong ownership mindset, they may also inadvertently create environments where employees feel constant pressure to prove their worth. In highly competitive meritocratic systems, the fear of being judged as underperforming can discourage individuals from admitting mistakes, voicing dissenting opinions, or experimenting with unproven ideas. Over time, this can limit open dialogue and constrain the very learning behaviors that organizations require to adapt and innovate.

Psychological safety, defined as a shared belief that the workplace is safe for interpersonal risk-taking, plays a critical role in enabling employees to speak up, ask questions, and challenge prevailing assumptions without fear of negative consequences. Research suggests that teams characterized by high psychological safety demonstrate superior problem-solving, creativity, and resilience. Yet, cultivating such an environment within a system that relentlessly differentiates performance and ranks talent presents a complex managerial challenge. The emphasis on "earning one's place" in a meritocracy can coexist uneasily with norms that encourage vulnerability and candid expression.

This tension is particularly salient for HUL, given its legacy of grooming leaders who thrive under pressure and deliver results in ambiguous contexts. The organization must reconcile the discipline and fairness of its meritocratic processes with the softer, yet equally critical, requirement of fostering trust and emotional security. Doing so is not about diluting performance standards, but about redefining how excellence is achieved and sustained. As the nature of work evolves—becoming more collaborative, knowledge-intensive, and innovation-driven—the ability to balance meritocracy with psychological safety becomes a strategic imperative rather than a cultural luxury.

This paper explores the inherent tension between HUL's scrupulous meritocracy and the need for psychological safety, examining how high-performance systems can unintentionally suppress open communication, and how organizations like HUL can design leadership practices that preserve rigor while enabling psychological safety.



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Through this lens, the discussion aims to contribute to broader debates on sustainable performance cultures in contemporary organizations.

## II. REVIEW OF LITERATURE

The concept of meritocracy in organizations is rooted in the principle that individuals should be rewarded based on ability, effort, and performance. According to Young (1958), meritocracy promotes fairness and efficiency by aligning incentives with contribution. In organizational settings, meritocratic systems have been associated with higher motivation, goal clarity, and productivity (Pfeffer, 1998).

However, recent research has highlighted the potential downsides of strict meritocracy. Castilla and Benard (2010) argue that merit-based systems can unintentionally intensify competition and bias, leading to stress and reduced collaboration. When performance metrics are narrowly defined, employees may prioritize short-term results over learning and experimentation.

Psychological safety, introduced by Edmondson (1999), refers to a shared belief that the workplace is safe for interpersonal risk-taking. Empirical studies have consistently linked psychological safety to improved learning behavior, creativity, and team performance (Edmondson & Lei, 2014). In psychologically safe environments, employees are more likely to voice concerns, share unconventional ideas, and admit mistakes—behaviors essential for innovation and continuous improvement.

The interaction between performance pressure and psychological safety has been a growing area of research. Baer and Frese (2003) found that high performance standards can coexist with psychological safety when organizations emphasize learning rather than blame. Conversely, environments characterized by intense evaluation and comparison may suppress voice behavior and increase fear of failure (Detert & Edmondson, 2011).

In large multinational corporations, this tension is particularly pronounced. Organizations like HUL operate in complex markets that demand both execution excellence and adaptive learning. Existing literature suggests that leadership behavior, evaluation systems, and organizational norms play a crucial role in determining whether meritocracy supports or undermines psychological safety.

J Rey-Perez, A Perecra Roders-2020 Made research on Systematic review, eight years after the adoption of the HUL approach The concept 'Historic Urban Landscape' has been used in research since 2008. However, the first case studies implementing the HUL approach were not published until 2013. While there is an abundance of theoretical research in relation to the HUL concept and approach from different perspectives and to varying degrees of depth, the case studies which practically demonstrate the HUL approach and its six steps are scarce. This paper will

also show how feasible the steps are and which are used the most.

Sovia R.J. Singh-2022, took research in Effect of motivating language on employee performance: mediating role of organisational citizenship behaviour and employee engagement in the healthcare sector inducing employee's performance in context to patientcare, safety and satisfaction. Underpinning theory of leader member exchange substantiates that the role of leader is pivotal in daily interaction with the stakeholders. Self-determination theory of motivation is determined by psychological needs satisfaction inducing employee engagement and organisational citizenship behaviour, amplified through the leader's motivating language, resulting into improved patientcare and patient safety. The findings state that leader's motivating language impacts the high culture context like health-care professionals, as observed in the Indian health-care sector during COVID-19. The findings are indicative of developing non-cognitive personality traits for managerial skills.

S Ryan-2023, made a study on Debunking Generational Theory in the Workplace & Alternative Strategies for Understanding and Catering to the Post-Pandemic Spectrum of Workplace Values & Motivations Generational theory as applied to the workplace has proven to be an ineffective strategy, as the constructs of generations inappropriately stereotype individuals and age cohorts based on a reductionist view of what each age cohort values and prioritizes. Therefore, by replacing a generational approach to managing employees across a wide spectrum of chronological ages with perspectives that emphasize individual intrinsic motivational factors, organizations can better address the spectrum of values and priorities of their diverse workforces through targeted efforts to develop intrinsic motivation for each employee's unique role within the organization. Although research is ongoing to determine the most effective strategies for reducing negative psychological impacts of the pandemic and conforming to new post-pandemic work norms, compassionate and employee focused organizational cultures will be the most effective for reducing burnout and continuously motivating employees for improved engagement, performance, and retention.

