Employee Resource Groups: An Introduction, Review and Research Agenda

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ABSTRACT

Employee resource groups (ERGs) are within-organization groups, staffed by employee volunteers, which have evolved since their inception in the 1960s. Originally called affinity groups, they began when racial tensions escalated in the United States and businesses utilized them to help achieve diversity and inclusion goals. Recently, their purpose has transformed to include organizational challenges such as leadership development, innovation, and change management, which should translate to significant research from the academic community. However, to date, very little is known about ERGs, and there is a dearth of studies, either conceptual or empirical, on these groups and their impact on the firm. In this paper we provide an introduction to ERGs, review the literature that exists to date, and provide ideas for a research agenda. We hope that this work spurs additional research on a critical topic for today's businesses.

Keywords:
Employee resource groups (ERGs), diversity and inclusion, human resource management
Organizations are made up of people, who are by nature social creatures. These people
come together in a slew of formal ways set up by organizational structures (e.g., company
hierarchy, formal work teams), and in many cases, employees also use informal methods to meet
others like themselves (Byrne, 1971; Tsui & O’Reilly, 1989). The “like themselves”
phenomenon has led to many formal and informal groupings of people at work. For example,
unions were formed when people who had similar interests in improving wages and working
conditions gathered together. Employees start clubs based on sports activity (e.g. baseball teams)
and other interests (e.g. cooking clubs). Additionally, employees over the years have sought to
unite based on other forms of similarity, for example, focused on demographic criteria such as
age, gender and race (Douglas, 2008; MacGillivray & Golden, 2007).

In the 1960s, the needs of individuals to be socially connected coincided with the
business goals of organizations trying to improve diversity and inclusion within their workforces.
Affinity groups were formed. According to Douglas (2008: 12), "affinity groups began as race-
based employee forums that were created in response to the racial conflict that exploded during
the 1960s. In 1964, Rochester, New York had the grim distinction of being the first city to
experience a modern-day race riot. The violence shocked the nation - and no one more than
Joseph Wilson, CEO of Xerox Corporation…it was with his support that the black employees
within Xerox formed the first caucus group to address the issues of overt discrimination and
agitate for a fair and equitable corporate environment." Since that first black caucus,
organizations around the world have added similar internal groups, not just to focus on race
issues, but as will be discussed in this paper, to bring together people based on other
characteristics and interests.
Today, the term caucus is rarely used, and these groups go by numerous names including affinity groups, employee resource groups (ERGs), employee networks, employee councils, employee forums and business resource groups. Over recent years, the popular ‘affinity group’ term has given way to the more frequently used term ‘employee resource groups’ (ERGs), with a future pointed towards use of the phrase business resource group (BRGs). For the purposes of this paper, we refer to all of these groups as ERGs. Catalyst, which is a not-for-profit organization studying ERGs for over 20 years, defines the ERG today as follows: "ERGs are groups of employees in an organization formed to act as a resource for both members and the organization. ERGs are voluntary, employee-led groups that can have a few members or a few thousand. They are typically based on a demographic (e.g. women), life stage (e.g. Generation Y), or function (e.g. sales). They are dedicated to fostering a diverse and inclusive work environment within the context of the organization's mission, values, goals, business practices and objectives" (Kaplan, Sabin & Smaller-Swift, 2009: 1).

ERGs are sponsored by the organization, but they are staffed by volunteers. Employees who are already working paid jobs take it upon themselves to spend additional unpaid time to help improve the organization by being members of one or more ERGs in their firms. These ERGs are creating environments where employees are going above and beyond their core job, and although ERGs can originate at the corporate level (Douglas, 2008), in most cases, employees are the people who initially ask to start ERGs. Because of this, they are best described as bottom-up phenomenon that are becoming prevalent in a large percentage of Fortune 500 firms and gaining traction in mid-size firms as well.

Members of ERGs work to pursue goals that help recruit and retain others like themselves and also work to improve the communities they live in and organizations where they
ERGs provide social and professional support for members (e.g. mentoring programs, visibility with senior leaders), function as a path for advocacy (e.g. help promote learning about their causes and positive change, such as working for equality via LGBT organizations), and provide avenues for information sharing (e.g. programs for black history month, teaching about women leaders, etc.) (Kravitz, 2008: 185; McGrath & Sparks, 2005; Van Aken, Monetta, & Sink, 1994).

According to various reports, ERGs have been growing over the past 25 years (Friedman & Craig, 2004). A study by Kaplan, Sabin, and Smaller-Swift (2009) indicates that the most popular types of groups today include women and LGBT ERGs. Similarly, Mercer (2011) reports ERGs that focus on women, race/ethnicity, and LGBT are the most widely used. Their research also notes that ERGs address topics such as multicultural interests while generations and environmental needs are being added to the working agenda, and ERGs are becoming more prevalent globally. For example, Hewlett Packard has approximately 150 ERG chapters, many of which are located outside of the United States.

