

EXECUTIVE SUMMARY

# ERGs at the Crossroads

Benefits, Boundaries, and Burnout

# ERGs at the Crossroads: Benefits, Boundaries, Burnout

## A Sudden Rise in Popularity Comes with Consequences

Employee Resource Groups (ERGs) have grown steadily in popularity across the past decade—their rise matching increasing investment in Diversity, Equity, and Inclusion (DEI). Since 2020, however, ERGs have seen an unusually strong surge of attention and interest, with companies relying on them to tackle cultural disruptions and pursue growing business opportunities. This resurgence of an age-old DEI tactic has taken many organizations by surprise. Near universal reports of ERG leadership burnout make these discussions urgent, so Seramount researchers embarked on a study to identify exactly what this surge in popularity means for ERG leaders and members.

### ERGs Facing Post-Pandemic Headwinds and Tailwinds

The rapid pace of change and the current environment of uncertainty has called for organizations to revisit and examine the role that ERGs will play moving forward. Here are four of the most important emerging trends:

1

#### Economic Uncertainty

Economic instability and workforce corrections have put DEI commitments and investments under pressure. Since layoffs tend to focus on less-tenured staff, many hired under recent diversity-promoting protocols were affected. Additionally, DEI teams appear to have been disproportionately targeted, raising questions about the seriousness of companies' long-term commitments to DEI.

3

#### Intersectionality

As ERGs evolve, intersectionality is an increasingly important factor. US Census data shows a 276% increase in people identifying as multiracial between 2010 and 2020. Additionally, there is some data to suggest that the younger generations of the workforce are less likely to align themselves to traditional identities reflected by most ERGs.

2

#### Lack of Data

There is surprisingly little comprehensive data on the makeup of ERG programs or evidence of their effectiveness. There is especially a lack of evidence surrounding ERG effectiveness in advancing its members into upper management, a primary DEI goal. There is however informal data to prove their effectiveness. Numerous organizations interviewed during this research reported a correlation between ERG membership and higher engagement and sense of belonging in company-wide surveys.

4

#### Leadership Burnout

The extra burdens placed on many ERGs and their leaders are taking their toll. They have become a much-needed space for support for groups affected by events in the wider society. But companies now lean on ERGs (and ERG leaders especially) to provide firm-wide education and training, to be crisis counselors, advisors to the organization, spokespeople for affinities, and creators of policy. All of this, often without training, on top of their normal work. This has caused difficulties with succession planning and a lack of eligible leaders.

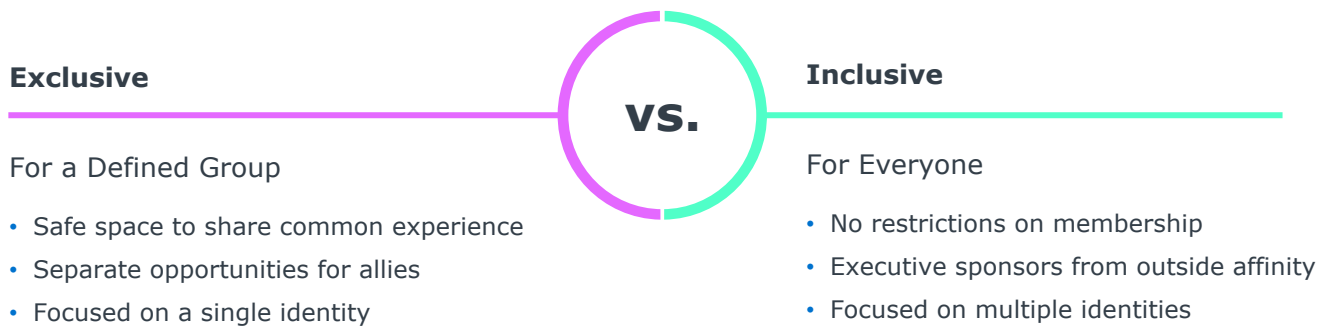
# Two Important Tensions at the Heart of ERG Concept

Are ERGs exclusive or inclusive, and are they voluntary or professional?

The current economic uncertainty and the promising but unproven effectiveness of ERGs make this a natural inflection point and an opportunity to reflect on ERGs and their role in the organization. Seramount researchers have uncovered two important tensions at the heart of the ERG concept: are ERGs exclusive or inclusive, and are they voluntary or professional? As more programs develop and advance, both sets of tensions are testing the boundaries of ERGs, their opportunities, and how they will be defined in the future.

