



# EMPLOYEE RESOURCE GROUPS – CHALLENGES, POTENTIAL AND DIRECTION OF DEVELOPMENT

**Tomasz Dąbrowski, Beata Markowska**

For many years they have been an inseparable element of the corporate landscape, aimed at, among others, supporting the processes of building a culture of diversity and inclusion in business. Although their presence is a fact, we still know little about them, we do not always understand their importance in the field of diversity & inclusion, and we do not necessarily see the problems they face.

Employee Resource Groups (ERGs) are internal company groups created for and managed by employees on a volunteer basis. ERGs can focus on social issues (e.g. ecology, health), professional context (e.g. engineers, programmers), as well as on diversity issues such as gender (women's career support groups), disability, LGBTI<sup>1</sup>, age, etc. From the perspective of this article, we will be interested in the latter category, linking ERGs with the topic of diversity management.

### Helping to reap the benefits of diversity

The history of ERGs began with Affinity Groups, which were formed as small, informal groups of employees from a given minority, focused on common challenges and interests. Their main objective was the network within the group. Over time, they evolved into Employee Network Groups (ENGs) and then Employee Resource Groups (ERGs), strategically important for shaping an inclusive corporate culture. The next stage of employee resource group development, which we notice in some companies, are Business Resource Groups (BRGs), emphasising the strong bond of the ERG with the business.

The aim of ERGs operating in the area of Diversity & Inclusion (D&I) is to strengthen the culture of diversity and inclusion through joint actions for the benefit of employees, the company and the immediate environment. Their actions should be related to the mission, policy and D&I strategy of the company. ERGs help businesses to benefit from diversity and at the same time influence the situation of people affected by their activities (e.g. people aged 50+, women). What is important is that the groups' activities include not only representatives of a given social group, e.g. women, but also people supporting a given group and its goals, i.e. allies. Research shows that 90 percent of Fortune 500 companies have ERGs<sup>2</sup> within their structures.

### Business case for ERGs

In the discussion about the legitimacy of setting up and supporting ERGs, one can only try to state that any bottom-up initiative involving employees is valuable in some way. However, this is a truism. Therefore, it is worth looking at the arguments that explain the legitimacy of setting up ERGs. So what is the business case for employee resource groups? The ar-

guments presented in the "Business case for employee resource groups" box provide a basis for treating ERGs as a business development partner and not only as a bottom-up initiative to meet the needs of the people involved. Employee resource groups have the potential to support the company's strategic goals.

### How to measure the success of employee resource groups

As with all projects, ERG activities should be regularly measured by their leaders, such as HR or D&I units, and ultimately by top management. The effectiveness of an ERG can be measured on many levels. The most common indicators are:

#### Involvement in ERG activities:

- ▶ number of persons actively supporting the ERG's activities;
- ▶ increase in the number of ERGs over time;
- ▶ number of people using the ERG offer, e.g. participating in meetings, workshops;
- ▶ number of managers participating in/supporting the ERG programme;
- ▶ time spent by managers on activities organised by the ERG;
- ▶ the frequency of internal meetings of the ERG and its activities;
- ▶ the time spent by those active in the ERG on its activities.

#### Effectiveness of programmes and activities:

- ▶ results of employee surveys that may relate to specific events or ERG activities in general;
- ▶ the number and quality of contacts that the ERG managed to build through its activities (universities, clients, NGOs, internal departments);
- ▶ observing the development path of staff who hold ERG leadership positions (whether they were included in talent programmes or promoted);
- ▶ sustainability (repetition, cyclicity) of ERG activities;
- ▶ the range of activities undertaken by the ERG (e.g. number of recipients, scale of media coverage);
- ▶ non-company collaboration, benchmarking with other ERGs;

- ▶ the budget at the disposal of the ERG;
- ▶ specific indicators – involvement in recruitment processes, participation in forums aimed at developing new products, activity in conflict resolution committees, scale of involvement in onboarding, number of people covered by mentoring programmes, etc.

