



THE ROI OF EMPLOYEE ENGAGEMENT:

Calculating The Value Of Investing In Your People

With only **33% of employees engaged in 2023**, and a mere **15% globally**, understanding the value of investing in your workforce becomes paramount. These statistics underscore the significance of addressing employee engagement as a crucial factor in organizational success and productivity.

Financial Impact of Engagement:



Engaged companies:

- Outperform others by 202%
- Experience 3.9 times higher EPS growth
- Report 20% higher sales

Engaged employees:

- Boost customer satisfaction by 10%
- Reduce turnover by 59%
- Have 70% fewer safety incidents
- Are 5x more likely to recommend their company

Cost of Disengagement:

- 85% of employees are not engaged or actively disengaged.
- Costing \$7 trillion in lost productivity



Employee Engagement ROI: Metrics That Matter



Employee Productivity

- **Formula:** Output / Input
- **Explanation:** Measures efficiency in producing goods or services relative to labor hours. Higher values mean increased productivity, positively impacting ROI.

Employee Turnover

- **Formula:** (Employees who left / Average # of employees) x 100
- **Explanation:** Indicates the percentage of employees leaving the company. Lower turnover rates mean better retention, reducing recruitment costs and positively affecting ROI.

Revenue per Employee

- **Formula:** Total revenue / Average # of employees
- **Explanation:** Reflects the average financial productivity of each employee. Higher values suggest greater revenue generation per employee, positively influencing ROI.

Employee Absenteeism

- **Formula:** (Absentee rate x Average employee salary) + (Absentee rate x Revenue per employee)
- **Explanation:** Calculates the cost of absenteeism per employee, considering its impact on productivity and revenue. Lower absenteeism rates lead to cost savings and positively impact ROI.

How to Calculate Overall Employee Engagement ROI

- **ROI (%) = (Net benefits - Cost of initiatives) / Cost of initiatives x 100**



Best Practices for Boosting Employee Engagement

Develop Strong Leaders:

- Equip managers with essential leadership qualities.
- Use tools such as Employee Relationship Management software for communication and recognition.



Improve Communication and Transparency:

- Foster trust through open, transparent communication.
- Encourage active listening and provide fair feedback.
- Address belonging, especially for remote workers.

Set Core Company Values:

- Align missions with employees' values.
- Promote involvement in social and environmental issues.



Build a Culture of Recognition:

- Prioritize employee recognition.
- Implement effective recognition programs.

Invest in Training and Development:

- Offer training for skills and career growth.
- Foster transparency in career advancement.

Encourage Frequent Feedback:

- Provide regular, meaningful feedback.
- Utilize tools for instant feedback.



Maintain a Safe and Efficient Work Environment:

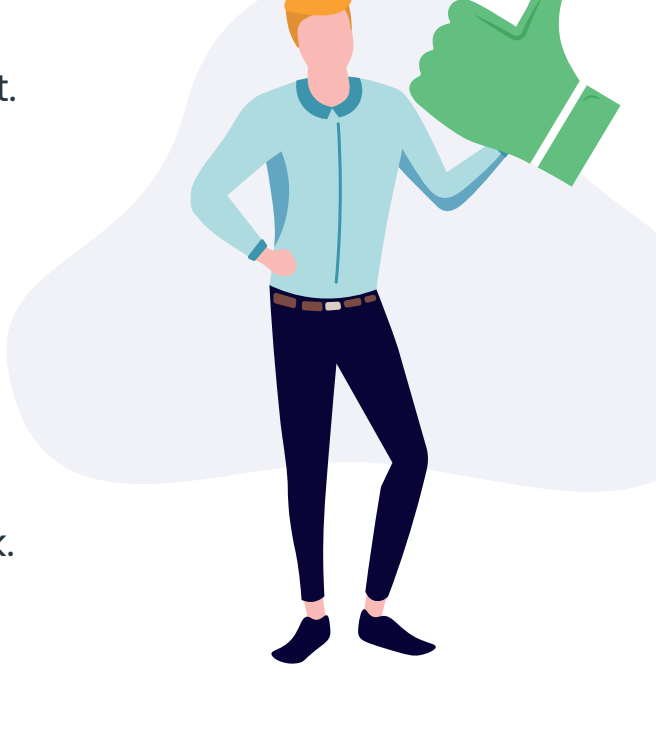
- Address safety concerns promptly.
- Prioritize employee input in technology.

Focus on Employee Wellness:

- Offer wellness perks and support.
- Promote a positive work environment.

Create Accurate Job Descriptions:

- Clarify roles and responsibilities.
- Involve employees in refining job descriptions.



Seek Input and Provide Feedback:

- Regularly gather employee feedback.
- Utilize employee software platforms for feedback management.