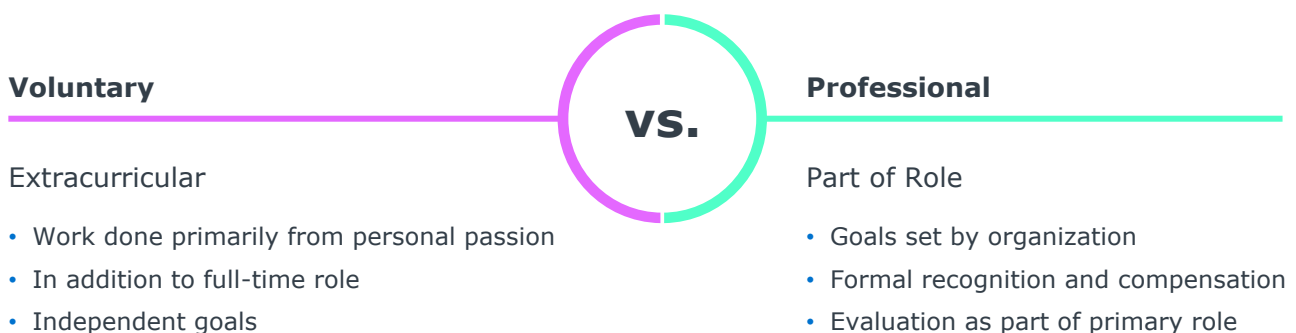
## Tension #1: Inclusivity vs. Exclusivity

ERGs create a safe, supportive space for traditionally underrepresented and marginalized staff. With the positive intention of correcting imbalances in opportunity for a defined group, ERGs are, essentially, exclusive. This raises questions regarding inclusivity, allyship, and intersectionality. Are ERGs inclusive or exclusive? What could they gain or lose by leaning more toward one than the other?



## Tension #2: Voluntary vs. Professional

The professionalization of ERGs is well documented—starting as affinity groups or networks, moving to employee resource groups, and more recently developing into business resource groups and beyond. ERGs are moving from collectives designed primarily to support the individual to resourced teams that support the objectives of the business.



# Organizations Are Testing Boundaries

Three boundaries being tested by the organizations reexamining their ERGs

1

## Inclusivity

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### ▶ ERGs Plus Diversity Councils Offer Best of Both Worlds

Most of the organizations we studied have some form of inclusion or diversity council or councils made up of company leaders and leadership from across the ERG spectrum. When these groups work well, they can ensure coordination between groups and encourage intersectional activities. This has coincided with a choice in some organizations to build larger, more multicultural ERGs. Most organizations we work with have both inclusion councils and ERGs.

2

## Multicultural Marketing

ERGs can be a source of expertise and energy for organizations marketing to aligned market segments. ERG members can help to develop and test new products, provide advice on and support to marketing and product launches, and help to guide and train staff in cultural competency.

### ▶ Where is the Line Drawn?

As ERGs create more impact through multicultural marketing, organizations must negotiate the transition from ERG-led efforts to creating business units. For example, while Frito-Lay's Adelante ERG helped to create a new market for the company, PepsiCo, Frito-Lay's parent company, now has a dedicated Hispanic marketing department. The transition from ERG to business unit can be challenging both for the ERG and the new business unit.

### ▶ Opportunity or Exploitation?

As ERGs gain executive attention through business impact, there is a danger that other groups within the organization can see them as free resources. This becomes more of a risk during times of resource constraint and economic uncertainty. While intentions are good, and the work requested is often engaging to ERG members, it is important to monitor to ensure that there is no danger of exploitation. Some companies are creating systems to ensure that ERGs are doing the most appropriate work.

3

## Leadership Compensation

With the widespread, almost universal, reports of ERG leadership burnout. Organizations are looking at many ways to support their ERG leaders and to create succession plans. DEI programs have created centralized ERG support roles along with resources, guides, and policies. Many are researching ERG automation systems to try to remove some of the administrative work from their leaders. Others are expanding leadership panels. The results, so far, are unclear.

▶ [Download the full insight paper](#) to dive deeper into each tension and read case studies on the organizations that are testing the boundaries.



