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**Making the Business Case for Employee Resource
Groups**

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MAKING THE BUSINESS CASE FOR EMPLOYEE RESOURCE GROUPS

**Theresa M. Welbourne and
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There has been an evolution and growth of employee resource groups (ERGs) over the last 30 years. First, the name has changed. Once called affinity groups, they are referred to as not only ERGs, but also business resource groups, resource groups, and employee networks. The name change signifies a movement away from their original goals of supporting diversity and inclusion to being broader and more business focused. As the name transforms, the number of ERGs also is on the rise. A 2011 report by Mercer¹ and a similar study by Catalyst in 2009² noted that, even when the economy was slowing down, interest in ERGs was on the rise. More companies are adding ERGs, and those that have them are creating more groups. Per the Mercer report, new ERGs are forming based on job responsibility, environment (green), community service/volunteerism, cancer support, elder-care, adoptive parents, generational interests, and wellness. The other trend is globalization of ERGs. ERGs are important, yet not well understood.

ERGs seem to be a growing trend that not many people know about. The academic literature is almost void of research exploring ERGs, and while there are practitioner reports and surveys on the extent of ERG usage, the details are very limited compared with work done on other HR-related topics. In this article, our goal is to supplement the work on ERGs through several different data-gathering approaches.

In 2012, we worked with the Center for Effective Organizations to hold the first ERG Leadership Summit. This two-day event brought together leaders of ERGs in numerous organizations as well as diversity and inclusive executives. Our purpose was to learn about the

ERG journey through data and extensive dialogue with several organizations. The participating companies were at different points in their ERG journey. One participant organization had just recently started its ERGs, whereas others had extensive experience with numerous ERGs.

In this article, we share our key learnings from the research data we collected and from the ERG summit held in El Segundo, California. With over 50 participants from 11 companies at this two-day event, we were able to leverage a shared-learning approach that helped drive organizational action. The work we did during the program went beyond fact-finding. We strove to understand how ERGs can help develop new leaders in organizations, how ERG leaders can assist their members in advancing their own careers, and how ERGs can pursue multiple goals to drive individual, ERG team, and organization performance. Above all, participants focused on how this work would translate into actions within their own organizations.

THE QUESTIONS WE ASKED

In preparation for the summit, we rolled out a fairly extensive survey to two of the participating companies. This survey was distributed to all ERG members and random samples of non-ERG employees (we collected data from about 1,700 employees in total). The survey work and case studies were designed to answer the following questions:

- Why did employees join the ERGs? We used identity theory as the conceptual model to help us differentiate ERG members vs. nonmembers. Identity theory focuses on how people see themselves in terms of the various roles they occupy (in this case, we focused on roles at work).

- Are there different patterns of identity, or reasons for joining, exhibited in different types of ERGs?
- We wanted to create a typology of ERGs based on the patterns we found in the data. We thought this would help us provide recommendations as new ERGs are established.
- We asked a lot of practical questions about design of ERGs, the role of leaders, and how ERGs affected employees. We received extensive open-ended comment data in addition to the empirical results.

INTRODUCTION TO IDENTITY AT WORK

The concept of identity was the basis for much of the data we collected. Identity theory focuses on how employees see themselves.³ For example, a typical employee might identify himself or herself based on career (e.g., an accountant, scientist), job level (e.g., supervisor, manager, leader), family-member role (e.g., mother, father, child), and the list goes on. Identity theory goes on to say that one can predict behavior by knowing the importance of these various identities to an individual. Thus, if someone considers the "mom" role to be the most important identity, you might expect this employee will be more likely to stay home when a child is sick (as an example). Identity salience (or how important an identity is vis-a-vis other roles) allows for prediction of performance.

The concept of identity can be brought to the world of work to understand how employees make choices in behavior. When thinking about ERGs, the identity work allows us to ask where ERG membership identity ranks compared with other work-related identities. In prior research that Dr. Welbourne⁴ did using identity theory, she identified five specific identities (or roles) that employees occupy at work. Those identities are:

- Core job identity—the core job that one is hired to do; description of this work found in formal job-related documents (job description).
- Team member identity—relates to teams in which the employee is a member or involved.
- Innovator identity—focuses on being someone who comes up with new ideas or innovations and/or who helps others implement those new concepts.
- Career identity—relates to the specific career and skills needed to advance in a particular field.
- Organization-member identity—dealing with the company overall; this concept is similar to organization commitment. When an employee gives this identity a high ranking, he or she can be expected to do things that are good for the company even if not part of his or her own job or related to career development.

