

People & Organizational Performance Practice

# Effective employee resource groups are key to inclusion at work. Here's how to get them right.

By aligning their work with corporate and employee expectations, employee resource groups can help people feel more included in the workplace.

*by Natacha Catalino, Nora Gardner, Drew Goldstein, and Jackie Wong*



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**As companies have** refined their diversity, equity, and inclusion (DEI) strategies to better meet the needs of workers and other stakeholders, many have begun reexamining the roles of their employee resource groups (ERGs), which are internal communities of workers with shared identities and interests. ERG leaders and members are asking whether the groups provide what employees want and are seeking ways to offer the support employees are actually looking for.

Yet the new roles that DEI departments envision for ERGs don't always coincide with the roles set forth by ERGs themselves—or with employees' expectations. And when there's a gap between what ERGs deliver and what employees desire, employees can feel less included at work. ERG members who feel well served, on the other hand, enjoy greater feelings of inclusion. In fact, our research shows that employees who rated their ERGs effective or very effective were much more likely to say they feel included than employees who rated their ERGs ineffective or very ineffective.

The task for business leaders, then, is to make sure that ERGs align with employees' expectations and with the business's DEI priorities. Experience suggests that this task can be fulfilled by paying

attention to several factors, such as ensuring clear communication about the ERG's purpose and goals, aligning each ERG's activities with the corporate DEI strategy, and lending sufficient organizational support to ERG leaders. As we'll explore in this article, which is based on our research and conversations with almost 25,000 employees across the United States,<sup>1</sup> ERGs tend to fall short in predictable patterns—patterns that can be undone with practices followed by the most effective ERGs.

### **At many companies, the role of the ERG is evolving**

The first official ERG in the United States, the Xerox National Black Employees Caucus, was created in 1970 as a forum for Black employees to advocate for inclusion and change within the company. Since that time, ERGs across the United States have connected groups of employees who share interests and identities. Today, 90 percent of Fortune 500 companies have ERGs.<sup>2</sup> The most effective of these groups help boost feelings of inclusion for traditionally underrepresented segments of workers, improve the attraction and retention of employees who identify with these segments, and increase representation of diverse talent in line with the organization's DEI strategy.

## **New roles that DEI departments envision for ERGs don't always coincide with the roles set forth by ERGs themselves—or with employees' expectations.**

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<sup>1</sup> We surveyed and spoke with employees from all different levels, from frontline hourly employees to corporate executives, who work in large companies (more than 25,000 employees) across all US geographies. We conducted our conversations and research in late 2020 through early 2021.

<sup>2</sup> Georgene Huang, "90% of Fortune 500 companies already have a solution to gender equality but aren't utilizing it," *Forbes*, November 13, 2017.

In recent years, some ERGs have become more organized, with their own governance and operating models, missions, and strategies. Some also play a role in supporting the company’s broader DEI strategy. But in our research, we found that even while many companies believe their DEI *aspirations* are transformative, the majority do not have a DEI *infrastructure*—including ERGs—that is equally innovative and set up to advance the company’s overall DEI strategy (Exhibit 1).

Business leaders seeking to develop their companies’ DEI infrastructure further would do well to understand how ERGs can contribute. We see several ways in which ERGs can help advance companies’ DEI efforts. These include the following.

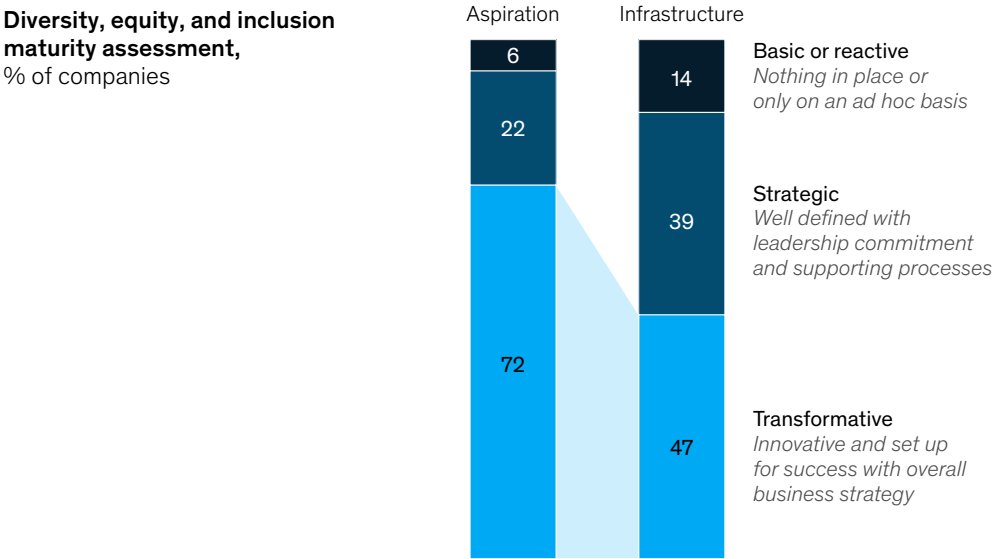
*Fostering inclusion*, which we define as the extent to which an organization’s systems and people promote a welcoming and fair environment for all