At the same time, ERGs do not include all employees in a firm. For example, an ERG that is created for female employees naturally excludes male employees. Such exclusion can prompt some employees to view ERGS as “exclusive or providing preferential treatment” while raising questions such as “Why isn’t there an ERG for my group?” or “Why do we need an ERG for this group?” (Kaplan, Sabin, Smaller-Swift, 2009: 5). In response, some organizations are requiring ERGs to accept any employee that wants to join in an effort to make the ERGs inclusive (Kaplan, Sabin, Smaller-Swift, 2009). It is unclear how this focus on inclusivity will impact the popularity and success of the ERGs.
Despite the growth and complexity of ERGs in large and mid-size organizations, there is an underwhelming amount of research regarding the impact that they make on individuals, ERG members, the ERG entity or the firm overall. Even though these voluntary, company-sponsored groups have been in existence for many years, and they are evolving considerably, much more still needs to be learned. Indeed, the growth and resurgence of ERGs has escaped the attention of most introductory HR textbooks, teaching in organizational behavior, and certainly academic research in diversity and inclusion. For example, over the last 25 years, only a handful of papers addressing ERGs were published in top-tier academic journals. We think this is a serious missed opportunity for researchers studying employees at work. The 2011 Mercer report, published results from a survey of 64 companies. The authors of the report note that “ERGs are thriving ... many companies are experiencing a resurgence of enthusiasm for ERGs” (Mercer, 2011: 1). This enthusiasm for ERGs suggests a missed opportunity for research and learning.

In this paper we provide an introduction to ERGs as we believe that since there is so little published about them, this background information is essential reading. Next, we conduct a literature review and then summarize with suggestions for future research. Our goal is to encourage researchers to consider the inclusion of ERGs in their work. ERGs today are not just a tool for diversity and inclusion but are driving innovation and change in many firms. The potential for ERGs to build individual skills and knowledge as well as help companies improve their ability to compete is significant. The existence of these groups is on the rise; organizations are investing money into them, companies are transforming them to become more business focused, and employees who are already incredibly busy are volunteering time for these organizations. This is clearly a phenomenon that needs to be better understood.
INTRODUCTION TO EMPLOYEE RESOURCE GROUPS (ERGs)

For the most part, general agreement exists that ERGs are comprised of individuals who share a common demographic, life stage, function, or alternative identity (Kaplan, Sabin, & Smaller-Swift, 2009; McGrath & Sparks, 2005). Welbourne and Leone McLaughlin (2013) suggest three overarching categories for ERGs. The first is social-cause centered ERGs, for example those formed through an interest in supporting environmental, literacy or cancer work. The second is professional-centered ERGs, and in this grouping one finds ERGs composed of engineers, programmers or administrative staff. The third category is attribute-centered, which encompasses ERGs focused on personal characteristics or demographics one is born which, such as ERGs for women, Chinese origin, black, Latino or LGBT.

ERGs are staffed by volunteers; in fact, in most cases employees need to create the demand for an ERG as they are not dictated by the firm (Friedman & Craig, 2004; Kaplan, Sabin, & Smaller-Swift, 2009). In addition, ERGs are formal groups within the firm (Friedman & Craig, 2004), are run by group members or are self-managing (Bowie & Bronte-Tinkew, 2006; Friedman & Craig, 2004; McGrath & Sparks, 2005; Van Aken, Monetta, & Sink 1994), are self-financing or run at low costs (Friedman & Craig, 2004), are horizontal (McGrath & Sparks, 2005; Van Aken, et al., 1994), contain formalized member roles (Bowie & Bronte-Tinkew, 2006; McGrath & Sparks, 2005; Van Aken, et al., 1994), have regular and frequent meetings (Bowie & Bronte-Tinkew, 2006; McGrath & Sparks, 2005; Van Aken et al., 1994) and create the same status amongst all members (Connelly & Kelloway, 2003). Most have formal governance processes imposed by the firm, and there is structure within the ERG (see series of Catalyst reports, 2009, for more information on these topics). The overarching governance
structure usually includes committees of senior executives, steering committees, and each ERG is assigned a senior executive liaison.

Much of what we know about ERGs, at least through published research, comes from the study of individual ERGs (vs. all ERGs within an organization). For example, Colgan & McKearney (2012) examined the growth of LGBT ERGs. This specific focus on LGBT issues and history rather than the ERG itself is not unique (e.g., Briscoe & Safford, 2010; Githens, 2009; Waldo, 1999) and occurs when focusing on other types of ERGs as well. While many studies only focus on the history of one type of ERG, other papers that relay the story of one company are popular. Perhaps most often cited as the first ERG is the Black Caucus at Xerox Corporation (Briscoe & Safford, 2010; Friedman & Deinard, 1991; Scully, 2009) whose purpose was to achieve equal opportunity and pay (Scully, 2009). Another company cited in various papers is Hewlett Packard, noted for forming the first LGBT group in 1978 (Briscoe & Safford, 2010).

