



The
Potential
of
ERGs

untapped energy

How Employee Resource Groups will become the most powerful source of innovation, talent development, and revenue growth.

The Great Transformation
by Great Place To Work.

Executive Summary	3
The ERG Today	5
The Future of the ERG	7
More than the 'S' in ESG	8
Becoming the ESG Leader	9
Winning the Competition for Great Talent	11
A Catalyst for Innovation	13
How ERGs Must Evolve	15
Providing ERG Leaders with Proper Support	16
Bridging Silos and Vulnerable Connections	17
Utilizing Complex and Nuanced Identities	18
Moving Forward	20
A Word from Michael C. Bush	21





Executive Summary



Over the course of this 15-minute read, we will illustrate the impact that future ERGs will have on:

- *Driving ESG goals and performance*
- *Developing and retaining talent*
- *Taking innovation to the "next level"*

Employee Resource Groups (ERGs) have become an increasingly important tool for creating great workplaces.

Whether called an inclusion group, resource network or business resource group, ERGs have been a part of corporate culture for more than 40 years. Amid the social unrest and renewed activism of recent years, ERGs took center stage as a visible manifestation of efforts to increase diversity, equity, inclusion, and belonging (DEIB).

Yet, for all their ubiquity, ERGs don't have the desired impact. Not yet.



Our Unique Research Together

As a collective cohort, we conducted one of the most comprehensive empirical studies on ERGs to date, demonstrating the power of convening influential leaders committed to DEIB for all. One of our key discoveries: ERGs possess the potential to be powerful advocacy engines, yet they are often underutilized and undernourished.

83

Total ERGs Across Cohort

19

Unique Types of ERGs

60+

Hours of Focus Groups with ERG Members and Leaders

122k+

ERG Members Represented in the USA

35

Executive Sponsor Interviews

11,356

Responses from Cohort

After studying 83 ERGs across The Great Transformation cohort, with more than 60 focus group sessions and thousands of surveys, we found a compelling case for ERGs and their future as drivers of change, growth, and business performance.

At the best companies, ERGs will be relied on to help increase productivity, performance, innovation, agility, and integration of equitable AI. They will foster talent development and safeguard against market volatility. They will be the lodestar for companies focused on environmental, social, and governance issues (ESG).

To accomplish this, employee resource groups must evolve.

The savviest companies will empower ERGs with resources and recognition. These ERGs will develop wide bridges to ensure their wisdom finds the broadest audience. They will create opportunities for the complicated and multifaceted identities of every employee to be recognized and welcomed.

It's a tall task – but no greater than other challenges facing businesses in the next decade. By embracing ERGs, the benefits of an unleashed workforce go straight to the bottom line, as Great Place To Work® has shown in longitudinal research on the [impact of workplace culture](#).

When workers thrive, companies do better. Their communities do better. The planet does better. Evolving the ERG is how we get there.



The ERG Today

Participating in an employee resource group has clear benefits for employees.

In focus groups conducted in 2022, ERG members applauded how their group offered a safe community for connection and an outlet for advancing DEIB at their company.

“Our group has existed for a while, but it’s been very encouraging to see the ways in which our company has started making it a priority to engage with us and elevate our voices,” shared one ERG member. “Our leaders have taken bold new stances that we hadn’t seen before in the workplace.”



In our survey of ERG leaders and sponsors, 91% said their company takes meaningful action to create a better society for all.

Leaders also benefit when their employees participate in ERGs.

Compared to non-members, ERG participants are more likely to have confidence in the judgement of the company's executives – a key predictor of whether employees will advocate for their organization's DEIB efforts.

However, there are many things about the experience of ERG members that could improve, even at the best organizations.

ERGs typically progress along a maturation scale, becoming more effective as they become more organized.

On one end, newly founded or revamped ERGs are finding their footing, figuring out their identity, and defining their role in the company. On the other end, well-established ERGs are creating great experiences for most members, while pushing to serve a wider range of needs at their company.

Most ERGs are somewhere in the middle, perhaps boasting a robust membership, yet struggling to have an impact across the organization. That struggle can fuel frustration, creating negative consequences for both employees and the company.

ERG members can struggle with perceptions of poor support from leadership and experience frustration from a lack of buy-in and accountability to ERG and DEIB-related activities and goals. These experiences can lead to burnout or pessimism towards the potential of their ERGs.

What's Working

Compared to non-members, ERG participants are ...