employees. ERGs foster inclusion in a number of ways, including by helping employees feel that they belong and are part of a community, especially through connections that counter the feelings of being an “only” within an organization. Belonging to an ERG also helps employees feel that they can be authentic at work, and derive more meaning and purpose from the work that they do. Within the workplace, ERG systems and infrastructure strengthen acceptance, camaraderie, and fairness across groups and help members build allyship. ERGs also boost the visibility of underrepresented groups among larger groups in companies.

*Improving diversity*. ERGs help with recruiting efforts by participating in talent attraction. The participation of ERG members, for example, in diverse panels and recruiting events, shows potential employees that a welcoming community exists at the organization they are considering

Exhibit 1

Many companies express transformative diversity, equity, and inclusion aspirations, but not as many have a transformative infrastructure.



Note: Aspiration refers to a company’s vision statement or goals; infrastructure refers to a company’s employee resource and allyship groups.  
Source: McKinsey Race in the Workplace Survey 2022; McKinsey’s People and Organization Practice Maturity Assessment research across 52 organizations, Jan–May 2022

joining. To support the career advancement of their members, ERGs foster sponsorship<sup>3</sup> within or outside the ERG. And to improve the retention of underrepresented groups, some ERGs work with HR and leadership to communicate the needs of these groups.

**Promoting external impact.** By connecting their members to colleagues and parts of the business looking to embed diversity in operations and core strategy, ERGs drive social impact. Within local communities, ERGs help improve brand visibility through volunteer activities and charitable giving to causes that ERGs consider important. Through ERG inputs, companies better understand their customers and are able to cater products to underrepresented groups. ERGs also help reform

business operations, for example, when members of underrepresented groups call attention to unfair processes.

Moving forward, intersectionality is likely to become a more significant topic for ERGs. Recent US Census data show a 276 percent increase in people who self-identify as multiracial, for example.<sup>4</sup> Accordingly, it is more important than ever for ERGs to communicate and share goals and strategies with one another to emphasize inclusion and allyship, since the predominant model of ERGs is a focus on one category.

## When ERGs are ineffective, employees feel excluded

As ERGs discover more opportunities to engage employees and support companies' DEI programs, they will want to be judicious about choosing where to dedicate time and energy—in part, to make sure that their activities are promoting a sense of inclusion among ERG members. We looked at how ERGs that were rated as effective in one of five dimensions—external engagement, allyship, leadership connection, employee community building, and career advancement—correlated with employee inclusion and belonging (see sidebar “The five dimensions of ERG activity”). Our research suggests that more workers who belong to ERGs that they consider effective feel included at work than members of ERGs who see the groups as ineffective.

The difference between the experiences of these two groups is wide. Employees who rated their ERGs as effective or very effective in one or more categories were significantly more likely to report positive inclusion scores than employees who rated their ERGs as ineffective or very ineffective: 83 percent compared with 59 percent (Exhibit 2).

Our research found that ERGs are more likely to be effective in community building than any other dimension (Exhibit 3). Of the five dimensions, employees were mostly likely to rate community

## The five dimensions of ERG activity

In our research, we looked at how the following five dimensions correlate with employee inclusion and belonging.