**LITERATURE REVIEW**

As noted earlier, the topic of ERGs is not well studied. Thus, a literature review is limited because there simply is not much literature. Also, there is a dearth of information in academic publications, in particular top tier journals. Thus, in order to understand what we do know about ERGs, we needed to include a wide variety of articles; we could not focus on only academic journals. The published work includes quantitative studies (Wang & Schwarz, 2010; Friedman & Holtom, 2002), qualitative studies (e.g. Brooks & Edwards, 2009; Colgan & McKearney, 2012) conceptual articles (e.g. Githens, 2009; Rocco, Delgado, & Landorf, 2008), historical reviews (eg. Baillie & Gedro, 2009; Briscoe & Safford, 2010) and practitioner oriented articles (Catalyst, 2012; Izlar, 2005).
Much of the literature on ERGs consists of conceptual insights and case studies. There have been few studies that have quantitatively examined the impact that ERGs make on individuals, the ERGs overall or the firm. These quantitative studies have added value to our understanding of ERGs; however, they only skim the surface of what we need to learn about this topic. Those few quantitative studies that exist primarily present results of surveys of participants within the ERGs at one point in time. There is a lack of longitudinal data in the published work, leading to questions about causality (Waldo, 1999).

**ERG Theory**

There is no overarching theory used to study ERGs. In fact, most of the studies fail to incorporate any specific theory explicitly. Only ten papers from the literature review utilized theory or included a conceptual model in the work. One example of a paper using theory is Scully (2009), who uses negotiation theory and social movement theory to help explain the rise of ERGs and how they view their achieved outcomes. Githens (2009) uses queer theory which “rejects notions of sexual identity and instead emphasizes the fluidity of human sexuality” (Githens, 2009: 23) to help examine how LGBT employees have utilized capitalist structures to create their own spaces that provide social support. Colgan & McKearney (2012) utilize Noelle-Neumann’s (1991) spirals of silence theory to help explain the lack of voice from LGBT individuals inside organizations.

Friedman & Craig (2004) use cognitive-dissonance theory (Festinger, 1957) to test whether dissatisfaction is related to the joining of network groups. Social networks (Friedman, Kane, & Cornfield, 1998; Friedman & Craig, 2004) and independently created models (Van Aken, et al., 1994; McGrath & Sparks, 2005; Gates, Teller, Bernat, Cabrera, & Della-Piana, 1999) construct the majority of the remaining theoretical frameworks. Overall, these theories
tend to be used with individual types of ERGs and focused on individual outcomes rather than group or firm-level outcomes.

Despite the absence of an overall model for ERGs or a guiding theory, there are a variety of useful research studies that are building this literature. Studies have examined topics such as social capital (Friedman & Holtom, 2002; McGrath & Sparks, 2005), voice (Colgan & McKearney, 2012), social ties (Friedman & Craig, 2004; Friedman & Holtom, 2002), allies (Brooks & Edwards, 2009), intangible assets (Carayannis, 2004), and engagement (Kaplan, Sabin, & Smaller-Swift, 2009) under the label of ERGs. Table 1 below outlines some of these papers focusing on the relevant constructs studied, theories, or models used in their theoretical development.

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Insert Table 1 Here
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Although there are a variety of types of ERGs, it appears that most of the individual ERG-focused work has dealt with LGBT groups. However, there were several studies addressing ethnic, minority, women, and student ERGs as well. These results are shown in Table 2.

The criteria for inclusion in Table 2 required three general constraints: (1) articles listing examples of ERGs (eg. Konrad, 2006) that were not either directly studied or the focus of the article content were not included, (2) articles that addressed ERGs at a conceptual level without studying or focusing on a specific type of ERG were not included and (3) only those articles that directly addressed or examined a specific type(s) of ERG were included. Results of our literature review indicated that 16 articles addressed LGBT ERGs, 6 articles addressed Women ERGs, and 4 articles addressed Ethnic or Minority ERGs.
Perhaps the lack of an overarching model or theory for ERGs is not surprising given the variations in focus of the literature. The majority of studies focusing on LGBT issues seem to indicate that ERGs have been primarily viewed as vehicles for promoting diversity rather than other business-level outcomes. Although some frameworks do exist that attempt to categorize the stages of ERGs or suggest their purpose, the models are still largely incomplete. Put simply, there appears to be ample room for considerable research both in integrating multiple types of ERGs into given studies as well as in crafting theoretical arguments for the benefits of ERG existence.

**Outcomes of ERGs**

Within the ERG literature, a variety of outcomes have been considered. Of primary interest in the ERG literature is the focus on the benefits that ERGs provide. These benefits can be observed at both the individual and the organizational level.

ERGs impact organizations through: (1) having a direct effect on business operations, (2) attracting and developing employees, and (3) contributing to a diverse and broad employee base (Hastings, 2011). As a result of their examination of LGBT ERGs, a framework of LGBT ERGS was presented by Githens and Aragon (2007). This framework identifies different orientations that LGBT ERGs may embody. On the horizontal axis, ERGs range from an emphasis on social change to an emphasis on producing more effective organizations. The vertical axis demonstrates the amount of order existing in the ERG, ranging from emergence to structured order.
ERGs produce several benefits at the organizational level. In Kaplan, Sabin, and Smaller-Swift’s study, they conclude that ERGs “are a critical element in creating a culture of inclusion and a workplace that supports diversity of background, thought, and perspective” (2009: 3). Furthermore, they suggest that ERGs are beneficial in leadership development, helping employees’ bridge cultural differences across corporate boundaries, and building a connection with the community, which can boost the corporation’s reputation. In Githens & Aragon’s (2009) study, they observed an LGBT ERG that effectively aided change in their organization, leading to diversity training and domestic partner benefits.