For this ERG project, we studied the five work-related identities, and we added one more on ERG member identity, or the degree to which individuals think being a member of their ERG is important. We collected data on all six identities for ERG members and for the five core identities for those not in ERGs.

What We Learned about Identity and Why Employees Joined ERGs

For purposes of the analysis presented in this article, we combined the data from both case-study companies. Overall, for members in the ERG groups, we found that the identity average scores resulted in identity ranking as follows (see **Exhibit 1**):

Type of identity	Mean score (1 to 5 scale; with 1 being low identity and 5 being the highest identity; 4 questions per identity)
Organization	4.31
Innovator	4.24
Career	3.97
Team	3.68
Core job	3.62
ERG member	3.55

Note that the results, other than ERG member for which we did not have data, followed the same pattern for non-ERG member employees.

Exhibit 1: Mean Scores on Work-Related Identities Measured in Survey

When we reviewed the data, we were surprised that the ERG identity was not higher. The study focus was on ERGs, and given all we had been reading about the trends in ERGs, along with results of our interviews with participants in the summit, we expected higher scores for the ERG identities. The reaction from the chief diversity and inclusion executives at both participating firms was different from what we expected; they were pleased with the results. They pointed out the fact that some of their stakeholders (senior leaders in particular) think that employees may be placing too much importance on their ERGs, at the expense of other work. In fact, the survey work showed something else. ERG identity is important, but it certainly was not trumping employees' other work-related identities.

It seemed from the priority of identities data, we could not conclude people were joining ERGs because these groups were somehow more important to them than other areas of work. Thus, in order to further explore this question, we moved on to look at the identity data

using a different lens. As noted earlier, one of our goals was to see whether we can develop a useable typology of ERGs from our research. After reviewing the other data in the survey (open-ended comments, numerous nonidentity items), we proposed that the ERG groups could be identified and categorized using the following typology:

1. Social-cause-centered ERGs—concerned with a specific social issue (e.g., environmental, literacy, cancer),
2. Professional-centered ERGs—focused on specific professional fields (e.g., engineers, technology professionals), and
3. Attribute-centered ERGs—originated to focus on a personal characteristic (e.g., Chinese origin, women, LGBT, Latino)

We then used this grouping strategy to analyze both the identity data and the open-ended comments focused on why people chose to join ERGs. **Exhibit 2** shows how identity maps to each type of ERG.

Identity	Social-Cause Centered	Professional Centered	Attribute Centered
ERG	3.76	3.17	3.67
Organization	4.25	4.15	4.35
Job	3.65	3.45	3.68
Team	3.60	3.54	3.77
Innovator	4.34	4.24	4.26
Career	4.00	3.92	3.97

Exhibit 2: *Identity Scores Using the ERG Typology*

There are some notable differences between the three types of ERGs, and this helps add some clarification to why people may be joining ERGs. First, the highest ERG identity score was in the social-cause-centered ERGs, and the lowest are associated with professional centered ERGs. This would indicate that people in the social-cause-centered ERGs are more likely to donate and volunteer more time than their peers in the other types of ERGs. It also is interesting to note that those belonging to the professional-centered ERGs are lower than their peers on all the scores. In order to go into more depth, we analyzed the open-ended comments for people in each grouping. **Exhibit 3** lists the categories of reasons for joining for people in each group.

Reason for Joining	Social-Cause Centered	Professional Centered	Attribute Centered
Social (fun)	0%	51%	32%
Cause focused	52%	10%	25%
Personal/professional development	33%	44%	43%
Support the company	38%	11%	21%

Note that the numbers (per column) add up to more than 100% because one person can answer in more than one way. The percent is the percent of the population that mentioned this reason.