Priyanka Vallabh-2024, Took a study on psychological safety matter for innovative behaviour in hybrid workforce? The role of proactive personality, inclusive leadership and affective climate The study aims to understand the impact of psychological safety on employee creativity leading to innovative behaviour in a hybrid workforce. It further examines the drivers of psychological safety: inclusive leadership and affective climate as well as the interaction of employee creativity and proactive personality on innovative behaviour at remote work, and also However, the results show there is no interaction of a proactive personality with employee creativity on innovative behaviour. Also, the results have supported the social network theory, which



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says that the strong ties among employees promote innovative behaviour.

### III. STATEMENT OF THE PROBLEM

HUL's scrupulous meritocracy has been instrumental in driving high performance and leadership development. However, as business challenges become more ambiguous and innovation-dependent, there is growing concern that excessive performance pressure may discourage openness, experimentation, and employee voice.

Despite increased attention to employee well-being and inclusion, organizations like HUL face the challenge of ensuring that their meritocratic systems do not inadvertently create fear of failure or silence dissenting perspectives. The central problem addressed in this article is the difficulty of balancing rigorous performance expectations with the need for psychological safety in a highly competitive corporate environment.

#### Scope of the Study

The scope of this article is limited to examining the cultural and behavioral dynamics within HUL as a representative case of a performance-driven multinational organization. The study focuses on meritocracy and psychological safety as organizational constructs and does not aim to evaluate individual performance outcomes or financial metrics.

The analysis draws primarily on secondary data, theoretical frameworks, and publicly available insights into HUL's culture and leadership philosophy. While the discussion centers on HUL, the findings are relevant to other large organizations with similar performance-oriented cultures.

#### Research Gap

Although extensive literature exists on meritocracy and psychological safety independently, limited research examines their interaction within high-performing organizations in emerging markets. Most studies focus on Western contexts or startups, leaving a gap in understanding how established multinationals like HUL manage this balance.

Furthermore, there is insufficient exploration of how leadership practices and evaluation systems can reconcile performance rigor with emotional and psychological safety. This article seeks to address this gap by offering a contextualized analysis of HUL's organizational culture.

#### Objectives of the Study

- To analyze the nature of meritocracy within HUL's organizational culture
- To examine the importance of psychological safety in high-performance environments
- To explore the tension between performance pressure and employee voice at HUL
- To identify practices that can balance meritocracy with psychological safety

### IV. RESEARCH METHODOLOGY

This study adopts a qualitative and conceptual research methodology. It relies on an extensive review of academic literature, organizational behavior theories, and contextual analysis of HUL's corporate practices. The approach is exploratory in nature, aiming to generate insights rather than test hypotheses.

#### Analysis and Discussion

##### HUL's Scrupulous Meritocracy

HUL's meritocracy is characterized by clear performance metrics, regular evaluations, and differentiated rewards. Employees are expected to demonstrate ownership, resilience, and consistent delivery. This system creates a strong sense of accountability and ambition, contributing to **HUL's reputation for excellence.**

However, such rigor can also intensify internal competition. When success is closely tied to visible outcomes, employees may become reluctant to admit mistakes or seek help, fearing negative career implications.

##### The Role of Psychological Safety

Psychological safety enables employees to engage in learning behaviors essential for long-term success. In HUL's context, this is particularly important as the organization navigates digital transformation, sustainability challenges, and evolving consumer expectations.

Without psychological safety, teams may struggle to challenge assumptions or experiment with new approaches, limiting innovation despite high individual competence.

##### The Emerging Tension

The tension arises when performance evaluation systems prioritize flawless execution over learning. Employees may perceive mistakes as threats rather than opportunities for growth. This perception can undermine trust and openness, even in organizations with strong values and ethical standards.

### V. CONCLUSION

This article highlights that while HUL's scrupulous meritocracy has been a powerful driver of success, it must evolve to meet the demands of a rapidly changing business environment. Psychological safety is not a substitute for performance discipline but a necessary complement to it.

For HUL and similar organizations, the challenge lies in redefining merit to include learning, collaboration, and constructive risk-taking. Leaders play a critical role in signaling that speaking up, questioning assumptions, and acknowledging failures are valued behaviors.

In conclusion, the tension between HUL's scrupulous meritocracy and the need for psychological safety is not a contradiction to be resolved by choosing one over the other, but a paradox to be consciously managed. While HUL's performance-driven culture has been instrumental in



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building excellence, leadership depth, and competitive advantage, an overemphasis on relentless evaluation can inadvertently discourage vulnerability, risk-taking, and open dialogue—qualities that are increasingly critical in a volatile and innovation-led business environment.

Psychological safety does not dilute meritocracy; rather, it strengthens it by enabling employees to voice dissenting ideas, admit mistakes early, and learn collectively without fear of reputational damage. For HUL, the future lies in recalibrating its meritocratic rigor with empathetic leadership, inclusive feedback mechanisms, and a redefinition of success that values learning alongside outcomes. By embedding psychological safety into its meritocratic framework, HUL can sustain high performance while nurturing resilience, creativity, and long-term organizational trust—ensuring that excellence is not only measured by results, but also by the human experience behind them.

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