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Andrew Lundgren
Cornell University

Rachael Berkoff
Cornell University

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In What Ways do Employee Business Resource Groups Positively Impact the Company's Business Results?

Abstract

[Excerpt] Employee resource groups (ERGs) are being utilized by 90% of Fortune 500 companies in their quest to create diverse and inclusive environments that reflect a changing workforce and marketplace. ERGs began as inward-looking affinity groups designed as safe spaces for underrepresented groups of employees and a means to recruit and retain diverse employees. ERGs are now becoming more strategic parts of the organization where their goals are mapped directly to the business' objectives (Figure 1 highlights the evolution of ERGs). As these groups mature, businesses are now looking for new ways to utilize ERGs power and their diverse workforce to drive positive business results. Figure 2 highlights where businesses believe ERGs can have the most business impact.

Keywords

Human Resources, HR, EBRG, employee business resource groups, fortune 500, ERGs, workforce, affinity groups, diverse, business impact, recruitment, retention, mentorship, senior leadership, inclusion, governance

Comments

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EXECUTIVE SUMMARY

RESEARCH QUESTION

In what ways do Employee Business Resource Groups positively impact the company's business results?

INTRODUCTION

Employee resource groups (ERGs) are being utilized by 90% of Fortune 500 companies in their quest to create diverse and inclusive environments that reflect a changing workforce and marketplace.¹ ERGs began as inward-looking affinity groups designed as safe spaces for underrepresented groups of employees and a means to recruit and retain diverse employees. ERGs are now becoming more strategic parts of the organization where their goals are mapped directly to the business' objectives (Figure 1 highlights the evolution of ERGs).² As these groups mature, businesses are now looking for new ways to utilize ERGs power and their diverse workforce to drive positive business results. Figure 2 highlights where businesses believe ERGs can have the most business impact.

BUSINESS VALUE OF ERGs

- 1. Product Development-** ERGs contribute to the development of products that target customers from their demographic groups.
 - In 2016, CVS launched a first-of-its kind initiative with the Department of Veterans Affairs to expand access to high quality and convenient care services for veterans in California. When developing the pilot, CVS consulted a focus group with its VALOR colleague resource group (CRG) members to inform them of the launch. The feedback was exceptional and helped to derive service standards and program workflows that would best meet the needs of its veterans.³
- 2. Marketing to Customers-** ERGs draw on the insights of employees with cultural ties to particular markets to help marketing, customer relations and sales personnel connect with customers.
 - GM challenged its ERGs to contribute to the bottom line by producing business plans that include market outreach. The plan focused on building brand ambassadors and targeting marketplace constituents to help increase vehicles sales. ERG members generated more than 950 vehicle referrals and influenced the purchase of nearly 500 vehicles, influencing \$12.5 million in revenue.³
- 3. Recruitment and Retention-** ERGs enable focused coaching, mentoring and sponsoring which creates a higher degree of connection within the organization and results in lower turnover.
 - Following a recent expansion, Cummins needed to recruit for positions in Africa. The company's African American Affinity Groups researched and analyzed demographics in Africa to determine how to best secure local talent. They also worked with African employees and with HR to help develop recruitment efforts in the various countries where Cummins has a presence.⁴
- 4. Professional Development-** ERGs are a proving ground for emerging leaders, providing ample opportunities to stretch beyond core competencies
 - Comcast's ERG Mentorship Program, started in 2012, enhances the professional development initiatives of the ERGs by providing opportunities for one-on-one mentoring relationships with

senior leaders. The program's goals are to provide mentees with direct access to successful and talented senior level mentors; and to inspire and foster high-potential employees.⁵

5. **Community Outreach-** ERGs contribute to business operations by participating in community service work that enhances the company's brand.

- For Pride events throughout the United States, Macy's Pride Network launches a full ad campaign, including branded T-shirts for all Macy's employees. The campaign includes Pride kiosks, that access Macy's online Pride registry for wedding and commitment ceremonies.⁴

KEY CONCERNS

Deloitte Case: In July 2017, Deloitte made a decision to phase out ERGs, stating that ERGs have become a convenient excuse for a lack of progress and the overarching objective of these groups never materialized: that they would help "out-group" employees reach the top echelons of leadership. Deloitte points out that these networks divide groups of people and rather isolate them from other networks of people that could be key in determining their growth within the organization. In its place, the firm will move to set up "Inclusion Councils" which will include a mix of people to tackle diversity issues and specifically aim to get a broader buy-in, specifically from white males. Reactions to Deloitte's decision have been mixed and it's too early to know the long term impact.⁶