Exhibit 3: Reasons for Joining ERG by ERG Typology Group

The comment analysis shows that people join the various types of ERGs for somewhat different reasons. Putting together the two pieces of information above, we can conclude:

- People joining social-cause ERGs are motivated by being part of something bigger than themselves. The cause in question is important to them as well as connecting through their work environment. Compared with members of other ERGs, these individuals have a higher level of identification with the ERG itself.
- Those joining the professional-centered ERGs are seeking personal gain from the association. All identity scores are lower than those of their peers in the other ERGs, and this group scores highest in seeking out "fun" as a reason for joining.
- The attribute-centered ERGs seem to be the most traditional. The identity score pattern indicates they are more focused on job, team, and organization identities than people in the other groups. They also indicate, via the comments that they are joining for professional development and interaction.

In summary, we learned that the reasons people join ERGs differ for the various ERG types. This finding was discussed at the ERG Leadership Summit, and ERG leaders talked about how they could use the results to help lead their ERGs. As a result of this interaction and learning, we proposed the following four-step process for ERG leaders: (1) discover, (2) develop, (3) drive, and (4) diagnose. *Discover.* Before using resources to make changes in your ERG, discover what members and leaders are seeking from the ERG, the potential actions that programs might drive, and the links back to the business. Discover how the particular ERG has evolved, because as members change so do the goals of the constituency group.

Develop. Based on what is learned from the discovery process, develop initiatives that will meet the critical needs of the ERG. Focus on how the actions of the ERG affect individuals, their workgroups, and the organization overall.

Drive. Work with members and other leaders to drive the actions and needed changes that were created.

Diagnose. Diagnose what's working and what's not working. A core message at the summit was to use data to help move ERGs forward and to create an environment that encourages agility in how the group is working and delivering on their goals.

HELPING ERG LEADERS DISCOVER, DEVELOP, DRIVE

In the second section of the survey work, we explored a number of other questions about ERGs and the context for ERGs being successful. We examined the energy level of all people in the study, confidence in leaders overall at their organizations and leaders of the ERGs, and, finally, we looked at several tactical questions that came up in the preconference interviews with participants. During the conference, we went over the key findings in the data, and we asked the ERG leaders to work with the ideas and talk about how they applied within their own organizations. They discovered some data-driven trends and insights, and the summit was designed to take these findings to the next level.

Employee Energy

Consistent with other studies that we have done with volunteer organizations, we found that employee energy levels are higher in the ERG groups than in the non-ERG groups. Energy was defined as the internal force one has to move forward and achieve goals at work. The employee-energy metric has been validated in numerous studies with organizations around the world; the metric predicts employee, team, and firm performance outcomes.⁵ In examining the data and comments, we find that ERG membership provides employees with a more engaging and fulfilling work experience. The relationships made, and work done, provide an outlet for

creativity, innovation, and learning that supplements what they are experiencing in their day-to-day jobs/roles.

Tactical Questions about ERGs

We also asked a number of questions about the ERG group and process. The questions bundled into four areas. See **Exhibit 4**.

Key area	Types of issues explored
Manager interactions with ERGs	Manager supports employees in ERGs Manager supports ERG initiatives Manager helps ERG groups
ERG factors	ERG is meeting expectations ERG is meeting needs of members ERG is meeting strategic goals
Outside support	Employees in ERGs feel they are supported Top leadership supports ERGs Management in various business areas supports ERGs.
Within ERG support	Members support their ERG Leadership skills within ERG Members spend enough time to support ERG

Exhibit 4: Types of Questions Asked Regarding ERGs

Contrary to the expectations of the ERG leaders group, the only factors differentiating high- versus low-performing ERGs (using self-report data on overall ERG performance) were the ERG-related issues. Whereas ERG leaders thought management was a key deterrent of their success, the membership was much less likely to say things about management or leadership and more inclined to discuss issues related to ERG leaders. Basically, the data showed that leaders had responsibility and power to make their ERGs successful, and non-ERG managers were less important. This discovery set the tone for powerful conversations about how ERG

leaders could further develop their own skills to own more of the progress of their ERGs and how that work could positively affect the broader organization.

As the various conversations moved from corporate ERG structure to internal ERG leadership, participants began to grapple with the issue we call drive. Not only do ERG leaders need to develop their own leadership skills in order to make their ERGs more effective, they also need to drive their members to do the same. As ERG leaders listened to examples from other organizations, they realized the potential that all of their ERGs had to not only drive more success within their ERGs but within their organizations. That insight is the key to understanding the future of ERGs and how to build the business case for ERGs.