We often observe a change in attitudes in the environment in which the employee resource group operates, and a positive perception of its activity. However, this is a subjective feeling. The measurability of ERG activities continues to face problems due to the small number of objective indicators that would clearly define the quality of the activities.

### Efficient support structure for ERGs

ERGs, even though they are the result of a grassroots initiative of employees, are very specifically embedded in the corporate structure, which aims to ensure consistency of activities with the D&I strategy and to support and promote their activities at all levels of the organisation. ERGs often have their own budget to support the most promising initiatives (see box: “Examples of functions in company structure working closely with employee resource groups”).

In order to structure ERG activities, companies often define specific areas on which people involved in their activities can focus. An ERG may operate on one or more themes of its choice. Example ERG pillar programmes include:

- ▶ *Recruitment and attraction* – support through actions that build a positive image of the employer and address specific groups, e.g. a women’s network running coding workshops for girls to encourage them to undertake a technical path of development.
- ▶ *Talent development* – support for company educational programmes, mentoring, coaching, activities helping to understand a given culture or community, reverse mentoring programme.
- ▶ *Integration and inclusion* – strengthening the sense of belonging of employees to the organisation through networking and social events; buddy system for new employees, facilitating their integration.
- ▶ *Business development* – commitment to building customer relationships through joint social activities and support for marketing activities based on knowledge of a specific demographic group, e.g.

product testing by ERGs, focusing on people with disabilities, or the LGBTI community.

The areas around which ERG activities are concentrated depend on the company’s strategy and priorities. However, it is important for ERGs to have general guidelines that make it easier for them to build their own strategy and to include it in the objectives of the organisation of which they are a part.

### Challenges

Despite the benefits for the employer and employees, employee resource groups face many challenges, which depend on the maturity of the organisation and the support of the programme. Analysing ERG operations in Poland, we have identified significant challenges they face:

- ▶ The belief that the mere fact of setting up ERGs will solve problems in a specific area of D&I. This is a cliché, but in order for employee resource groups to be able to change their business for the better they must be active. It’s that simple. If they are only “appointed”, if they do not act, then they become fiction.
- ▶ Blurring or lack of clear objectives – ERGs without a strategy and clear action plan tend to be random in their activity, focusing on side or even irrelevant themes, which leads to a depreciation of their importance, and a decrease in their activity.
- ▶ Unrealistic strategy – ERGs will not solve all problems. Setting expectations that are impossible to meet leads to discouragement.
- ▶ Lack of visible support from managers who believe that time spent on ERGs is time taken away from business. This lack leads to ERG activity not being seen as strategic.
- ▶ Measurement of activity, evaluation – difficulties in proving effectiveness translate into decreasing importance for business.
- ▶ Limited involvement – like any volunteering programme, ERGs are struggling with commitment and lack of time.
- ▶ Lack of a clear structure – it is often the case that the ERG has one or two leaders on whose shoulders rest the whole ERG’s activities: communication, logistics, budget management, etc. The lack of a clear division of roles within the ERG leads to the rapid burnout of leaders.

- ▶ Lack of finances to operate effectively – without access to finances ERGs are unable to effectively manage their activities.
- ▶ Cooperation between companies – employee resource groups can learn a lot from each other, as exemplified by the cooperation of LGBTI networks in Krakow and Warsaw. Developing cooperation platforms (such as Diversity Hub) are conducive to strengthening ERG activity, transfer of good practices, shared ideas, and learning.

It should be stressed here that the discussion on the risk of ERGs becoming closed (homogeneity) is becoming more and more visible. It often happened that the ERG consisted only of representatives of a given demographic group, e.g. women. This reduces dialogue and creates a sense of exclusion among workers who are not representatives of a given group. For this reason, there are increasing numbers of postulates declaring the abandonment of the concept of ERGs for disadvantaged groups (women, LGBTI) in favour of Inclusive Councils<sup>10</sup>, which are intended to be a platform for cooperation between diverse groups of working people, aimed at inclusion understood more broadly than from the perspective of a single group, and at the same time providing an opportunity to include new allies and sponsors in the discussion. Our experience in Poland shows that activities aimed at involving people who favour the groups in them, e.g. men in women's groups, people who do not identify themselves with the LGBTI community in the "Pride" networks, are a fact. Nevertheless, companies still need to be vigilant on this subject.