40% more likely to feel good about their company's impact on the community

30% more likely to have confidence in their executive team

23% more likely to report a psychologically and emotionally healthy work environment

23% more likely to say their company is a great place to work





The Future of the ERG

Employee resource groups in the workplace today are far from reaching their full potential. In the future, ERGs will be the cornerstone of company culture.

They will continue to offer safe spaces for employees, networking opportunities, and connections across the organization. At the best workplaces, ERGs will also become talent centers, innovation catalysts, and leaders on environmental, social, and governance issues.



More than the 'S' in ESG

Environmental, Social, and Corporate Governance (ESG) has come to define modern investment strategy for money managers looking to de-risk their portfolio.

Even as some businesses are walking back their bolder ESG commitments, the macroeconomic environment remains unchanged: Consumers and employees expect businesses to be a force for good in their communities.

Consumers want companies to have a positive impact on their community and are willing to pay more for products that are more sustainable. Employees also want to work for companies that have a positive impact on the planet.

With both customers and workers demanding action, companies that ignore the trends of stakeholder capitalism risk falling behind their competitors. The best companies will turn to their ERGs to identify solutions for meeting ESG targets.

E

Set environmental strategy informed by knowledge of vulnerable populations and communities.

Enable employees to connect their work to environmental goals.

Offer accountability on long-term climate programs.

S

Promote mental health and well-being for employees.

Use unique skillsets and knowledge to maximize impact of community programs.

Offer strategic counsel that prevents costly programming mistakes.

G

Ensure employees are represented in business decisions.

Create valuable feedback channels.

Champion transparency.



Becoming the ESG Leader

ERGs are ideally situated to pursue ESG, with membership that spans the whole organization, and unique access to key business leaders.

Today, ERGs are usually included in the “social” element in ESG initiatives. Employees in ERGs use their networks to create awareness campaigns, raise money for causes, and drive company-wide conversations around issues that matter to them.



ERGs will be front and center when tackling climate change.

The ERGs of the future will do much more.

ERGs will become invaluable business units, adept at auditing their company’s social practices and community activations. One example: ERG members will lead SWOT analyses of their companies’ social practices to identify strengths, weaknesses, opportunities, and threats.

By virtue of their unique perspective as members of wide-ranging demographic groups and business functions, ERG members ensure ESG practices build trust with all stakeholders. When companies want to launch a mental health initiative or new employee benefit, ERGs will provide unmatched insight on the real-time needs of their constituencies.

ERGs will also be front and center when tackling climate change.

According to [analysis from the Environmental Protection Agency](#), crises created by rising global temperatures and environmental hazards will

hit socially vulnerable groups the hardest. As social and environmental agendas merge in response, ERGs will be ideally positioned to direct company efforts and limit damaging blunders.

Future ERGs will also play a crucial role with corporate governance. As companies embrace more transparent business practices, ERGs will facilitate open communication and constructive dialogue between management and the front line, championing high ethical standards and healthy corporate culture.



Taking Action

To prepare for this future, here's how organizations can get started:

- 01 Offer ERGs the opportunity to audit ESG practices.** Start building the workflows that allow ERGs to offer their unique insights and shape company initiatives.
- 02 Invite ERG members to attend meetings on ESG.** Create opportunities for ERG members to grow their careers and develop the competencies needed to engage effectively on ESG issues.
- 03 Connect ERG goals to ESG planning.** Make sure ERGs have measurable goals that connect to your five-year plans around climate, social impact and corporate governance.

Winning the Competition for Great Talent

Every organization today is in a fight for the best people.

A declining birth rate, rapid technological change, and increased demand for highly skilled workers has put a spotlight on talent acquisition and retention. Companies must expand their talent pool and the younger employees they need to hire will demand a different kind of work environment.

ERGs should play a crucial role in building a diverse talent ecosystem that attracts and retains valuable employees, yet only 43% of ERG leaders say their involvement in an ERG helps their career.

Becoming a Talent Center

Though billions are spent each year on leadership development training, these efforts aren't leading to greater representation of marginalized voices in leadership.

Identifying and elevating the next generation of leaders is a difficult task for any business. ERGs offer unrealized potential, even in organizations with mature groups that have robust membership.

ERG members are highly engaged. They invest their time to support colleagues and create programming to activate the company around issues which spark their passions. They are committed to the company and driven to build their careers.

That makes the ERG an ideal place to find future leaders, and ERG members merit special consideration for leadership development training. When ERG members receive professional development opportunities, they will have a deeper connection to the organization, give higher levels of effort, and stay longer with the company, reducing turnover costs.

Only 43% of ERG leaders say their involvement in an ERG helps their career.





