

Are You Paying Your ERG Leads?

by Jes Osrow, Co-Founder The Rise Journey



Employee Resource Groups (ERGs) are a hot topic as organizations continue to realize the tremendous impact they have on company culture, policies, products, and overall productivity. When ERGs are empowered, they provide impact across the business and build employee buy-in at all levels. It's understandable that employees and companies are rushing to create ERGs, affinity groups, DEI committees, and task forces.

It's exciting when the organization can come together to build robust company culture—especially during these trying times—and ERGs are a key part of this work. In the pandemic-insulated, time-warped, glowing-monitor, work-from-home life, our jobs have somehow become even larger pillars in our lives. Unfortunately, many companies aren't providing the essential support and budget needed for these ERGs to thrive and make the biggest possible impact on the organization.

Are ERGs Receiving Funding?

What is your ERG's Annual Allocated Budget?					
Budget	Company Size				
	11-50	51-100	101-250	251-500	500+
Unkown		1		2	7
\$0	1	1			3
Less than \$1,000		4	1	3	2
\$1,000-5,000		2	2	4	5
\$5,000-\$10,000		4	1	3	4
\$10,000-20,000	1		2	2	4
\$20,000+		1	1	1	6

Many ERG leads contribute time, energy, and unpaid labor into these unofficial roles, further adding to stress, burnout, and exhaustion.

Yes, executives want engaged employees and prosperous ERGs. However, kudos and accolades aren't compensation and never will be. This contribution of time, energy, and emotional labor needs to be compensated as part of a fair and equitable workplace. Last year we surveyed our HR community (approximately a dozen slack channels where we are active) about the state of their companies' ERGs and compensation of those ERG leads. These are our findings.

Our results confirmed that many ERGs are allocated some budget and many respondents knew enough to place those budgets in the range bands you see above. The results also showed that there is little correlation between the size of an organization and the allocated ERG budget. This must be frustrating to ERG participants. One might think that, similar to other departmental budgets, the ERG budget should scale as the organization's population grows but this is not necessarily what we see from this data.

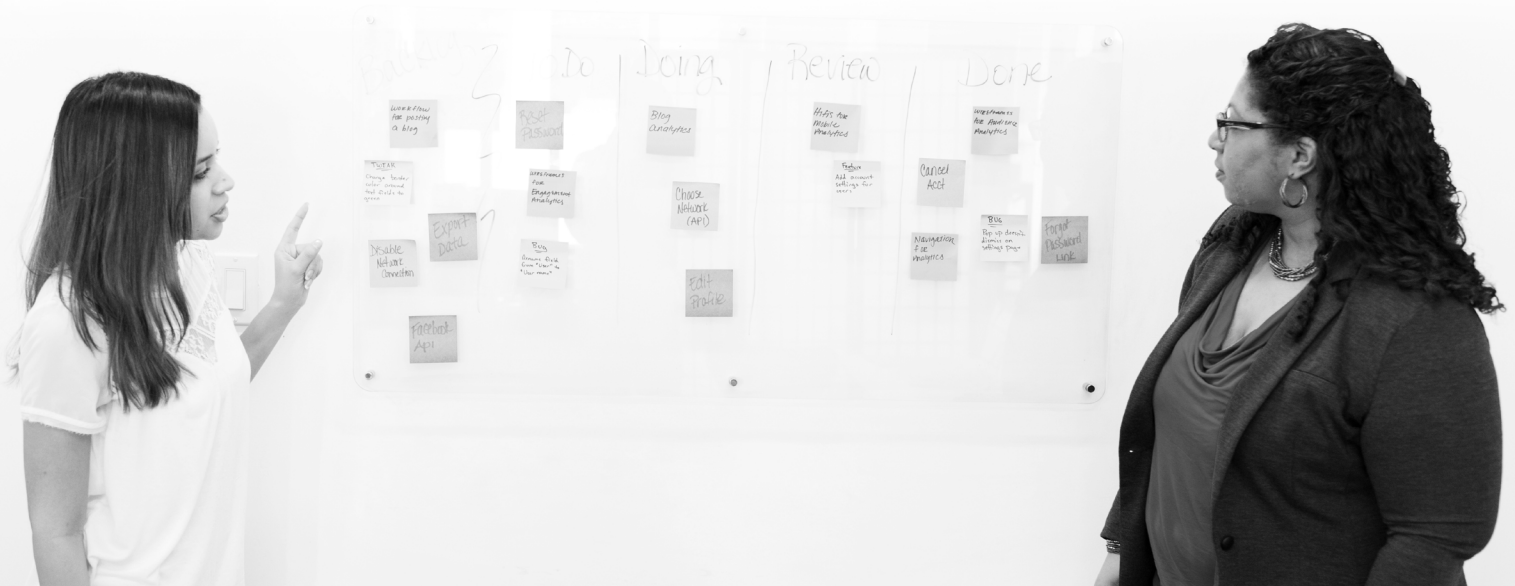
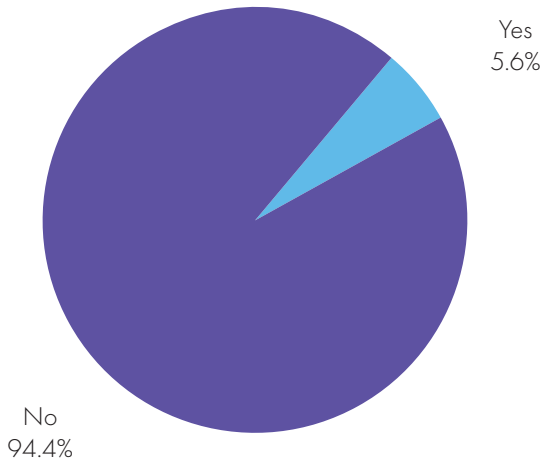
ERG Leads & Compensation