In addition to organizational level outcomes, ERGs are designed to benefit employees. Employees receive personal and professional development opportunities, such as educational and networking activities (Kaplan, Sabin, & Smaller-Swift, 2009). For example, in a survey conducted by Catalyst, fifty percent of organizations indicated that the chief purpose of their ERGs was to “provide leadership development opportunities and management experience” (2012: 5). The results of the Friedman et al. (1998) study suggest that mentoring within the ERG contributes to a positive outlook for black managers regarding their careers. ERGs also are helpful in aiding the process of information sharing between members, along with enabling “creative problem solving and collaboration” (McGrath & Sparks, 2005: 48). Similarly, Van Aken, et al. (1994) identified the following positive outcomes of ERGs: communication within and across groups, problem-solving, professional development, building a culture of trust and community, and an increased knowledge of the organization. Regardless of working more hours than their non-ERG participant contemporaries, employees who participate in ERGs indicate the experience is energizing (Welbourne & Ziskin, 2012).
Despite the positive outcomes noted above, some research has identified difficulties and the general ineffectiveness of ERGs. Van Aken et al. (1994) observed that it takes time for ERGs to become effective groups, with some not establishing group roles for over six months from initiation. Additionally, they observed that frequency of meetings had an impact on the ERGs growth as did a lack of commitment from group members. Other challenges included employees adapting to the cooperative nature of the ERG and the process of making decisions within the group (Van Aken et al., 1994). In a study of gay, lesbian, and bisexual individuals, Waldo observed that a GLB ERG, in combination with the organization instituting GLB-inclusive guidelines, a larger GLB community, and diversity education, “did not directly serve to reduce the amount of heterosexism experienced by the respondents” (1999: 226).

Summary of ERG Literature

Although ERGs and affinity groups have been in existence for over 50 years, there is a very small body of research or even writing on this topic. The work done is varied, and in most cases, deals with one type of ERG, documenting history and case studies. Additionally, a handful of studies examine individual reactions to ERGs and focus on how these groups can help people and organizations. However, the focus on building models that explain why ERGs work or do not work or utilizing theory to research ERGs, is still in its infancy. Therefore, in the next section we propose ideas for an ERG research agenda.

RESEARCH AGENDA FOR ERGS

Based on literature to date, what we know about ERGs and the potential for these groups to have an impact on individual employees (members and non-members of ERGs), the ERG groups themselves, and the organization as a whole. Therefore, in order to structure our
discussion, we utilize the three potential outcome levels of analysis and, when appropriate, differentiate ERG types using the Welbourne and Leone-McLaughlin (2013) typology.

**Individual Outcomes**

Most of the research conducted to date falls into examining one type of ERG and the evolution of that ERG’s work and/or results of membership and ERG work on individuals. However, there is a host of other research questions that can be asked by examining the impact of ERGs on individual outcomes.

First, does the type of ERG matter? If we isolate an individual level outcome such as career growth or promotions, it would seem that professional-focused ERGs may have a greater impact on that particular outcome. By their very nature, professional-focused ERGs bring individuals together who care about a relevant field (such as engineering or sales) who seek to personally benefit from their membership (Welbourne & McLaughlin, 2013). As such, it is likely that the professional-focused ERG will encourage professional development of the individual.

On the other hand, social cause-centered and attribute-centered ERGs focus on topics that are not directly related to ERG members work roles. Therefore, we propose the following:

*Proposition 1: Members joining professionally-focused ERGs will see more positive impacts on their career or promotions within the firm.*

The roles that an individual fills within the ERG may also impact the outcomes he/she experiences. For example, being a leader of a group or team is generally considered a positive influence on one's career. In addition, most ERGs have a senior executive as a sponsor on its leadership team (Mercer, 2011; Douglas, 2008). The senior executive’s presence provides the other individuals leading the ERG with exposure to the top of the organization that they would not receive in other roles. Consider young employees in one of the growing ERGs called
millennial or generation ERGs. These young individuals are not in a position to meet the executive VPs of the firm; however, if they serve as an ERG leader they are provided with the opportunity to meet, work with, and get to know senior executives. This type of internal visibility is incredibly beneficial to their mentoring (Dreher & Ash, 1990) and networking (Forret & Dougherty, 2004). Thus, it also should have a positive impact on their career.

