

## DIVERSITY AND COMPETITIVE ADVANTAGE AT MERCK

by Raymond V. Gilmartin

Diversity is one of the most frequently used words in the modern lexicon of business. It is often referred to as a goal, an end in itself, or simply "the right thing to do." Although William Bowen, Derek Bok, and Glenda Burkhart make a compelling case that diversity among students promotes the educational and societal missions of the nation's selective colleges and universities, it may not be clear from their analysis why diversity is good for business. Would Merck's chemistry group necessarily discover better molecules if it were more diverse? Does a parent care whether the medicine that saves a child's life was invented by a white chemist or a black one? Would, or even should, a shareholder care?

In *The Wealth of Nations*, Adam Smith observed that "every [corporation] endeavors to employ its capital so that its produce may be of greatest value. By pursuing its own interest it frequently promotes that of society more effectually than when it really intends to promote it." It's not that we at Merck don't care about doing the right thing, but we believe, like Adam Smith, that our job is to focus on our business. Pressing for diversity, absent a business rationale, may do more harm than good.

To meet our financial goal of performing in the top quartile of leading health care companies, we need people who can discover and develop important new medicines and market them effectively around the world. What policies and practices can help us assemble such people? Would anyone suggest seriously that pursuing workforce homogeneity would be a smart strategy? Of course not. A homogeneous workforce would inevitably exclude some superior individuals, and it would also preclude a keener understanding of the varied customer and cultural demands of the global market.

We begin, then, with the simple premise that we need to hire and develop the best people we can find. If our people achieve their full potential, Merck will succeed. We don't isolate diversity as a distinct program within the company; instead, we include it as an integral part of our business practices and training strategy. We expect all leaders at Merck to achieve key human resource goals—including diversity—and we use those goals to judge the performance not only of individual managers but also of whole divisions and the entire corporation.

How do we make sure we have access to the kind of people we need? What does it mean, in practice, to be

inclusive? Consider two very different recruiting initiatives we've designed.

The first focuses on the long term. Merck has a direct stake in supporting medical and science education in a broad array of colleges and universities. In 1995, to address the shortage of talented minority students who choose biomedical research as a career, Merck made a ten-year, \$20 million commitment to the United Negro College Fund to provide scholarship awards and internships. This program will expand the pool of outstanding minority researchers available to the general scientific community. More particularly, we hope that many of them will one day join the Merck Research Laboratories. In addition to our UNCF efforts, we also work with school districts near our facilities in Pennsylvania and New Jersey to improve science education.

The second recruiting initiative was tailored to handle a recent surge of new product introductions. We had to hire an unprecedented number of field reps and we had to do it quickly.

First, we asked the hiring managers to identify the traits, skills, and behaviors most critical to job performance. We then developed a process to screen for those competencies at various stages of candidate assessment: résumé screening, telephone evaluation, and final interview. Scoring each candidate on the individual criteria gave us an objective ranking of the candidates with the highest potential.

Compared with earlier recruitment efforts, this process was more efficient and gave us greater consistency throughout all regions of the country. And there was another interesting effect: the people we hired were an even more diverse group than those we had hired as reps in the past. Diversity, in other words, was a welcome outcome of an inclusive hiring process that was based entirely on business-directed criteria.

Whether it's in the lab or in the marketplace, competitive advantage in a business like ours rests on innovation. To succeed, we must bring together talented and committed people with diverse perspectives—people who can challenge one another's thinking, people who collectively approach problems from multiple points of view. We will continue, therefore, to cast the widest net in our search for talent—because it is the smart thing to do.

*Raymond V. Gilmartin is chairman and CEO of Merck & Company in Whitehouse Station, New Jersey.*

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