A key part of the survey were questions related to the compensation for employees who devote time, resources, and energy to keeping ERGs functioning. The results: only 5.56% of surveyed organizations are currently paying their ERG leads. It's important to note that ERG leads are, due to their motivations, needs, and the general nature of ERG work, more likely to be BIPOC/URM/"diverse" individuals. We find this to be true anecdotally and statistically.

Further, it often falls to women to form and lead these ERGs in the first place. A recent article in Fast Company entitled "Women Are Drowning in Unpaid Labor at Home, Stop Making Them Do It at Work" started in this way:

"Companies are essentially getting rewarded with free labor while they fail to support families and women. ERGs are very real networks that require skilled internal champions. Yet many researchers still argue it's a net drain on women's careers, even potentially hurting their ability to get promoted because it takes time away from the job they're getting evaluated on."

Do you compensate your ERG Leads?



ERG Leads & Compensation

When you take the gender and racial wage gaps into consideration¹, it's clear that the people leading ERGs are at the highest risk for not being compensated equitably in the first place. This means that companies are asking already underpaid minority employees to do crucial work, expand awareness, equalize the playing field in some small way—and do it for free.

For the few organizations that do compensate their leads, there doesn't seem to be a common methodology or framework. Some organizations rely on professional development (e.g. one provides "\$1000 professional development budget annually" to ERG leads) while others use non-monetary rewards (e.g. one organization pairs leads with "an Executive Level mentor who can, among other things, support their career development"). Among organizations who are paying cash, some responses were:

- \$2500 for 6-12 month engagement
- At \$20 an hour, the same as the hourly rate for the ERG lead's normal job
- \$1,500 as a quarterly bonus based on goals set by the ERG lead, and aligned upon by the "Executive Sponsor"

And of course, there was the ill-considered response of "We give the ERG group as a whole a budget and the lead can decide how to use it," shifting the burden of compensation to ERG leads themselves. As we've noticed, employees often become ERG leads out of empathy and because they understand the importance of the work. Forcing leads to choose between funding the needs of the ERG/company and adequately compensating themselves is going to leave them both undercompensated and frustrated.

"How Many Woman Years Does It Take to Equal 40 Man Years?" by The National Women's Law Center (1)

Comparison	What a Woman Makes for Every Dollar a Man Makes	What a Woman Typically Loses over a 40 year Career Based on Today's Wage Gap
Women Overall v. Men Overall	\$0.80	\$406,760
Asian Women v. White, Non-Hispanic Men	\$0.85	\$360,400
White, Non-Hispanic Women v. White, Non-Hispanic Men	\$0.77	\$555,000
Black Women v. White, Non-Hispanic Men	\$0.61	\$946,120
Native Women v. White, Non-Hispanic Men	\$0.58	\$977,720
Latinas v. White, Non Hispanic Men	\$0.53	\$1,135,440