*Proposition 2: Being in a leadership role within an ERG will have positive impacts on career growth and promotions within the firm.*

Many firms are looking at ERGs as a way to enhance employee engagement. For example, Wells Fargo expects each of its ERGs to augment ERG members’ engagement with the firm (Mercer, 2011). The ability to bring one’s "whole self" to work and contribute in ways that are not solely part of the formal job is part of what employee engagement campaigns are designed to do (Kahn, 1990). Indeed, firms with ERGs provide an avenue for a firm to take a “personal interest” in employees and thus it is “no surprise that companies with affinity groups make the list of best places to work” (Douglas, 2008: 18). However, there is no readily available evidence to suggest that being in an ERG does or does not affect engagement or other employee attitudes. Therefore, this too is another area for future research, and we speculate that membership will indeed have positive effects on these variables.

*Proposition 3: Members of ERGs will have higher levels of individual work-related attitudinal variables, such as employee engagement, commitment and overall job satisfaction.*

We also speculate that the degree to which being a member of an ERG has a positive effect on employee engagement, commitment, and job satisfaction depends on whether the ERG promotes employee contributions beyond the core job. For example, Milliman, Czaplewski, and
Ferguson (2003) found that meaningful work, sense of community, and value alignment each had a positive association with an employee’s commitment to an organization. As such, we suggest that ERGs that focus on attributes and causes that go beyond professionally-centered issues bring a greater sense of meaningfulness and connection between the ERG members and the firm. Thus, we see type of ERG as a moderator for the relationship between members of ERGs and their attitudinal variables with both social-cause ERGs and attribute-centered ERGs having stronger impacts on individual attitudinal variables.

*Proposition 4: Type of ERG will moderate the relationship between ERG members and individual employee attitudes about work, such that the social cause and attribute-focused ERGs will have stronger and more positive impacts.*

**ERG Group Level Outcomes**

The question of outcomes for the ERG group overall has not been asked to date. However, in order to live beyond the term of one group of leaders, the ERG itself must provide value to its members and the business. Therefore, considering the ERG itself to be a business unit inside the firm may be a useful path for researchers.

Individuals may become tied to these groups over time, dubbed by Reichers (1985) as ‘constituent commitments’. Although perhaps not originally designed by the organization itself, ERGs may act as systems to create attachments (Cohen & Bailey, 1997). As employees enjoy this sense of belonging, they may transform into social gatherings for established members rather than systems for inciting organizational change. As norms are established over time (Feldman, 1984; Postmes, Spears, & Lea, 2000) and subsequently enforced, new individuals may feel like outsiders and choose either to leave quickly or not choose to participate despite the desire to do so. Thus, age of the ERG may have an impact on the ability of the leadership teams to attract
members, with newer ERGs having more success than older ERGs. This suggests a potential life cycle for ERGs, with the early years rendering more interest and commitment to crafting societal and organizational change, while later years do not necessarily signal the same inclusiveness and excitement that surrounded the initial creation. Therefore, we suggest that effectiveness of an ERG is a function of the life cycle of the ERG.

**Proposition 5:** Stage in the ERGs life cycle will impact the ERGs overall effectiveness, with newer ERGs having more positive results.

Traditionally, ERGs were based on demographic characteristics that represented certain subsets of the organizational population. Although these groups were often small initially, such as the first black ERGs, since their mission was largely to recruit and retain (MacGillivray & Golden, 2007), their numbers eventually rose. However, as ERGs gain in popularity, they are becoming increasingly more specialized and focused on issues such as beliefs and ideologies (Mercer, 2011). As these attitudes and beliefs are largely hidden or difficult to detect amongst strangers, it is potentially more difficult to recruit to these specific groups. Since ERGs are inherently composed of individuals from an organization across many business-units, they can rely on member’s abilities for the formalized roles characteristic of ERGs (Bowie & Bronte-Tinkew, 2006; McGrath & Sparks, 2005; Van Aken, et al., 1994) such as marketing or management of the group. Therefore, the type of ERG likely dictates the number of available members and subsequently, the amount of skills from which to draw on to further group effectiveness. Clearly this is a complex topic, because we speculate that industry, age of firm, company strategy and other variables will affect which ERGs are more popular as well.
Proposition 6: Type of ERG will impact overall effectiveness and popularity (membership levels); however, this relationship will be moderated by firm strategy and other organization-specific factors.

ERGs were designed as an avenue for members to gather around a common purpose and are generally organized by employees (Friedman, Kane & Cornfield, 1998; Konrad, 2006) and are “horizontal and cross cutting” (McGrath & Sparks, 2005: 47). Though the intent is to eliminate any hierarchy from an ERG, hierarchy is a “fundamental feature of social relations” (Magee & Galinsky, 2008: 352) that emerges in spite of intentions to eliminate it (Leavitt, 2005; Tannenbaum, Kavi, Rosner, Vianello, & Wieser, 1974). Therefore, a potentially important avenue for research is to examine how dynamics change between a supervisor and his/her employee in the context of the ERG. Additionally, are employees who find themselves in the same group fearful of speaking forthrightly because their supervisor is present? How does sharing this experience impact the supervisor’s impressions of his/her subordinate? Connelly and Kelloway (2003: 295) suggest that employees are “inhibited by their superiors” while Bowie and Bronte-Tinkew (2006: 4) suggest that individuals in ERGs where there are no power disparities are “less likely to feel inhibited at meetings because they need not fear repercussions from those with more formal power.” However, there is a lack of empirical investigation within an ERG context regarding their claims. Therefore, we suggest that a fruitful avenue for further research is a close examination of the ERGs effectiveness when both the employee(s) and the supervisor is present. Following the logic of Connelly and Kelloway (2003) and Bowie and Bronte-Tinkew (2006), we propose:

Proposition 7: The membership of both employee(s) and supervisor in the same ERG will have a negative impact on ERG effectiveness.
Although previous research has stated that ERGs are horizontal (McGrath & Sparks, 2005; Van Aken, et al., 1994) in nature, other research suggests that they contain formalized member roles (Bowie & Bronte-Tinkew, 2006; McGrath & Sparks, 2005; Van Aken, et al., 1994). While not necessarily counter to one another, more formalized member roles usually imply a more hierarchical, rigid structure, rather than necessarily an open system in which individuals can engage in any activity. It’s very possible that the variation in hierarchical structure has a profound effect on the types of activities that these groups engage in. For example, Githens & Aragon (2007) remarked that LGBT employee resource groups that were structured sought primarily to encourage discourse on diversity while informal networking groups sought to create social support among LGBTQ workers. As such, employee resource groups that function more primarily as network and informal systems may seek different agendas and goals than those that function primarily for the development of social change or organizational shifts. In addition, the level of hierarchy may impact how successful these groups are at certain activities.

While egalitarian structures may be preferred in theory, hierarchy establishes order and facilitates coordination and emerges even in social groups (Magee & Galinsky, 2008). This coordination and order will more likely allow for these social groups to engage in recruiting activities, convey their message, communicate clearly, and demonstrate legitimacy to their organization and potential recruits. However, hierarchy and formalized member roles implies power, which can change an individual’s psychological state (Keltner, Gruenfeld, & Anderson, 2003). As power can reduce awareness of others, overly-hierarchical ERG structures may fail to integrate the viewpoints of multiple participants, decreasing the expected utility that the groups provide for free-flow of ideas and knowledge. In addition, the standardization of these groups
may create a “community of standards” when pressure is placed on them to formalize (Carayannis, In Press: 18). Therefore we propose:

**Proposition 8a:** ERGs that enact a more hierarchical structure will have more success in recruitment and selection processes and ensure greater long-term sustainability

**Proposition 8b:** ERGs that enact a more horizontal structure will have more success in creating a free-flow of ideas and knowledge across all members

In the realm of organizations, there is the potential concern that, when given the opportunity, workers may seek to unionize or create bargaining groups against their business. The literature on ERGs does suggest that this is a potential concern of management in these organizations with allowing the social groups to exist (Friedman, 1996; Friedman & Craig, 2004; Friedman & Deinard, 1996) and even some definitions of the groups take pause to point out their operation “outside the jurisdiction of collective bargaining laws” (Briscoe & Safford, In Press: 1). As such, we argue that these ERGs operate on the precipice of acceptance and skepticism. It is thus important that top management accept these ERGs and support them while refraining from becoming fearful of their potential influence.

**Proposition 9:** Organizations with management teams that are fearful of ERGs gaining bargaining or union power will be less likely to gain the full benefits of their potential.

**Firm Level Outcomes**

ERGs were originally formed and continue to evolve in order to meet firm-level goals and objectives. In most cases, the tie to firm performance is through the diversity and inclusion (D&I) function and goals. Therefore, one would expect that ERG presence, in and of itself, would have a positive impact on meeting D&I when compared to not having an ERG. Thus, longitudinal studies on the effect of ERGs might demonstrate higher retention rates of people represented by ERGs, and it also may have a positive effect on recruitment. In addition,
knowledge of the various ERG groups is expanded to have positive impacts on culture. Therefore, our first proposition is that adding ERGs will have a positive impact on D&I goals, including creating a culture that is more knowledgeable and open to the needs of the various groups represented by the ERG.

**Proposition 10**: Addition of ERGs will have a positive impact on meeting D&I goals.

**Firms with ERGs will have more success with D&I than firms without ERGs.**

As noted earlier in this manuscript, there can be backlash from adding ERGs. Despite some organizations allowing any person to join, regardless of the theoretically ‘required’ characteristic, (Kaplan, Sabin, Smaller-Swift, 2009) the practice is not necessarily universal. As such, people who are not in the ERGs may resent the funding provided to ERGs although they are often self-funded or run at low costs (Friedman & Craig, 2004). They may also dislike the meetings and the mere existence of ERGs if they think they are being discriminated against by not having an ERGs that represents them in some way. Thus, the degree to which the firm communicates the goals of the ERG to all employees, not just those in the ERG, will be important in moderating the impact of ERGs on meeting D&I goals and objectives.

**Proposition 11**: Communication strategies designed to target entire organization and minimize the negative effect of ERG presence will moderate the relationship between ERG presence and achievement of D&I goals.