Taking Action

To enable your ERGs to become talent centers, consider these steps:

- 01** **Include ERGs in talent management systems.** ERG members can serve as equity champions with a voice in performance review and evaluations, helping to eliminate bias and ensure fairness.
- 02** **Tap ERGs to manage your library of talent profiles.** Many organizations already have a system tracking internal talent, and tools for connecting employees with opportunities. Consider how ERGs can participate in these efforts, and how ERGs can best advocate for their members.
- 03** **Determine how ERG participation should factor into promotions practices.** ERG members are highly engaged and committed employees who are hungry for opportunities to grow. Make sure this service is considered in performance evaluations, especially for ERG leaders who meet the expectations of this leadership role in addition to their primary job responsibilities.

A Catalyst for Innovation

Companies in the current market face a breakneck pace of change and technological disruption. To compete, organizations in every industry must become masters of innovation.

A Source of Fresh Ideas

In his book “The Medici Effect,” writer Frans Johansson argues that revolutionary ideas are never the result of carefully updated expertise or logical reasoning in a straight line. Instead, a novice practitioner, unbound by dogma or doctrine, will experiment with ideas that an expert might never consider.

At Great Place To Work, research has shown that companies get better ideas faster when every employee in the organization has an opportunity to innovate. ERGs will become powerful creators of fresh thinking by increasing the number of employees who participate in innovation. By bringing together an otherwise disconnected group of roles within the organization, ERGs will create serendipitous collisions that lead to bold new ideas for the business.

Even today, ERGs have a positive impact on innovation. ERG members across the The Great Transformation cohort were more likely than non-members to report having meaningful opportunities for innovation in their work.

When ERGs own innovation programming, a wider range of employees will participate. ERGs in the future will foster the relationships

needed to fast track important changes within the company, increasing the speed of innovation and overall resilience across the workforce.



ERG Members Innovate Faster

Great Place To Work research has shown that the Innovation Velocity Ratio (IVR) – the ratio of employees who consistently have meaningful opportunities to innovate to those who find those opportunities lacking – is a key predictor for an organization’s innovation capacity and speed.



Taking Action

To empower your ERGs to drive innovation across the organization, start here:

- 01 Tap ERGs to develop innovation programming.** Use ERG networks to build cross-functional teams to brainstorm new workflows, or program a companywide hackathon.
- 02 Develop listening sessions to surface new ideas.** Make sure top leaders hear ERG members' ideas and solutions for the business – not just feedback on the employee experience.
- 03 Create clear feedback systems.** When ERG members offer their perspective, they should receive clear communication on how their idea influenced business operations, or why their suggestion isn't feasible.





How ERGs Must Evolve

ERGs offer immense potential, but without meaningfully increasing their scope and authority, those possibilities remain out of reach.

Listening sessions and analysis revealed three barriers that must be overcome to unlock the full potential of ERGs. Without addressing these barriers, companies won't be able to keep pace with the many disruptions facing their business.

Providing ERG Leaders with Proper Support

Many ERG leaders are doing the work of managing their resource group on top of their full-time job responsibilities. They make do with whatever leftover bandwidth they might have, often chasing loosely defined goals without institutional support.

In our survey of ERG leaders, we found:

- ERG leaders' top asks from the organization focus on resources: time, money, dedicated support.
- In over 50% of written comments, ERG leaders reported a need for more recognition of their work.

Future ERGs must have empowered leaders to be effective. That requires considering ERG responsibilities as part of job descriptions, giving ERG leaders management authority, and recognizing their contributions in performance reviews.

The best organizations will include ERG leaders in their leadership development programs, ensuring they become fluent in the operations of the business and are developing their leadership skills in alignment with other leaders. ERG leaders will have direct access to key executives, and ERG programming will connect directly to business goals.

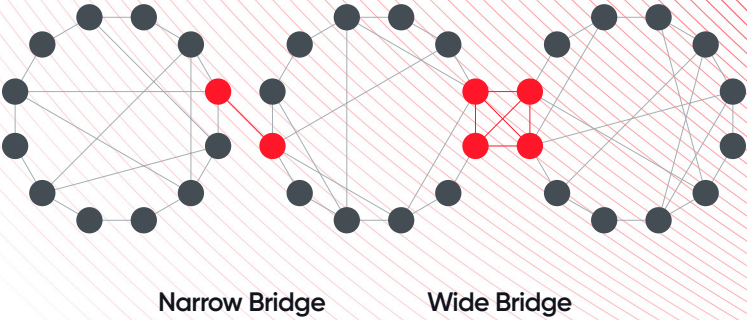
With more responsibility, ERGs will also become more accountable. Clear expectations will be set for ERG leaders, with a reward structure that incentivizes performance and growth.