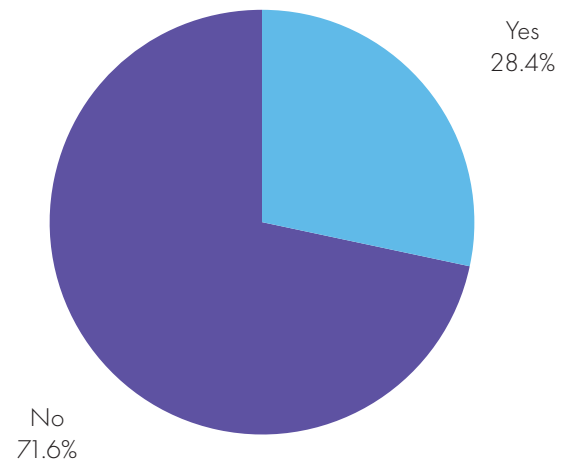
Is the Future Any Brighter?

28.4% of the HR professionals surveyed say that their organizations, while not currently paying ERG leads, are considering some form of compensation in the future. Similar to ideas mentioned above, proposed compensation includes:

- Cash
- Exclusive mentorship and professional development
- Annual or spot bonuses
- Gift cards
- Donations to charities of choice
- Annual stipend
- Internal rewards system

Other organizations are attempting to use recognition alone to incentivize and recognize ERG leads internally. Some ERG leads reported that after discussing compensation with their manager, they were rebuked. As one survey responder put it: "We asked, and they suggested it was work we did because we believed in the company." Another responder noted that their organization believed it was already providing indirect compensation "because we are allocating standard 9-to-5 time to do the [ERG] work."

If you do not currently compensate ERG leads, is your organization currently discussing ways to do so?



Who is in the Compensation Discussion?

When our respondents were asked who is “in the room” when compensation discussions takes place, three groups emerged:

- ERG leads
- HR leads/people team leaders
- ERG participants (when discussing internally)

What we do not see in those results is C-suite as a whole. Surface level participation by executives isn't going to cut it. What is missing is not the executive as a sponsor but the executive as a champion. Compensation should not be discussed and debated just to be sent to C-suite for rubber stamping. C-suite must be the ones introducing and advancing this conversation. Executives themselves need to buy in, not just for the corporate culture and employee well-being, but at a business level.

ERGs are a business imperative. They have a dramatic impact on employee happiness, engagement, and productivity. When ERGs function well, they boost retention, brand perception, recruitment, innovation, and profitability. Executives must be made to understand that, and when they do they will want to be involved, spearheading projects and engaging with employees.