### How to ensure the effectiveness of employee resource groups

If we are only just planning to start ERGs in our company, it is worth looking at a few key tips that will help in a good start (see diagram: "Model for initiating the operation of an employee resource group"). If the network is already operational, it is worth considering what can help in its development, both on the part of the people involved in its activities (see box: "Activities of involved people serving to develop ERGs"), as well as that of the organisation. The latter, in order to fully develop the potential of the employee resource group, can support them through:

- ▶ setting up a supportive structure and clear objectives that will allow ERGs to operate effectively, from the moment the idea of the group emerges, through the process of defining the group's mission and

objectives, to the promotion of the ERG and its integration into the organisation's business activities;

- ▶ defining the challenges faced by the organisation; a discussion involving the ERG on specific solutions creates a sense of employees' influence on the company's activities, increases involvement, and sets a specific direction;
- ▶ communication at all levels, explaining the value of ERG activities to the business and organisational culture;
- ▶ motivating employees active in the ERG; this is extremely important in maintaining commitment, so it is worth creating a system of regular pay based on the achievements of the members of the group;
- ▶ involvement of senior managers in actions, meetings, ERG activities;
- ▶ the allocation of financial resources to the budget of the ERG to make its activities possible;
- ▶ improving the quality of the ERG – this can be achieved by providing employees with opportunities for additional development in the form of including them in mentoring programmes allowing for contact with top management, or including group leaders in talent programmes for employees with the highest potential.

### Instead of a summary

With this text we wanted to open a discussion on the condition and directions of development of ERG activities. We believe that they are an important element of the corporate landscape, supporting the development of an inclusive culture. In autumn 2018, under the patronage of *Personel Plus*, the first inter-company meetings of ERGs began, organised by the Diversity Hub think tank. They will aim at mutual learning and support. We are currently beginning a study on the effectiveness and efficiency of ERG activities, the results of which will also be published in *Personel Plus*. We cordially invite you to participate in both initiatives. We encourage you to contact the authors of the article.

### Model for initiating the operation of the employee resource group

By definition, the ERG is a bottom-up initiative created from the needs of the employees. This model shows how HR or D&I staff can initiate such an action if the ERG programme is not well known among the employees.

## BUSINESS CASE FOR EMPLOYEE RESOURCE GROUPS

**Networking, engagement, cooperation and integration** – ERG activity involves creating a space where people can get to know each other in action, go beyond formal frameworks, establish relationships, and engage in topics important to them. They give the possibility of influence. They are a tool for building commitment, trust, integration and development of cooperation.<sup>3</sup>

**Problem Solving** – through the knowledge of the situation of people who support them, ERGs help to solve problems, break down barriers and break down stereotypes.<sup>4</sup> They can also help to solve problems in relations with customers, partners or suppliers if they concern the D&I sphere.

**Development of business, including products and services** – the involvement of ERGs in expanding (adapting) the business offer<sup>5</sup> is still underestimated. Meanwhile, ERGs are a natural expert environment that allows for noting the needs of a specific group (young people, women, LGBTI, etc.), providing knowledge of the market, and consulting on or designing products or services offered to these groups.

**Recruitment and Attraction** – research shows the impact of ERGs on attracting candidates, as well as on the process of adaptation of newly recruited people.<sup>6</sup> For many people ERG activity is proof of the implementation of the demands of an inclusive working environment. The involvement of ERGs in consulting on job descriptions, job offers and the recruitment process itself (e.g. opening up to disability) cannot be overestimated.