- **External engagement:** engaging outside the organization through community service and volunteering
- **Allyship:** educating employees about allyship; leveraging allies to help employee resource group (ERG) members and to further the ERG's mission
- **Leadership connection:** providing a channel to engage with company leadership
- **Employee community building:** broadening the social network and meeting others within the organization
- **Career advancement:** offering advice and support to advance the careers of ERG members

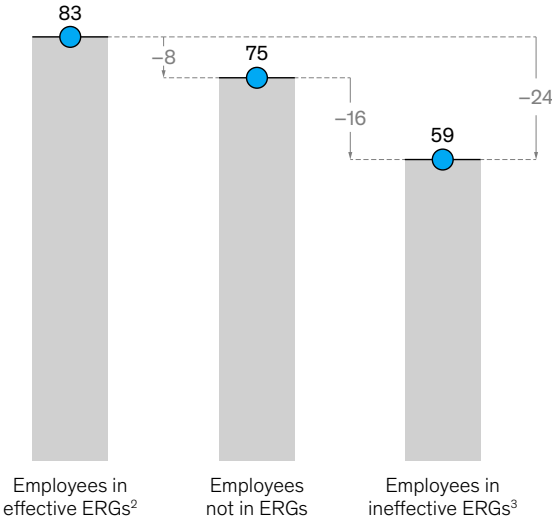
<sup>3</sup> Monne Williams, “Don’t let fear stop you from forging ahead: An interview with Erika James,” McKinsey, September 15, 2022.

<sup>4</sup> Nicholas Jones et al., “2020 census illuminates racial and ethnic composition of the country,” US Census Bureau, August 12, 2021.

Exhibit 2

Employees in effective employee resource groups report higher positive inclusion scores than employees in ineffective employee resource groups.

Average inclusion score by employee resource group (ERG) effectiveness,<sup>1</sup> 0–100 scale

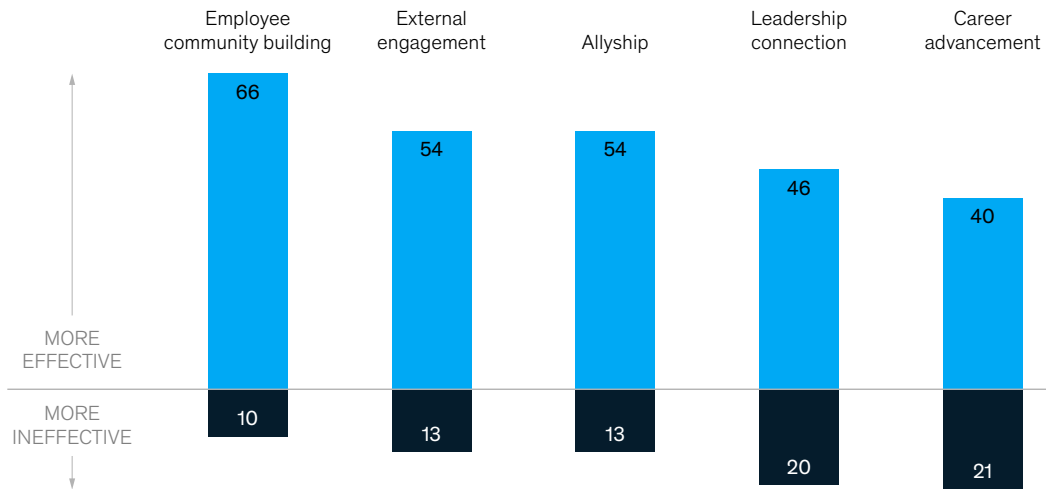


<sup>1</sup>Inclusion score based on the overall inclusion experience of an employee as measured by McKinsey's Inclusion Assessment.  
<sup>2</sup>Defined as employees who rated their ERGs as "effective" or "very effective" in one or more of the following dimensions: external engagement, allyship, leadership connection, employee community building, career advancement.  
<sup>3</sup>Defined as employees who rated their ERGs as "ineffective" or "very ineffective" in one or more of the following dimensions: external engagement, allyship, leadership connection, employee community building, career advancement.  
Source: McKinsey Race in the Workplace Survey 2021, Oct–Dec 2020 (n = 24,282)

Exhibit 3

Employees are most likely to rate their employee resource groups as effective in building community within the organization.