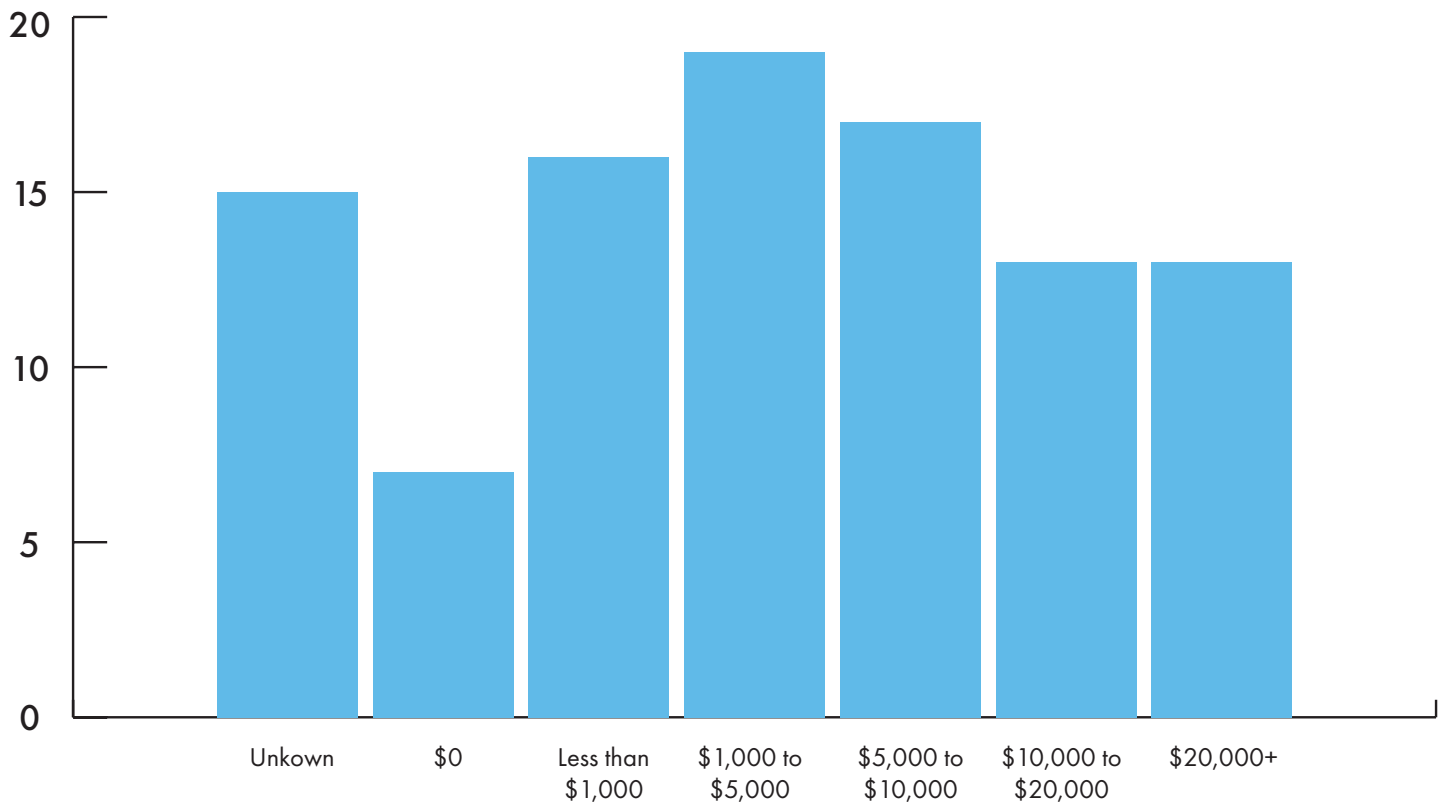


How to Judge an ERG Leader's Performance

Many of the professionals we surveyed said their company might consider an ERG lead's accomplishments in that role during their general performance reviews. This means that the perception of how effective an ERG lead is might affect their raises, bonuses, and promotions. This may be a strong solution but only if the ERG lead is adequately compensated in return. If companies choose to include unpaid work (and work that the average supervisor is unlikely to be able to properly evaluate) in performance reviews, it will serve to alienate ERG leads. Only a few of the respondents said that ERG leadership participation was actually taken into account during performance reviews

"We don't currently compensate ERG leads and aren't talking about compensating them right now, but we do consider their contributions and involvement as part of our talent review process."

ERG Annual Budgets



How To Determine Compensation for ERG Leads

Begin with structure and definition ([check out this template for creating ERGs](#))—perhaps more structure than you may feel is necessary. It's much easier to remove structure than it is to build it while you're living in the house. Here are some general rules to follow:

- 1 Create clear responsibilities and goals for each role, and make sure that individuals who will step into the roles know what is expected of them prior to accepting the position.
- 2 Ensure that there are clear working hours or dedicated time to do ERG work. This might be part of their standard workday, or it might be expected after work hours. Whatever your organization decides, make it clear and plainly communicated to all. One person stated that "for our D&I Core Committee they are able to spend 5% of their work time on D&I projects." Clear and intentionally written.
- 3 Build out communications and policies around the role. Make sure all managers and leadership within the company know what to expect if one of their reports becomes an ERG lead. Regularly check in with tech leads to make sure that managers are respecting the role and its expectations.
- 4 Devise clear, actionable, and attainable goals for the group. Dividing the goals into categories can help the groups to divide and conquer the work that is needed to achieve the goal. Some helpful categories are: Recruitment, Retention, and Employee Experience; Employer Brand and Community Building; Education and Employee Development; and Product & Technology.
- 5 Clearly articulate how ERG leadership can lead to other leadership roles within the organization. What strengths and growth areas are you looking for in those leaders? Outline the distinct ways in which ERG leadership and organizational leadership align.
- 6 Determine a budget for the ERGs, whether as a collective or for individual ERGs.

If you want to learn about how a real organization tackles ERG lead compensation, check out [How and Why Justworks Compensates our ERG Leads](#).