Redefining the ERG leadership role will:

- Keep passionate and dedicated ERG leaders from burning out.
- Build a more robust leadership talent pipeline.
- Ensure ERG programs have clear goals tied to business objectives.
- Establish the value of ERG programming throughout the organization.



Bridging Silos and Vulnerable Connections



Successful ERGs are agents of change within the organization. Yet, for many ERGs operating today, proposed changes are met with skepticism, apathy, or active resistance.

ERG members can feel isolated from other workers, with no meaningful connection to other ERGs, business units, or top leaders. This isolation can cause ERGs to fall out of step with important business goals, and stymie efforts to influence the wider organization.

To create more resilient connections, ERGs must develop “wide bridges” – a concept developed by Damon Centola, sociology professor at the University of Pennsylvania. Centola’s research into the cause of behavioral change and social networks argues:

Building Wide Bridges

While narrow bridges are best for spreading information, wide bridges are best for spreading behaviors.

Wide bridges will give ERGs:

- More influence across the organization.
- Closer alignment with key business priorities.
- More meaningful growth opportunities for members.
- Strategic relevance as hubs of innovation, talent development and company culture.

- When only one individual serves as connector between two social groups, the connection is “narrow.”
- Narrow bridges are vulnerable. If an individual connector loses credibility or trust, or leaves the organization, the whole connection is at risk.
- Wide bridges offer a more resilient connection, where many members from each social group connect with each other.

The best ERGs will identify and develop multiple ambassadors, members of the group tasked with representing their ERG at company events and building connections to key leaders. Networking will be formalized, with measurable goals that ensure ERGs grow their influence and connective tissue.

Utilizing Complex and Nuanced Identities

Today's ERGs are often successful in addressing the needs of some members of a particular demographic group but overlook or alienate other members who bring multiple layers of identity to the workplace.

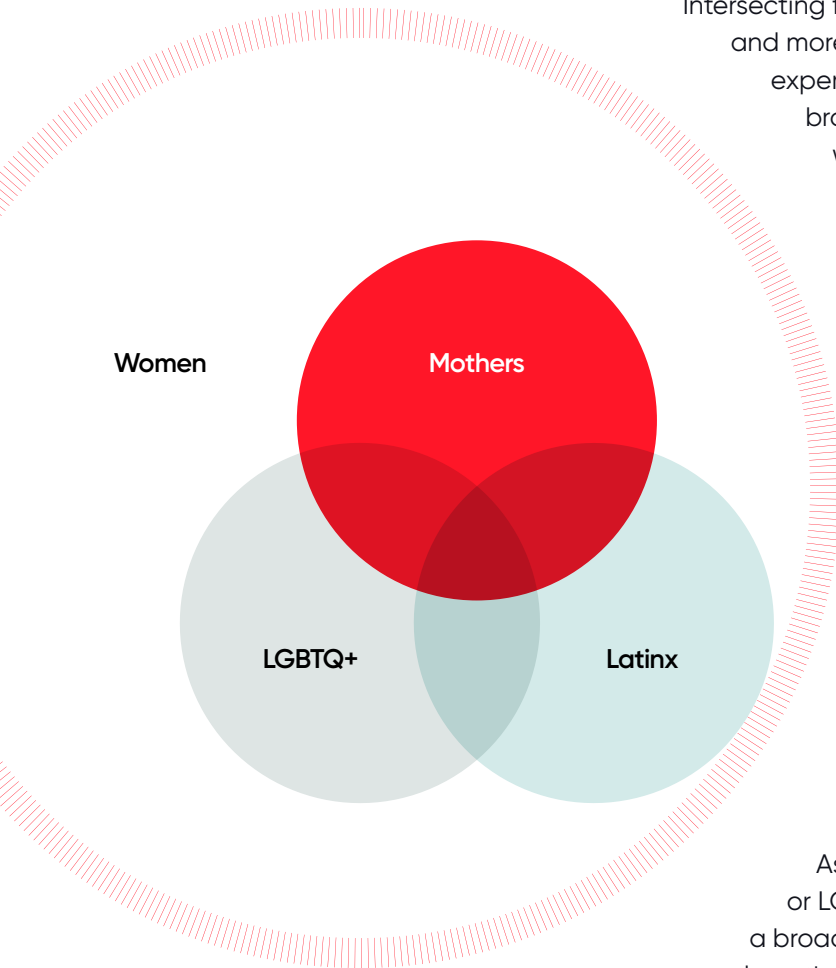
Intersecting factors such as race, class, gender, disability status, and more determine that no two employees have the identical experience. Yet, ERGs which are tasked with serving broad groups of employees can harm employees who don't feel their unique needs are met.

