

# Why You Need to Measure Employee Engagement ROI

Are you getting  
the most out of  
your engagement  
program  
investment?

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HR professionals are increasingly charged with maintaining and improving employee engagement, yet organizational budgets are tightly constrained and every expenditure must be justified. As a result, proving the value of employee engagement programs, specifically the return on investment (ROI), has never been more important. While HR professionals have an abundance of performance metrics for many HR functions, results of a survey conducted by Marketing Innovators International Inc. at the WorldatWork Total Rewards 2012 Conference & Exhibition showed that when it came to measuring the ROI of employee engagement programs, just half of HR professionals (49.4 percent) measured ROI on some of their

engagement programs and 46 percent didn't measure ROI at all. This absence of meaningful measures of success for investment in engagement is a problem and an opportunity.

## High Stakes

Organizations are spending heavily on engagement. A 2012 report, "Employee Engagement: Behind the No. 1 Metric," by Bersin & Associates, a research and consulting company, revealed that organizations spend approximately \$720 million annually on engagement improvement programs, yet only half of the companies that reported an interest in improving employee engagement are actually investing in it.

That's a missed opportunity, because other research shows a direct correlation between engagement levels and

should be measured, but only 19.5 percent measured this.

- More than half (64.9 percent) felt changes in business impact variables (output, quality, time and cost) should be measured, but only 28.6 percent measured those variables.
- More than half (64.9 percent) felt the cost of the program should be compared with the monetary benefits of the business impact, but only 27.3 percent made that comparison. (See Figure 1.)

### Barriers to Measurement

The survey results showed significant barriers to measuring engagement program success. Sixty percent of survey respondents said they don't have the resources to perform such measurement and another 23.4 percent said they didn't know how. Nearly one-quarter (18.2 percent) said that management didn't have an interest in measuring. With so much on the

line for the organization and the HR professional, securing corporate support is a critical first step. Unless that support is there at the start, measuring, accessing data and using the findings to facilitate improvement will be difficult to achieve.

Here are some suggestions for gaining that support:

- Determine what program(s) will be measured and why. Is it the wellness program? A recognition program? Or maybe a safety program? What concerns are there, or what concerns were voiced, that prompted the need for measurement?
- Define the net benefits of measurement. These include defending spend, justifying future programs, creating accountability and — most important — implementing continuous improvement that is fact-based.
- Demonstrate that the measurement will be credible. If you use a methodical process that moves from defining objectives to creating

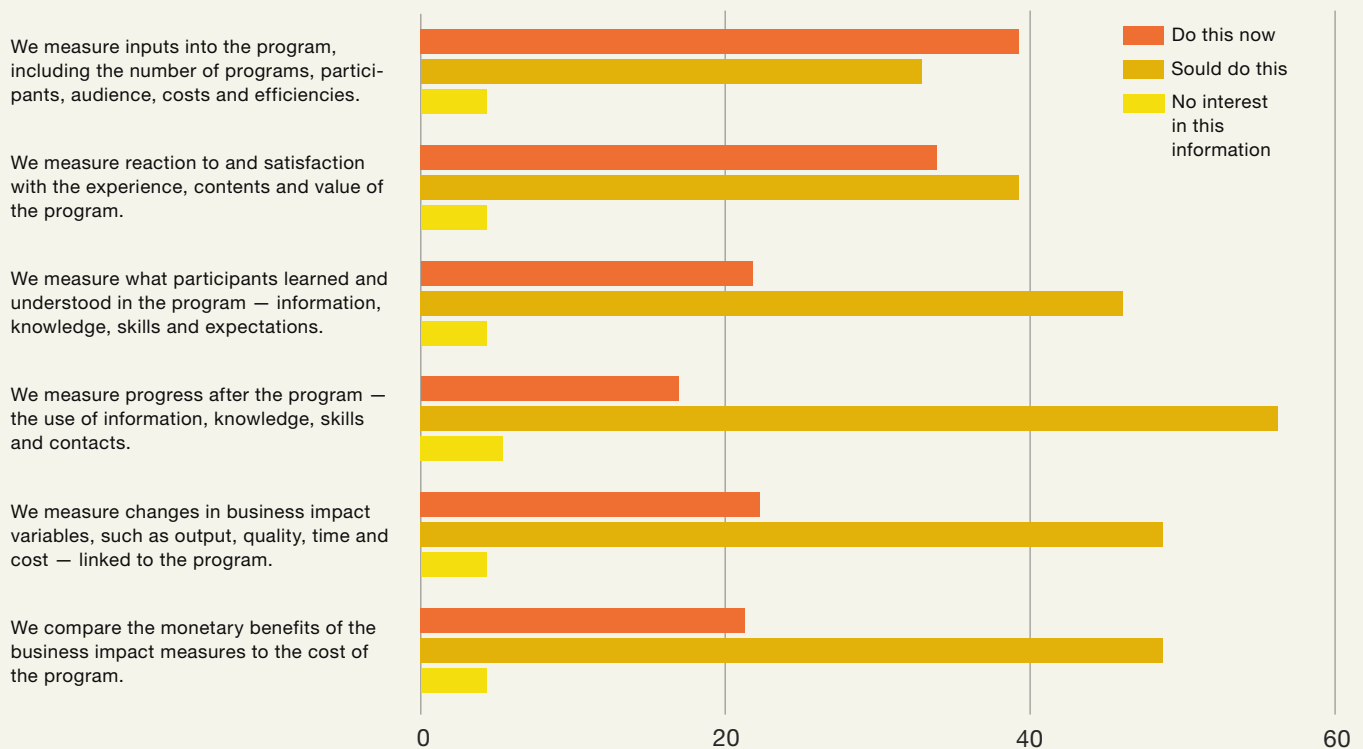
an action plan, implementing data collection and isolating relevant data, measurements will be actionable and will stand up to scrutiny.