More Research Needed: To date, there have been no randomized controlled trials (and very little academic research overall) tracking the impact of ERGs on business productivity, member advancement and professional development. Most research has been conducted by consulting firms, and most is comprised of surveys that collect data and views at one point in time.¹

HOW TO MAXIMIZE ERG EFFECTIVENESS

1. Ensure ERGs have formal governance, defined roles, reporting structures, and expected outcomes.
2. ERGs must have measurable internal and external goals.
3. ERG Cross Collaboration helps organizations look for synergies around recruiting, retention, talent development, knowledge transfer and other corporate priorities across different ERGs.¹
4. Utilize collaborative technologies to build visibility, share success stories, and promote integration in the larger enterprise.⁸
5. ERG leadership training- Catalyst has initiated an Employee Resource Leadership Initiative which connects ERG leaders across companies and allows participants to hear from preeminent corporate ERG experts, participate in conferences and workshops and share strategies and solutions in a networking environment.⁷

CONCLUSION

Despite the recent questioning of employee resource groups and their effectiveness, well-managed ERGs can ignite inclusion and are critical to the success of diversity initiatives in the workplace. ERGs support employee engagement, provide leadership opportunities, foster and cultivate talent, and connect to areas of the organization in which business is conducted, enhancing the bottom line. By following the strategies to elevate ERG effectiveness, organizations will be able to utilize these groups to achieve valuable business outcomes and employees will be able to thrive in a healthy work environment.

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SUGGESTED ADDITIONAL READING

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APPENDIX

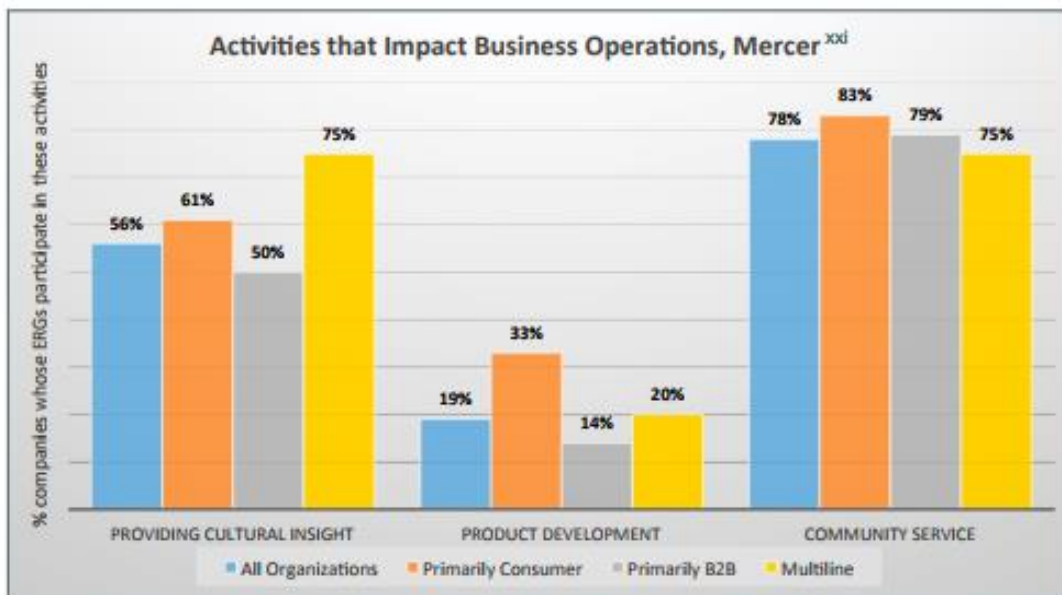
FIGURE 1:

Evolution: Affinity Groups to BRGs

PURPOSE	Create community/ welcome under- represented groups	Expand populations / create formal governance	Integrate business focus	Promote linkages
OUTCOME	• Affinity Groups	• ERGs	• BRGs	• Intersectionality • Alignment: Global Workplace & Marketplace
	• Feel welcomed • Social connections • Build a network	• Promote connections with members and allies • Build employer loyalty	• Add value to the business • Promote revenue generation	• New value propositions • Harness innovation • Out of silos/Build common ground

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FIGURE 2:



Source: ERGs Come of Age: The Evolution of Employee Resource Groups, A study by Mercer's Global Equality, Diversity, and Inclusion Practice, January 2011, Page 10.