ERG members sometimes report having their unique experience downplayed, ignored, or dismissed when it isn't shared by the majority of members. These experiences increase the likelihood that an employee will leave the ERG or become silent members.

Identities are guaranteed to become more complex in the next 40 years, as the [U.S. Census estimates](#) the population of people who identify as having two or more races will be the fastest growing demographic.

To compensate, ERGs will adopt a nested structure, where smaller subgroups can flourish within a larger, well-established network.

As an example, smaller affinity spaces for Black, Latinx, or LGBTQ+ women will develop under the umbrella of a broader ERG for Women group. These subgroups won't replace the ERGs that broadly serve Black or LGBTQ+ employees across the organization, but will offer safe spaces within ERGs that serve a broader range of identities and backgrounds. Subgroups can also serve as connection points between ERGs, helping connect these groups to facilitate programming or initiatives that serve a common goal.





Some organizations are already using this nested structure, with subgroups focused on job roles (i.e., “Women in Engineering” or “Women in STEM”). This model will be incredibly potent when also applied to the complex layers of identity workers bring to the workplace.

Nested ERGs will:

- *Address the unique experience of a broader range of employees.*
- *Build safe spaces for nuanced conversations within ERGs.*
- *Tap into the diversity that exists within ERGs, building more connections and greater influence across the organization.*
- *Combat bias by increasing employees’ exposure to wider ranges of experiences and backgrounds.*

Moving Forward

ERGs are some of the most powerful tools for companies to address the challenges that will define their next decade:

- Talent development
- Cohesion and connection across the organization
- Innovation and performance
- ESG targets and corporate stewardship

The best ERGs will evolve to meet the moment, empowering their leaders, building wide bridges throughout the organization and nesting subgroups to meet the unique needs of an increasingly diverse workforce.

Consider these steps for evolving your ERGs:

01

Add ERG responsibilities to job descriptions. Make ERG leadership formal with clear expectations and incentives. ERG leaders will be developed and trained similar to any other business leader: trusted with crucial business operations, held accountable for progress, and rewarded for success.

02

Increase recognition and rewards for ERG service. As ERGs develop clear expectations that align with measurable business outcomes, the best organizations will incentivize the growth and performance of ERG members. Consider how to factor ERG members' service into performance reviews and promotion decisions.

03

Develop networking opportunities to build "wide bridges." Set goals for ERG members and leaders to grow their networks. Provide opportunities for connection with working sessions, networking lunches, or other programming to facilitate building ties across the company.

04

Outline a nesting structure for your ERGs. Hold focus groups with your existing ERGs to discover what subgroups would offer value to members, what connections they have already built, and define opportunities for collaboration between existing ERGs. Continue to survey to understand what groups are currently feeling left out by your existing ERG offering.

05

Increase recognition for ERG achievements across the organization. Make sure that the hard work of ERG members is highlighted in company town halls, that members get face time with key business leaders, and that ERGs have visibility across the whole organization.





A Word from Michael C. Bush

CEO, Great Place To Work

While predicting the future is impossible, there are a set of facts that are crystal clear.

- 01** When people feel that they are somehow less than others, the entire enterprise loses value because human potential is not maximized.
- 02** Looking forward, we know every organization can learn from the pandemic and move forward in a more intelligent way. People have proven what they are willing to do for their companies and people know that commutes, for example, waste valuable “life” time.
- 03** ERGs are filled with some of the organizations’ most committed yet undervalued employees who still want to help the organization. These purpose-driven people should be viewed as vital.
- 04** Purpose-driven people who think very differently are essential to achieve what has not been achieved before. They will be the new fuel to increase productivity, performance, innovation, and integrate AI into every business. The opportunity is enormous, but the circa 2019 wastes of human capital will fail us. The future of work is for all.
- 05** Customers are going to trust companies that are using AI when they know AI integration is being implemented by all and *for all*.

We feel you have a gift to open within your organization that will separate you from your competitors and help you feel better while you do it. We want to help you gain a greater share of the market while improving the lives of all people and our planet.

There is talent you need to add to your organization. There is talent you need to develop and promote in your organization. Current processes and people practices are preventing you from doing these things. Let your ERGs lead the way.

