

BRIEFING NOTES – PEER2PEER

Employee Resource Groups

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SPEAKERS

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Since the pandemic we have noted an increasing level of interest in Employee Resource Groups (ERGs). This therefore seemed an appropriate subject for PARC's second online peer exchange of 2022.

Previously called Affinity Groups or simply 'employee networks', ERGs have been around in some form for decades. (It is said that Xerox introduced the first ERG in 1964 in response to the civil rights movement.)

They are usually led and participated in by employees who share a characteristic, whether it's gender, ethnicity, religious affiliation, lifestyle, or interest. The groups exist to provide support and help in personal or career development and to create a safe space where employees can discuss issues of particular relevance to their group.

Key Themes

1 ERGs are a growing presence in companies

- Interest from employers and employees has been gathering momentum in recent years (possibly alongside the increased importance of purpose and ethics in organisations).
- The Covid pandemic appears to have boosted this interest – possibly influenced by isolation during lockdown and the increased pressure on companies to 'do the right thing'.

- For example, RELX, with 33,000 employees has 100 ERGs worldwide. These have been driven by employee demand and over 50% of employees participate in at least one group.
- ERGs are still a relatively new innovation in most companies.
- Most ERGs are therefore still in an experimental phase – companies are still finding ways of deploying them to their greatest effect.

2 Benefits

- The most commonly cited advantages of ERGs are that they:
 - Demonstrate an employer's commitment to D&I;
 - Hold the business to account on its D&I commitments;
 - Reduce the turnover of demographic groups considered high risk for leaving an organisation;
 - Provide a development opportunity for emerging leaders.
- Measurement of their impact can also be seen in engagement and turnover scores from the groups represented.

3 Challenges

- Leadership burnout – like any voluntary organisation there is a danger that the bulk of the work falls to a few people.
- Encouraging participation – including executive sponsors.
- Future proofing – maintaining momentum and relevance as the organisation changes.
- Collaboration – While many ERGs work well as single entities, collaboration between them can be harder to engender.
- Alignment with the business strategy – it is not always clear how the purpose of the ERG supports the business.

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4 Essentials to establishing an effective ERG network

- Sponsorship from a senior business leader is essential for:
 - Aligning the ERG with the business strategy;
 - Securing resources;
 - Ensuring the ERG’s voice is heard and that there is communication with key decision makers.
- Authenticity is crucial. ERGs should not simply be a tick-box exercise. Employees will know if you don’t mean it.
- Expectations – if members are given the impression that the ERG will lead to rapid organisational change, they may be disappointed.

5 Legal considerations

The presence of a network of ERGs can help an organisation to defend discrimination claims. It signals that the company takes Diversity and Inclusion seriously. It can also provide channels of communication and early warnings that stop such cases occurring in the first place. However, risks arise if some groups feel less valued than others.

There are three areas where it is important to get things right:

1. Process of setting up the ERGs

- Be clear about the ERG’s aims and purpose.
- It is important to focus on the I in D&I – if people feel excluded they are more likely to bring discrimination claims.
- If you choose to focus on some characteristics (but not others) for your ERGs, it is important to be able to explain why and to have data to back your decision up.

Define Strategic Goals and Objectives	Engage the Business	Establish Governance	Enable Success	Measure Outcome
<ul style="list-style-type: none"> • Establish short- and long-term goals to: <ul style="list-style-type: none"> - Foster community and drive employee engagement - Promote diversity, equality, inclusion, belonging, and allyship - Enhance employee wellbeing - Engage and develop employees from underrepresented groups - Build awareness of issues critical to underrepresented communities • Align goals with overarching strategy, people policies, processes, practices and programmes 	<ul style="list-style-type: none"> • Gain support from business leaders (e.g., Executive Sponsor) • Engage managers regarding criticality of RGs and how they can support employees who choose to lead and/ or participate • Establish effective lines of communication with workforce • Find a home for ERG activity on internal and external websites • Consider connecting ERGs with revenue-generating activities once internal initiatives are aligned with leading practices 	<ul style="list-style-type: none"> • Define types of ERGs that can be formed (e.g., only those related to employment, not politically-affiliated) and building-in senior leadership’s accountability to ERG outcomes • Define areas of responsibility of the ERG and its members (i.e., what is and what is not their responsibility) • Define scope of responsibility of the ERG (e.g., by region, business unit, functional team) • Specify funding and establish approval and reporting process for budgeting and adhoc requests • Specify who can lead and be involved (e.g. full-time, part-time, contractors, hourly, etc.) • Define roles and responsibilities, selection process and succession planning for key roles • Establish guidelines around communication, project initiation, membership and reporting 	<ul style="list-style-type: none"> • Recruit Executive Sponsors with influence • Appoint a full-time ERG Programme Manager; may need multiple depending on number of RGs • Provide access to critical resources (e.g., facilities, technology) • Identify champions across organisation within key areas (e.g., talent acquisition, benefits, HR operations and analytics, internal communications, public relations, legal, etc.) • Enable cross-ERG collaboration • Provide incentives for participation (e.g., formal recognition or inclusion in performance review or financial incentives) 	<ul style="list-style-type: none"> • Set metrics and routinely evaluate the ERGs from a business and HR perspective <ul style="list-style-type: none"> - Involvement with recruitment, engagement, and career development of underrepresented groups - Awareness-building across workforce - Engagement and retention of ERG leaders and members • Collect feedback from ERG leaders on executive sponsors and support received from organisation • Collect feedback from employees on ERG

2. Governance

- Once ERGs are set up it is important to allocate equivalent resources to each ERG, or to be able to explain clearly why you have allocated more to some than to others. Again, data to back this decision is crucial.
- Produce a written constitution saying:
 - What the group is for;
 - Who is responsible for running it – clear roles and responsibilities;
 - How it will operate;
 - Who is its sponsor at senior executive level.
- Monitor employee involvement in ERGs. If they are spending too much time on them it could impact on their performance in other areas.

3. Outcomes

- Manage employee expectations about what the ERG will achieve.
- Be clear about how you will deal with uncomfortable issues. (It is likely that some will arise at some point when bringing people together to discuss the company in a forum such as this.)
- Take complaints seriously. It may be that you will have to take some of the more serious issues outside the ERG forum.

6 Evolution to Business Resource Groups

Many see Business Resource Groups (BRGs) the next phase of evolution for ERGs. A BRG brings different ERGs together to work on specific business issues. This can be particularly useful in helping the company reach specific groups for marketing or recruitment purposes. Applying the expertise of the ERGs can broaden the company's engagement with and understanding of the society in which it operates, thereby improving the strategic decision making process.

7 CONCLUSIONS

There is a clearly discernible increase in the level of discussion of ERGs and it has gathered pace during the pandemic. Those companies that have implemented them have found them useful as a channel of communication, a new way of engaging with employees and a development opportunity for people who might have felt excluded from more traditional career development paths.

Nevertheless, there are a number of potential pitfalls in the organisation and implementation of ERGs. This is not something to be embarked upon half-heartedly. It needs to be well-resourced and have senior executive involvement right from the start.

More difficult to measure is the business impact of ERGs. Beyond engagement and turnover among the groups covered, there isn't much to go on. Even this does not necessarily show cause and effect. Companies that commit to ERGs may also be doing a lot of other things that improve the engagement of particular groups.

It is also not clear how widespread the adoption of ERGs is. While there is much discussion about them, the level of take-up in companies is difficult to assess. This may be a worthwhile area of future research, if there is interest from members.

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