“Can We Develop ERGs and Not Compensate Our Leads?”

You shouldn't move forward with ERGs unless you are prepared to compensate their leaders. However, the reality is that ERG budgets generally start low. The ERG space is being explored and created in real-time, and it's not an excuse to recognize how challenging it is to get the compensation question right on the first try. Consider the guidance above when working out your initial structures and do not be tempted to move forward without compensation. If your company currently has ERGs and doesn't compensate the leads, begin that conversation right away.

As one respondent stated: “Being a leader of an ERG is a FULL time job especially if you're doing it alone.” By creating ERGs, organizations are producing an ecosystem that requires dedication and active curation to thrive. Hard work is required. An employee rightfully notices that although ERG leadership isn't part of their job description, the employer made it part of their role the moment ERGs were developed.

While DEI is everyone's responsibility as a participant, we should not dismiss the work that goes into running successful ERGs as everyone's responsibility. This workload is done by a self-selected few regardless of their formal job description.

There is no perfect answer on how much a company should compensate their ERG leads or even how much budget should be allocated to ERGs in general. Every organization is different and it follows that compensation plans will fluctuate between organizations. Know that the first iteration of compensation will not and should not be the last. There must be ongoing discussion and evolution just as the role of ERGs and their leads evolves in the company.

“My current organization is in the beginning stages of DEI work, however, as we advocate for more leverage, payment for this work will be a key ask because asking someone to volunteer their time & still maintain their day job is exploitation of their labor.”



“And if We Still don’t Plan to Pay Our Leads?”

As one survey responder wrote: “ERGs are extracurriculars. They are not jobs. Unless you’re going to pay people for other extracurricular activities, paying people for being part of ERGs makes no sense.” This is a common argument, not just against compensating ERG leads but seemingly against ERGs altogether. ERGs are not extracurriculars, in the same way that a company health plan is not an extracurricular.

This argument fails to recognize the value, in both equity and capital, that ERGs bring. Organizations rely on ERGs to support retention, engagement, and employee happiness whether they realize it or not. Further, and I would argue more importantly, ERGs are a keystone of empathy and humanity in business. They are often the only outlet that employees have for examining and discussing the unfortunate realities of discrimination and bias in the workplace. They may be the only opportunity that many employees have to reveal their authentic selves in their professional lives. To pretend that ERGs are unimportant is the same as pretending that an employee’s physical health has no impact on the quality of their work.

There are clear consequences for not paying your ERG leads. Burnout. Frustration with C-suite and internal leadership. Feeling othered, neglected, isolated, and suffering poor mental health.

These consequences will lead to issues with any employee, from productivity to retention, but they are multiplied for ERG leads who are likely to be culture and thought leaders in your organization. Failure to compensate these thought leaders can spread resentment and resignation throughout an organization your company.

Compensating ERG leads is not only the right thing to do: it’s simply good business sense.



So, What Next?

If this case study resonates with you, go back to your company and raise these questions. If you are not engaging with your ERG culture (whether as an ally or as an identifier), you should. Then, find out what the ERG budget is. Find out how the ERG leads are compensated and why. Be a part of a culture that asks tough questions because the answers are important.

Don't settle.

I want to thank the individuals who filled out our survey—their words, insights, questions, and comments are integrated into this document, allowing for a more complete picture of the current state of ERG compensation. It's worth noting that many of the respondents checked with us to confirm this survey would be anonymous. If these respondents desire anonymity, it shows that speaking publicly might lead to repercussions. They might be afraid to rock the boat, or to reveal that their company's commitment to DEI isn't showing up in the most important way: financial support for the individuals doing the work. Many companies develop ERGs, hold DEI seminars, and stress about diversity hires because they are told that they need to without necessarily understanding why. We believe this is a confirmation that much of the DEI work is performative at the organizational level and that more education is sorely needed.



