How employee networks can help boost a company’s bottom line

Firms can harness the power of these groups to foster inclusion, maximise talent and meet targets, writes Allyson Zimmermann

Lately, there has been a good dose of discussion around the impact of employee work groups. While many companies are interested in launching these networks, there is often an unconscious assumption questioning their business impact. Are work groups and networks really just social clubs or are they a valuable business resource for companies?

Catalyst uses the term ‘employee resource group’ (ERG) instead of networks, or affinity groups – in order to emphasize what a RESOURCE they are for companies as well as for group members.

Employee resource groups (ERGs) are not new. They are usually groups of employees in an organisation formed to act as a resource for both group members and the organisation. They are voluntary, employee-led groups that can have a few members or a few thousand and are typically based upon a demographic (e.g., women), life stage (e.g., Generation Y), or function (e.g., sales), but they may also be based on other identities. They commonly provide support and enhance career development as well as working on issues such as recruitment, retention, career development and skill-building.

Traditionally, Employee Resource Groups (ERGs) were focused on minority groups in the workplace, for example women and less well represented ethnic groups, but in recent years we’ve seen a new and growing interest from companies in recognising and strengthening EGRs as a valuable resource for businesses and employees.

Women’s networks and multicultural groups, for instance, have tended in the past to focus on raising awareness of diversity issues and bringing the issue of inclusion and advancement to the attention of senior management. While this still holds true, they can also complement senior leadership diversity and inclusion strategies, and serve a critical role to build alliances across difference in the workplace.
Junior women, for instance in a women’s network, are given the opportunity to cross paths with senior women who they might otherwise not meet, to serve as role models, mentors and even sponsors. (What’s the difference between a sponsor and mentor? Sponsors will not just advise you, they will actively advocate for you behind closed doors.)

Recently, I was meeting with a group of network leaders. During the discussion, it became apparent that what differentiated one group’s success from another was how the ERG contributed to the business.

When a business successfully harnesses its talent, ERGs can have a significant impact on a company’s bottom line. From Campbell Soup Company, which worked with its women’s group to increase sales of certain product lines, to Chevron, which was given valuable advice on Hispanic marketing opportunities by its Latino group, they can have many positive outcomes.

Another area of impact is employee engagement; an ongoing Catalyst survey shows that participation in ERGs was linked to higher employee loyalty and satisfaction and many studies link higher employee engagement to enhanced productivity and performance.

In short, ERGs are not social clubs created to hurt or disadvantage those who don’t share the identity of the majority of their members. They are an increasingly crucial resource that companies invest in to bring together employees, develop and engage talent, and deliver better results across the board.

In today’s global world, the companies most likely to be competitive are those drawing talent from all sectors of society. These smart companies have embraced the need for diversity in the workplace and, crucially, are focusing on removing barriers holding back talented employees; and ERGs can be a catalyst for inclusion. When aligned with a company’s business objectives, they are a crucial resource allowing companies to bring together employees; develop and engage talent; and deliver better results across the board.

To ensure this business focus, ERGs need to create a strong, organisation-specific business case; develop a mission statement, objectives, and guidelines; identify the group’s leadership and membership structure; determine specific areas for activity that are relevant to the group’s constituency; create metrics to track effectiveness; and report regularly to the executive sponsor, and the Diversity and Inclusion Office and HR.

Today, ERGs are more strategic and business minded than ever before and are critical to engaging diverse workforces with a goal to ensuring that all talent is leveraged. Across the globe, companies are harnessing the power of ERGs to foster inclusion, maximise talent, meet strategic growth objectives and create business value.

In today’s workplace, diversity is a reality. But inclusion is a choice.

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Allyson Zimmermann is Executive Director of Catalyst Europe leading the non-profit organisation’s strategy to create inclusive workplaces where women and all talent can advance.
June 28th, 2017 | Allyson Zimmermann, Gender | 0 Comments