Effectiveness of employee resource groups (ERG) by dimension, % of ERG members



Note: Respondents who answered "neutral" not shown.  
Source: McKinsey Race in the Workplace Survey 2021, Oct–Dec 2020 (n = 24,282)



building as effective or very effective. Around one-third of employees rated their ERGs as neutral in external engagement, allyship, leadership connection, and career advancement.

### **How leading companies make their ERGs effective**

Through our research and work with hundreds of organizations, we've observed the pitfalls that make ERGs ineffective—along with what leading companies do to avoid these pitfalls. (The anecdotes used to illustrate the pitfalls are composites from real-life scenarios at companies we've studied.) We have also included a case study of an organization

that got its ERG right (see sidebar “How an effective ERG program came together”). Here are four defining practices of the best-performing ERGs we have seen.

#### **Use clear purpose to prevent strategic misalignment**

A company's LGBTQ+ ERG had an active leadership team, which organized events such as participation in Pride marches and unconscious-bias training. However, the company's DEI team was simultaneously rolling out conscious-inclusion training that duplicated the ERG's efforts. And while the ERG funded social activities, the corporate DEI team sought to expand mentorship.

## **How an effective ERG program came together**

**Over the past several years**, a life sciences company saw a significant uptick in employee resource group (ERG) activity and participation. More ERGs formed, and more sought support and resources from the corporate diversity, equity, and inclusion (DEI) function as they ventured beyond employee community building into areas such as unconscious-bias training and product development.

Although employees were pouring energy into their ERG work, the leaders of these groups felt increasingly frustrated as they tried to navigate the company, whether it was to obtain funding, collaborate with other ERGs, or coordinate across geographies. For example, the LGBTQ+ ERG had country chapters with different names and disparate goals. Many of the 40-plus ERGs operated independently, rather than aligning their activities with those of the corporate DEI function. This led to some

duplicated effort. For example, when the DEI function decided to field an employee experience survey, it discovered that an ERG had already sent a similar survey to its members.

To resolve these issues, the DEI function brought together all ERG leaders for a strategy session in which the DEI team shared the company's DEI strategy and prompted ERG leaders to explore how their groups could support it. ERG leaders also went through facilitated workshops to define their groups' own strategies and performance measurements with respect to the company's DEI goals. Each ERG then shared its strategies with the DEI team so that the central team could coordinate and foster collaboration across the previously siloed groups. To the benefit of all the ERGs, the DEI team deployed an engagement survey that one ERG had successfully rolled out across the entire organization.

The collaboration and coordination among the ERGs and DEI team helped employees gain an understanding of all the available ERGs, especially once the central team created a portal where each ERG was featured. Additionally, the DEI team worked with company leadership to ensure equitable budget allocation across all groups. In return for funding and support, ERGs were required to report metrics relating to membership, participation, and funding.

It also became clear that ERG leaders were overburdened by the work of keeping the ERGs running. The company began recognizing and rewarding ERG leaders by writing ERG involvement into annual performance goals and allowing a 20 percent time allocation for ERG leadership.

To avoid conflicts between the strategies of ERGs and corporate DEI teams, effective DEI teams share their strategies with ERGs so the groups can devote activities and resources to overall DEI strategy.

If ERG members want to expand the ERG's remit and activities by, for example, taking a more active role in debiasing internal processes or shaping corporate giving strategy, ERG leadership should decide whether to expand their scope of activities. They can then work with the company's DEI team to ensure that they are connected in their efforts.

As a best practice, effective ERGs also focus on strategic alignment and a distinct purpose. They do so by clearly stating their goal and mission and how it ties to the company's DEI strategy; developing a charter that details the ERG's strategic objectives; drafting annual plans that outline initiatives to drive the strategic plan; defining who is accountable for the initiatives and how ERG members support them; establishing metrics to assess the impact of initiatives and programs (outlining how ERGs benefit employees, the organization, and potentially the community, depending on ERG goals); soliciting feedback and analyzing those metrics; and then making adjustments to ERG goals and initiatives.

#### **Provide deliberate, detailed communications to eliminate the disconnect between expectations and reality**

Shannon joined the Black network at her company expecting to gain a sense of community, access to special projects, support and sponsorship from senior leaders, and even greater opportunities to advance. A year in, she felt frustrated. She had indeed experienced deeper connection with Black colleagues and felt less like an "only" at her company. But none of her other expectations had materialized.