The ERGs that are having the highest impact in their organizations use innovation to drive change and leverage their actions both within and outside their ERGs. Both of our case-study companies provided examples of ways in which their ERGs were innovative in their traditional tasks and in reaching out in new ways to help the companies market their products to new stakeholders and customize products for customers who associate with the mission of the various ERGs. This movement to engage ERGs to become more business focused has been overwhelmingly successful in multiple organizations. By helping leaders and product managers think about their offerings through the eyes of different types of customers (as represented by the ERG groups), organizations are getting high-quality consulting for a much lower price than what would be paid to professional service firms.

FROM ERGS TO BRGS

The latest evolution in the world of ERGs is the transformation to business resource groups (BRGs). Is it just another play on words, or is there a real difference? We hypothesize

that the movement to BRGs is a function of the current need of all organizations to innovate or die. Through a number of intentional (and in some cases accidental) projects, where ERGs have helped product, process, or service development for their firms, the word is out that ERGs can go beyond traditional goals and help drive organizational performance.

ERGs are safe zones for innovation. In most organizations, there exist built-in barriers to innovation. Hierarchy, punishment for risk taking, fear of not fitting in, company process, formal performance-evaluation systems, and peer pressure all make excellent environments for stopping innovative ideas from being communicated and executed. One organization that we worked with talked about the business having the "autoimmune syndrome"—any new idea was attacked by the company and repelled so that new ideas could not penetrate beyond the most exterior walls of the organization. This was humorous, but a reality in many organizations.

ERGs, on the other hand, are open communities of practice. People get together for some reason (social cause, professional development, or based on an attribute), and they work to meet goals that are driven by the group. The structure is enough to get work done but does not create massive walls and barriers. We like using the term *community of practice*, and as ERGs evolve to BRGs, we think that perhaps communities of practices may be an even better way to think about them when it comes to innovation.

To date, the innovation work that has been done is focused on the particular ERG characteristic. An automobile manufacturer wants to sell cars in India so asks the members of the Indian culture ERG to help. A food company wants to launch a product that is directed to the Hispanic community, and it involves the ERG Latino members to test out new concepts with their families and provide feedback. Innovation is happening by convenience.

However, if diversity is needed for innovation, and if ERGs are safe zones, then there is one more evolution of ERGs that may provide even more innovation. Within an ERG, the degree of diversity is somewhat limited because people join due to "likeness." What if innovation communities of practice were developed across ERG groups? What if BRGs are not just a relabeling of ERGs but organized to contribute to lines of business, service, or process improvement? We see the evolution of ERGs as breaking down the ERG silos themselves for purposes of innovation, growth, and business impact.

Communities of practice are defined as "Collections of people who engage, on an ongoing basis, in some common endeavor."⁶ ERGs are one type of community of practice; all ERGs together are another, higher-level group that is not receiving as much attention. As ERGs evolve to become BRGs, we think there will be an ongoing movement to both merge interests across ERGs and to create more communities of practice that directly link to business-related needs such as innovation.

The identity work clearly showed that being part of an ERG is not as important as being part of the company overall. This finding supports our notion that ERGs have much more potential in bringing people together within organizations. As businesses become larger, complex, bureaucratic, and harder to get work done within, the solution of multiple communities of practice, whether they are officially ERGs or other groups, will give organizations the infrastructure they need to innovate.

As ERGs become more linked to the needs of the organization, their funding will grow, their influence will expand, their impact will increase, and the evolution will continue. ERGs, affinity groups, or BRGs are all about getting people together to thrive and grow. People in

ERGs are more productive and energized than their non-ERG counterparts. ERGs are sources of competitive advantage in organizations. This is part of the business case for ERGs.

MISSING INGREDIENT FOR BUSINESS IMPACT—DIAGNOSE

Making the business case requires leaders of ERGs to diagnose the effectiveness of their work and learn how to calculate return on investment for their efforts. Our suggestion at the end of the summit was to provide all ERG leaders with the skills needed to understand data well enough to diagnose the impact of their work. Using data to discover new opportunities and problems to be solved requires developing diagnostic analytical and storytelling skills. We mention story telling because the diagnostic work needs to be shared with stakeholders, and reports are not enough. Driving measurable business requires measurement of results, and communicating those linkages between action taken and results. The stories and data are needed to build the business case for ERGs.

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