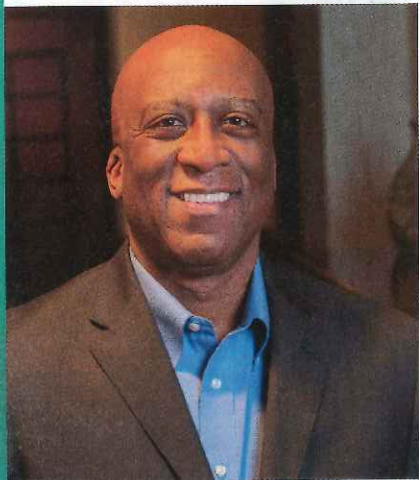


## Are Employee Resource Groups Good for Business?

**YES**

**The evidence is overwhelming that employee resource groups are good for business.**



As we all know, the demographic profile of the United States is shifting rapidly, with minorities expected to reach majority status by 2044 due, in part, to the projected growth of Asian, Hispanic and multiracial populations, according to the Census Bureau.

As a result, more companies are leveraging their workforces to reach diverse customers and communities. One way they are doing this is through the innovative use of employee resource groups (ERGs)—voluntary, employee-led groups made up of individuals who join together based on common interests, backgrounds or demographic factors such as gender, race or ethnicity.

As a former chair of the diversity and inclusion leadership council for The Conference Board—a global,

nonprofit business and research association—I worked with diversity leaders whose companies took full advantage of their ERGs to identify gaps in their business strategies.

That experience motivated me to conduct my own research. I discovered that more than half of the companies with fully developed diversity strategies use their ERGs to improve the business in three ways:

- First, they make sure employees have an opportunity to be heard, valued and engaged.
- Second, they gain a better understanding of who their customers are.
- Last but not least, they get insight on business performance, because smart companies understand that if they don't grow, they won't be around very long.

More than 70 percent of the organizations I studied relied on their ERGs to build a workforce that reflected the demographics of their customer base; the thinking was that customers would be more loyal and would feel more comfortable if they did business with people who understand them. Almost 30 percent got assistance from their employee resource groups to increase the organization's spend with diverse suppliers.

At 90 percent of the companies I examined, ERG members helped new employees to get comfortable during the onboarding process. Studies show that the first 60 to 90 days of employment

are a critical time for any new hire, and they can be particularly challenging for members of traditionally underrepresented groups. That short window of time can mean the difference between whether an employee stays for the long run or leaves the organization before the year is out. ERGs can be leveraged to acclimate employees and engender a sense of loyalty and belonging to their new company.

These groups can also be great partners for identifying gaps in an organization's talent development process. Sixty-three percent of the companies I surveyed have an employee resource group focused on young professionals. Given how fickle Millennial employees can be when it comes to staying at a job, giving them a forum to network and grow is a great way to reduce turnover rates.

Many companies also successfully use their ERGs to improve the organization's leadership development process, to drive results, to forge relationships, and to ensure alignment between their business and diversity strategies.

The data clearly suggest that employee resource groups are not only good for business—they are essential!

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