ERGs are getting more involved with innovation initiatives. Organizations like Clorox and Ford have tapped into ERGs to help create products for specific markets assisted by their established ERGs (Jennifer Brown Consulting, 2010). The involvement of ERGs is potentially enhancing an organization’s ability to innovate and sell to new markets by bringing in perspectives that may have been untargeted without the formulation of the ERGs. Although
Every ERG certainly doesn’t contribute equally to innovative practices at every firm, they do have the potential, through innovation, to have an even greater impact on firm performance.

**Proposition 12:** Firms that involve ERGs in innovation initiatives will experience positive gains from these programs, and those new products or services (or enhancements through innovation) will have positive effects on overall firm performance.

ERGs have been tapped to help with several core HR functions, including recruiting, acculturation and retention (MacGillivray & Golden, 2007). Employees who are part of ERGs can provide realistic job and company previews for candidates which have been shown to lower turnover through aligning expectations (Buckley et al., 2002). In addition, by helping new employees join ERGs, the new recruit has another network and opportunity for mentoring. All of these impacts on HR practices have indirect impacts on the firm via its ability to attract and retain high quality job candidates.

**Proposition 13:** ERGs involved in HR practices will have positive impacts on HR outcomes, which then translate to positive business results.

ERGs bring people together who are the same on some dimension, and via that closeness, the individuals have reason to trust each other, especially if combined with a high perceived climate for psychological safety (Baer & Frese, 2003) in which individuals feel open to sharing their ideas and opinions. Through trust, individuals feel the ability to express their true selves at work (Kahn, 1990; Schein & Bennis, 1965). Trust, overall, has been found to have positive impacts on relationships at work in potentially reducing conflict (Bradley, Postlethwaite, Klotz, Hamdani, & Brown, 2012) and spurring members to engage in creativity and innovation (Edmondson & Mogelof, 2006; West & Farr, 1990).
Proposition 14: By enhancing levels of trust in the organization, ERGs help build stronger teams and lead to more positive outcomes in the firm.

Previous ERG literature has recognized that ERGs contribute to the ability of employees to cross inter-organizational boundaries (McGrath & Sparks, 2005). However, there has been little research into the opportunities and impact that ERGs have when working together. Does competition exist between ERGs within the organization? How do employees who are a part of more than one ERG distribute their efforts? According to the Mercer report (2011), most firms mandate that the goals and strategies of their ERGs be in alignment with the overarching firm’s goals and strategies. On the other hand, they also find that there is much less attention given to ERGs aligning and collaborating together (Mercer, 2011). Knowledge sharing can be an important way that firms generate more innovation (Argote, McEvily, & Reagans, 2003), which suggests that ERGs within a firm that do not collaborate miss an opportunity to contribute to the success of a firm as innovation “has become important for value creation in many industries” (Hitt, Hoskisson, Johnson, & Moesel, 1996: 1085). Thus, we suggest that creating an overarching ERG program that encourages collaboration and alignment between ERGs will have a more positive effect at the firm level, and the degree to which ERGs are less silo oriented, the higher the positive impact will be.

Proposition 15: ERG programs that are coordinated at the firm level to cooperate with all firm ERGs and contribute to overarching firm goals will bring more positive results than silo focused ERGs.

There is a wide and varying literature on the effects of corporate social responsibility and firm performance; however, there has been limited attention on how corporate social responsibility has been used strategically to add value to the firm (McWilliams & Siegel, 2010).
Therefore, one potential avenue for future research is to examine the value that ERGs contribute to a firm in terms of corporate social responsibility. Social cause-centered and attribute-centered ERGs tend to be more visible in the community, focusing on causes that are in the public eye or being involved in community outreach programs that are often covered by the press. Such public attention enhances the firm’s public image and thereby its reputation (Lin-Hi & Muller, 2013). Therefore, we suggest that these types of ERGs contribute value to the firm by having a positive effect on brand and reputation.

Proposition 16: Social cause and attribution-centered ERGs are more likely to impact firm brand and reputation.

Summary of Propositions and Research Suggestions

Our approach to developing a research model and propositions is a small sampling of what can be studied with ERGs. Very little is known about the differential impact of the various ERG types on individual, ERG level or firm outcomes. Almost every proposition could be examined in either one ERG type or across ERGs. Organizations are adding new ERG types, and as that happens, researchers are presented with opportunities to understand the life cycle of ERGs, leadership process, importance of ERG type and why employees are motivated to join and participate.

Most ERGs are used within larger firms; however, mid-size firms are now starting to implement ERGs because they view them as paths to retain employees and drive innovation. If ERGs help build trust, and this non-traditional working group fosters new ways of thinking and innovation, and at the same time helps employees create a higher quality job experience, then why should they be isolated to large and mid-size firms? Smaller, and even more entrepreneurial firms may benefit from the key aspects that make ERGs work. However, the problem today is
that we have no idea what these key criteria are because there is so little research done on this topic.

CONCLUSION

Affinity groups began as a solution to racial unrest, and today the evolution of these groups has resulted in a new business phenomenon that goes by many names. In this paper we called them ERGs; however, in many firms they are moving to become business resource groups (BRGs). The key difference is that BRGs are held more accountable for business results. Is this trend a good one? Or will the movement away from diversity and inclusion goals harm have a negative effect on employees' willingness to join?