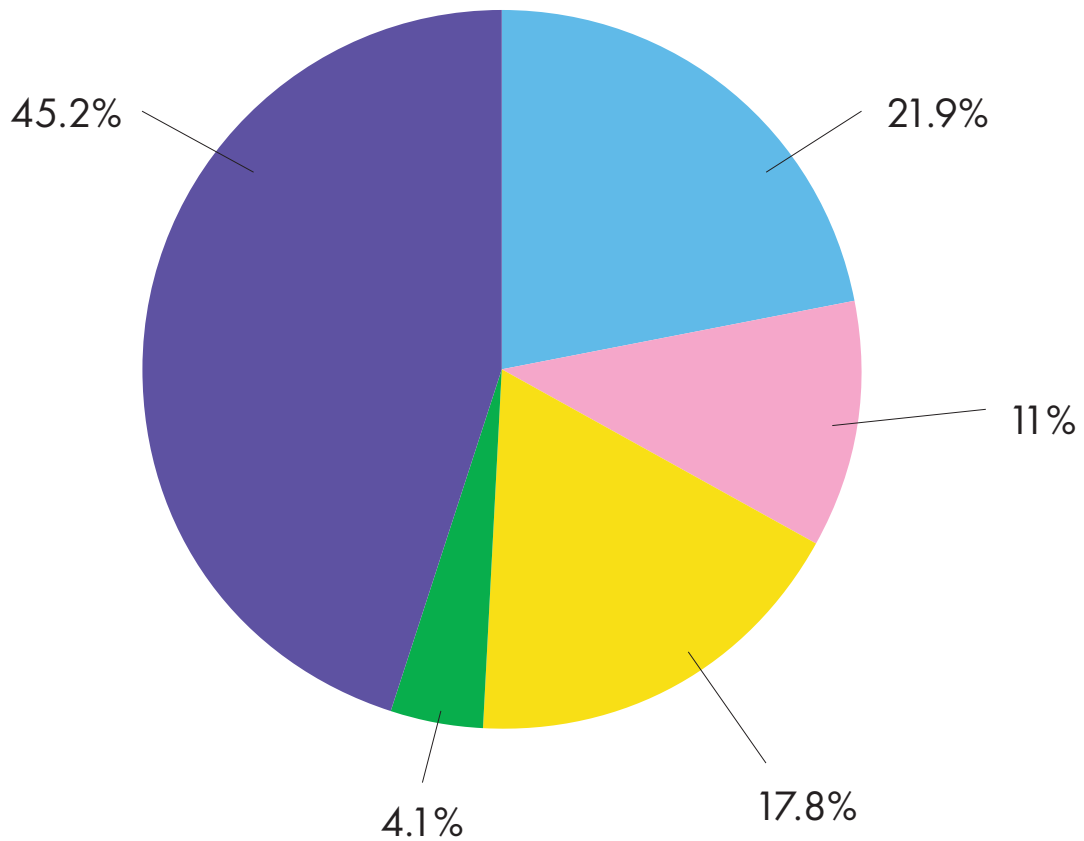
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Overall Data*

Company Size

73 Responses



● 500+ ● 251-500 ● 101-250 ● 51-100 ● 11-50 ● 1-10

* Not all questions were answered by all, so the total number of respondents was different question to question

* Small sample size, 73

Ongoing Reading About ERGs

- <https://www.protocol.com/justworks-paying-employee-resource-group>
- <https://justworks.com/blog/why-justworks-compensates-erg-leads>
- <https://www.mindsharepartners.org/post/mental-health-employee-resource-groups>
- <https://www.fastcompany.com/90541130/women-are-drowning-in-unpaid-labor-at-home-stop-making-them-do-it-at-work>
- <https://fairygodboss.com/career-topics/employee-resource-groups>
- https://en.wikipedia.org/wiki/Employee_resource_group
- <https://www.diversitybestpractices.com/employee-resource-groups>
- <https://www.bluleadz.com/blog/employee-resource-groups-to-inspire-you>
- <https://www.shrm.org/hr-today/news/hr-magazine/0916/pages/are-employee-resource-groups-good-for-business.aspx>
- <https://hbr.org/2020/06/what-black-employee-resource-groups-need-right-now>
- <https://www.washingtonpost.com/technology/2020/06/26/black-ergs-tech/>
- <https://www.thecloroxcompany.com/blog/evolving-our-erg-for-black-employees/>
- <https://www.zenefits.com/workest/the-benefits-of-employee-resource-groups-ergs/>
- <https://www.forbes.com/sites/janicegassam/2018/10/22/how-to-start-an-employee-resource-group-at-your-organization/?sh=776e8f341756>
- <https://almanac.io/docs/creating-employee-resource-groups-f33a417972fbaf8c1123f79bea31654f>