# How Can Seramount Help?

## Our DEI Research Partnership Offers Evolving Research And Advisory Services to Support Rapidly Changing DEI Needs And Priorities



### Three Pillars of Service to Help DEI Leaders Effect Change

#### Rigorous Research with a Global Reach

Deploying a Proven Research Methodology to Identify How CDOs at Any Company, Anywhere in the World Are Making Change Happen

- ✓ Annual Research Initiative
- ✓ Resources to Educate Stakeholders and Accelerate Impact
- ✓ Custom Research to Answer Your Up-at-Night Questions

#### The Collective Experience of DEI Leaders at the Center

DEI Leaders Guide and Shape Our Search for Breakthrough Ideas, then Pressure Test What We Find

- ✓ CDO Roundtables and Experience Labs
- ✓ DEI Practitioner Roundtables and Hot-Topic Webinars
- ✓ Regular Convenings to Build Global DEI Leader Community

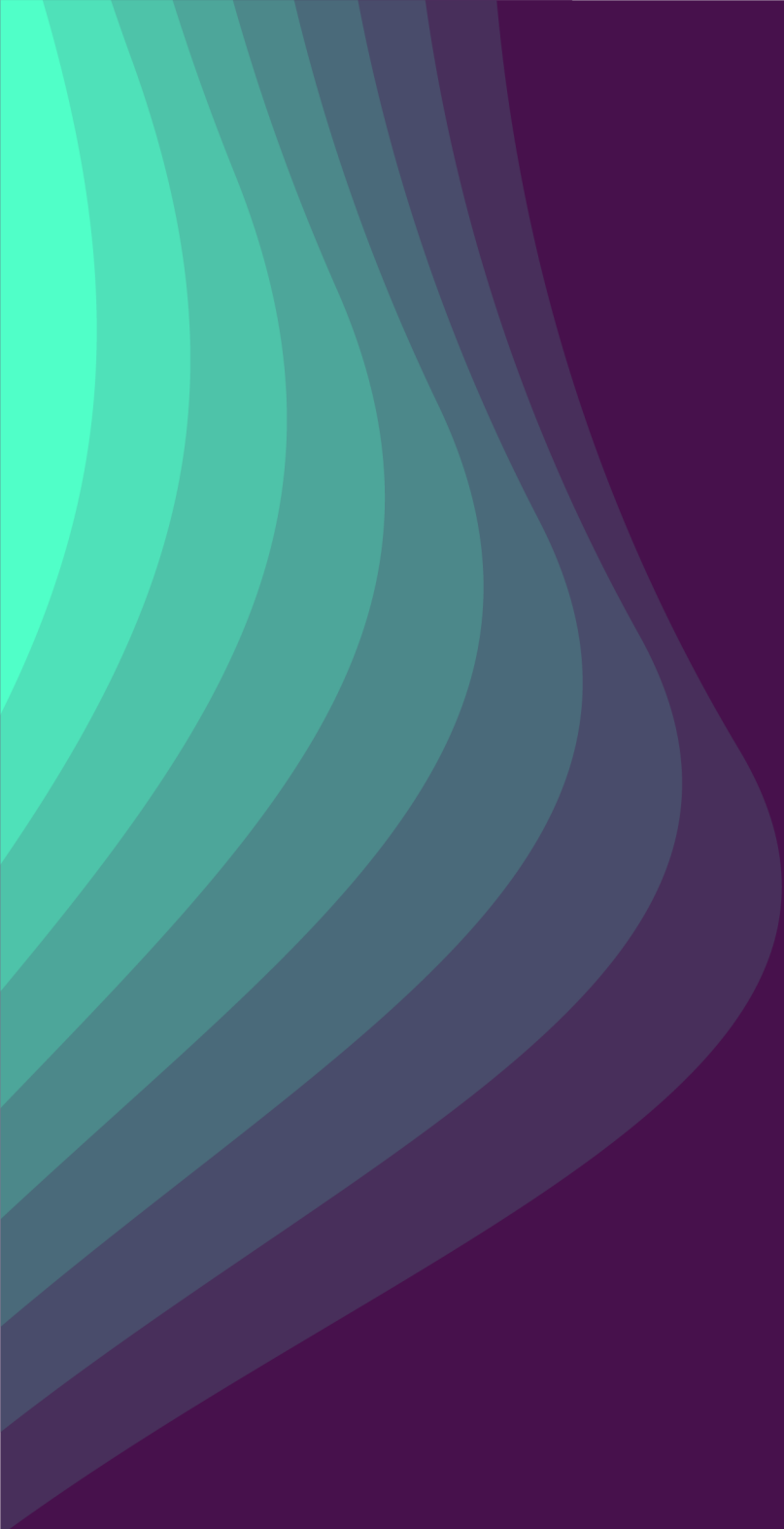
#### A Commitment to Applying Lessons Learned

Supporting You in Getting Buy-in For Change and Customizing Implementation of Lessons Learned

- ✓ Access to Expert Advisors to Increase Your Capacity
- ✓ Partner Intensives Bring Insights to Your Broader Team
- ✓ Proactive Planning to Drive Progress on Your Priorities

▶ Learn more about how the DEI Research Partnership can propel your DEI strategy forward by scheduling a call with one of our experts.

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