In this paper we bring the topic of ERGs to the forefront. We provided definitions and summary learning for researchers who are interested in studying a topic that has not been addressed in much detail to date. There is ample room to bring theory from multiple disciplines to the study of ERGs, and our goal is that this work sparks interest in creating a new body of knowledge that can be shared with both academics and practitioners.
REFERENCES


### Tables & Figures

#### Table 1: A Brief Overview of the ERG Literature

<table>
<thead>
<tr>
<th>Author(s) and Year</th>
<th>Research Question / Purpose</th>
<th>Relevant Constructs</th>
<th>Theories / Models Used</th>
<th>Independent Variable(s)</th>
<th>Dependent Variable(s)</th>
</tr>
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<tbody>
<tr>
<td>Scully (2009)</td>
<td>“To examine instances when groups did collaborate on local remedies to embedded inequalities” (p. 74).</td>
<td>Rainbow Coalition</td>
<td>Negotiation Theory; Social Movement Theory</td>
<td>None (Case Studies)</td>
<td>None (Case Studies)</td>
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<tr>
<td>Githens (2009)</td>
<td>“To explore the ways in which the productive tensions between capitalism, identity politics, and queerness have manifested themselves in LGBT ERGs and created structures and activities that result in development for individuals, organizations, and societies” (p. 19).</td>
<td>Identity Politics; Queerness</td>
<td>Queer Theory; Identity Theory</td>
<td>None (Conceptual)</td>
<td>None (Conceptual)</td>
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<tr>
<td>Colgan &amp; McKearney (2012)</td>
<td>“To focus on the activism of lesbian, gay, bisexual and transgendered (LGBT) people and their allies within work organisations. Specifically, it explores whether LGBT trade union groups and company employee network groups provide mechanisms for visibility, voice and activism for LGBT employees within UK organisations” (p. 359).</td>
<td>Voice</td>
<td>Spirals-of-Silence Theory</td>
<td>None (Interviews)</td>
<td>None (Interviews)</td>
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<tr>
<td>Friedman &amp; Craig (2004)</td>
<td>To “provide insight into an emerging strategy for ‘managing diversity’” (p. 794).</td>
<td>Job Dissatisfaction; Social Ties;</td>
<td>Cognitive-Dissonance Theory</td>
<td>Group Identification; Job</td>
<td>Participation</td>
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<tr>
<td>Author(s) and Year</td>
<td>Research Question / Purpose</td>
<td>Relevant Constructs</td>
<td>Theories / Models Used</td>
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<tr>
<td>Friedman &amp; Holtom, 2002</td>
<td>To “assess the impact of one approach to supporting minority employees: minority employee “network” groups” (p. 405).</td>
<td>Expressive Groups; Identification</td>
<td>Social Capital; Turnover; Job Attitudes; Job Satisfaction; Organizational Commitment; Social Embeddedness; Social Ties</td>
<td>Dissatisfaction; Perceived Costs &amp; Benefits</td>
<td>Participation; Social Embeddedness; Organizational Level; Number of High-Level Managers; Job Satisfaction</td>
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<tr>
<td>McGrath &amp; Sparks, 2005</td>
<td>To explore how “affinity groups—semiformal groups that cut across the supply chain structure—are useful in initiating efforts to build social capital” (p. 45).</td>
<td>Social Capital</td>
<td>No express theory</td>
<td>None (conceptual)</td>
<td>Turnover Intentions</td>
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<td>Gates, Teller, Bernat, Cabrera, &amp; Della-Piana, 1999</td>
<td>To outline the purpose and objectives of affinity groups at a University</td>
<td>Self-belief of efficacy</td>
<td>No express theory</td>
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<td>Disability</td>
<td>Jain, S., &amp; Lobo, R. (2012); Catalyst (2012)</td>
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<td>Bisexual</td>
<td>Green, H. B., Payne, N. R., &amp; Green, J. (2011)</td>
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<td>Youth Group</td>
<td>Bowie, L., &amp; Bronte-Tinkew, J. (2006)</td>
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<td>Church Groups</td>
<td>Marti, G. (2009)</td>
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Table 2: Types of ERGs
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<tr>
<td>Supply Chain Related</td>
<td>McGrath, R., &amp; Sparks, W. L. (2005)</td>
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<td>Culturally Focused ERGs</td>
<td>Izlar, A. C. (2005)</td>
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<tr>
<td>Family Matters</td>
<td>Jain, S., &amp; Lobo, R. (2012)</td>
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<tr>
<td>Creating Common Ground</td>
<td>Jain, S., &amp; Lobo, R. (2012)</td>
<td>1</td>
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<tr>
<td>Technical, Managerial, and Administrative Functions</td>
<td>Van Aken, E. M., Monetta, D. J., &amp; Scott Sink, D. (1994)</td>
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<tr>
<td>Veteran Support</td>
<td>Catalyst (2012)</td>
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<tr>
<td>Intergenerational</td>
<td>Catalyst (2012)</td>
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