In a survey rating the ERG's effectiveness, Shannon rated the ERG effective at employee community building but ineffective with respect to allyship, leadership connection, career advancement, and external engagement. Her disappointment with the ERG stemmed from a disconnect between what the ERG was doing and what the company's DEI head said the ERG's purpose and mission were. In

the survey response, Shannon wrote how she observed, during her time with the ERG, that the ERG had not engaged with senior leaders to get leadership connection, and that it was disconnected from people processes and thus unable to provide career advancement opportunities.

To avoid this pitfall, effective ERG leaders align with their company's DEI team and communicate extensively about the ERG's purpose and goals. At a town hall, for example, ERG leaders provide a coherent overview of all ERGs, their purpose, the groups they serve, and how each employee can get involved, as well as the connection between ERG activities and the overall company DEI strategy.

As a best practice, effective ERGs focus on generating employee interest and awareness, both for the ERGs themselves and for the activities and initiatives that they provide for their members. They share information using the company's communication channels; ensure that joining ERGs is easy; engage members through frequent communications and community-building events, ensuring that ERG members meet one another; and empower members to take action to further the goals of the ERG.

#### **Administer sound execution to avoid uneven levels of leadership support**

As a Hispanic veteran, Luis belonged to two ERGs at the telecom company where he worked as an engineer. The veterans' ERG was small, with less than 30 members, but offered external speakers, happy hours, and connections with senior colleagues. The company chief compliance officer was a veteran and used his position on the executive team to secure financial support for the ERG. The Hispanic ERG, on the other hand, had an extensive membership but no members above mid-manager level. The ERG's leaders had weak ties to executives. As a result, the group struggled to obtain resources and funding.

To prevent such inequities, effective companies create a centrally aligned approach to allocating ERG funding and leadership support. As a best practice, effective ERG leaders take advantage of strong connections within their organization to get access to the right people and funding required

to sharply execute their initiatives. Depending on the ERG's purpose and goals, the connections could be to other ERGs, to internal functions (such as recruiting and social responsibility), or to members of senior leadership who can help provide input on business topics and support the ERG at large.

Effective ERGs also track the outcomes of their work and report them to leadership and their members. Common metrics tracked by effective ERGs include overall membership, event participation, member experience and sentiment, and intersectional demographics, such as race and gender within an LGBTQ+ ERG.

### **Marshal organizational support to lessen the burden on ERG leaders**

Janet was the enthusiastic and dedicated leader of the women's ERG at her company, a role she'd held for five years. The longer she spent leading the ERG, the more time the role required, particularly after the company's HR team, which wanted to hire more women, asked ERG leaders to spend time interviewing candidates. When Janet received no recognition for her work with the ERG, she handed over leadership of the ERG so that she could focus on her job.

ERG leaders often bear the burden of additional but uncompensated work on top of their regular responsibilities. Their ERG work is often made more difficult because many ERGs don't share practices or resources with one another. We have observed individual ERGs at the same company managing membership lists, communications, and events without sharing any of these resources.

Companies may wish to consider recognizing and rewarding those who lead and run ERGs. Some companies compensate ERG leaders for their ERG work<sup>5</sup> and make ERG responsibilities a formal part of leaders' roles, covered in their performance reviews.<sup>6</sup> Effective organizations also provide ERG leadership with professional-development options, networking opportunities, and access to company leaders.

As a best practice, leading companies ensure alignment among senior leaders about the role of ERGs as an important and necessary part of both employee experience and retention, particularly for traditionally underrepresented demographics. Leaders should view ERG participation and involvement as net benefits for both the employees themselves and for the company as a whole—and provide ERG leaders the room to carve out time for their ERG responsibilities.

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Employees today are connecting their job to purpose like never before, and want to be part of the establishment and evolution of policies, practices, and procedures—especially when it comes to DEI. Employees want to feel heard and to know they have a voice. They also want to be involved in helping create solutions. The opportunity for organizations is clear: to position their ERGs as sources of ideas and engines for change. When managed well and supported properly, ERGs will become powerful enablers of an organization's—and its employees'—success.

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<sup>5</sup> Michael Baptiste, "How and why Justworks compensates our ERG leads," Justworks, July 23, 2020.

<sup>6</sup> Aubrey Blanche and Kelly Luc, "How to pay your ERG leaders," Culture Amp, accessed October 2022.