**Talent Development** – ERGs are a natural place for the development of leadership and talent, and the emergence of leaders.<sup>7</sup> Offering a range of development activities (training, discussions, projects), they are a place of personal development.

**Employer branding** – ERGs support the processes of building an open, inclusive image of the company, making it more authentic. They also help to build relations with the surroundings<sup>8</sup> – NGOs, universities, business environment institutions, media, and other companies.

**Strengthening communication with senior management** – the developed ERG offers the possibility of multidimensional cooperation with senior management, creating an additional communication channel, a discussion space, and the chance to avoid disturbances in vertical communication.

**Support for diversity policy** – the study concludes that ERGs are a critical element in building a culture of inclusion and diversity.<sup>9</sup> They are a tool in the process of creating, implementing and evaluating D&I activities – a guarantor of their adequacy and grassroots spirit.

## ACTIVITIES OF INVOLVED PEOPLE SERVING TO DEVELOP ERGs

Organisations/people supporting employee resource groups should help to build a strategy that reflects the values and objectives of organisations at global, regional or local levels.

Defining achievable but also ambitious and measurable objectives and an action plan (including a budget) is extremely important.

There should be clear roles, leaders, and assigning ownership.

It is extremely important to open the ERG's activities to the entire community of the company, and not only to the representatives of a given group. Inviting everyone to a dialogue and involving them in the group's activities is crucial for building an inclusive culture.

Cooperation between ERGs supports diversity and inclusiveness.

# EXAMPLES OF FUNCTIONS IN COMPANY STRUCTURE WORKING CLOSELY WITH EMPLOYEE RESOURCE GROUPS

**ERG Programme Manager** – a person in the HR structure whose responsibilities include coordination, support and promotion of employee resource groups at the corporate level. In global organisations, where we have several dozen or even hundreds of groups, contact with all groups is limited, so an additional structure is often created in the form of a council.

**Council** – at global, regional and/or national levels, it may cover a specific area, e.g. disability, LGBTI, or inclusion in general. It includes top management, and its aim is to set the strategic direction in a given area of D&I.

**Executive sponsor** – a person in a managerial position who ensures that the ERG's activities are consistent with the company's business values and objectives. This person is often an authority who, through their authenticity and their actions, helps in instilling specific inclusive behaviours. ERGs often choose to work with a sponsor who does not come from their demographic group to open and strengthen social dialogue.

**D&I/HR programme leader** – supports the ERG in terms of content and communication. This is a person who addresses the problems faced by employee resource groups, takes care of the quality and continuity of dialogue between the business and ERGs, and coordinates their activities at the national level. They also secure the budget for the group's key activities.

- 1 Acronym referring to lesbian, gay, bisexual, transgender and intersex people.
- 2 Center for Women and Business at Bentley University; *Taking Employee Resource Groups to the Next Level*, 2017.
- 3 E.M. van Aken, D.J. Monet, D.S. Sink, "Affinity groups: The missing link in employee involvement", *Organizational Dynamics*, 1994/22(4), pp. 38-54.
- 4 R. McGrath, W.L. Sparks, "The importance of building social capital", *Quality Control and Applied Statistics*, 2005/50(4), pp. 45-49.
- 5 Mercer, *ERGs Come of Age: The Evolution of Employee Resource Groups*, 2011.
- 6 Center for Women and Business at Bentley University, *Taking Employee...*
- 7 M.M. Kaplan, E. Sabin, S. Smaller-Swift, *The Catalyst Guide to Employee Resource Groups. Volume 1: Introduction to ERGs*, 2009.
- 8 Mercer. *ERGs Come of Age...*
- 9 M.M. Kaplan, E. Sabin, S. Smaller-Swift, *The Catalyst Guide...*
- 10 See: <https://www.businessinsider.com/deloitte-replacing-diversity-groups-for-minority-employees-2017-7?IR=T> (Access: 10.10.2018).

THE ARTICLE WAS PUBLISHED IN PERSONEL PLUS IN NOVEMBER 2018