- Create a communication plan in advance. This sets an expectation that includes a review of the findings and their impact, and an action plan resulting from the study.

### Next Steps

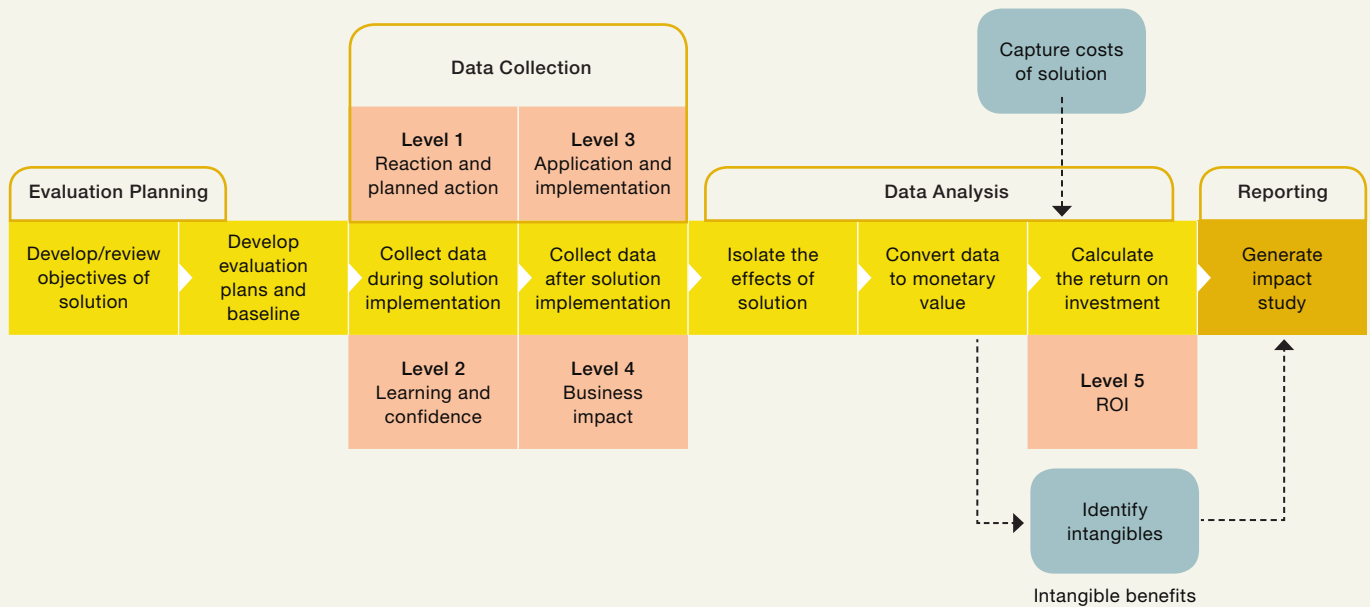
No matter the way the HR professional approaches the measurement of employee engagement programs, as the survey results point out, the most important thing is to get started: Establish objectives and develop evaluation plans and baselines then start measuring. Even the most simple measurement at the most basic level — participants' satisfaction with the program experience itself — when done well, can move the organization toward better results and create a platform for moving to the next level of program measurement.

Figure 1 | What Do You Measure as an Indicator of a Program's Success?



Source: Marketing Innovators International Inc.

Figure 2 | Process Map



Source: ROI Institute

A commonly accepted process for measurement defines successive four levels for data collection and analysis, moving from participant reaction to or satisfaction with the program, through learning, implementation and business impact. This creates a logical process for getting to the fifth level: ascertaining return on investment.

Level 1: Reaction and/or satisfaction — How did participants

respond to the program? Did they think it was beneficial?

Level 2: Learning — Did participants acquire the tools or knowledge they need to achieve program objectives?

Level 3: Implementation — Have participants applied what they learned or completed what they have been asked to do? Are they consistent in doing this?

Level 4: Business impact — What are the measurable business results of this behavior?

Level 5: Return on investment — Basically, the net monetary impact of the program vs. its cost. However, it is important to articulate the “soft” or intangible benefits the program generated, as these can create enormous value to the organization. (See Figure 2.)

After data are collected and analyzed, program successes and relative failures become evident. This sets the stage for a plan of action and puts in motion a process for continuous improvement. In creating the plan, it is important to pay attention to the raw data and responses to any open-ended questions. These responses can provide

valuable insights that give meaning to the data beyond the numbers.

Regardless of what is measured, or at what point the measure is made, the act of defining objectives, determining what to measure, when to measure, and then analyzing and reporting results can provide tremendous value. These actions alone assure that an organization’s investment in engagement programs generates better results over time, move the organization closer to capturing engagement program ROI and position HR professionals to act as catalysts for change by making an impact at the strategic level. **WF**

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## What Programs to Measure

The following programs greatly benefit from ROI measurement:

- Programs critical to success of corporate strategy that are expensive, high-profile or nonperforming.
- Safety, wellness and incentive programs.
- Mentoring, leadership development, regulatory and sexual harassment programs are more challenging, but should be measured.

### resources plus

For more information, books and education related to this topic, log on to [www.worldatwork.org](http://www.worldatwork.org) and use any or all of these keywords:

- Engagement
- Engagement + ROI
- Survey best practices.