

EMPLOYEE ENGAGEMENT ROI ANALYSIS REFERENCE PAGE



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REVENUE SECTION

Overview: This section shows an average increase in revenue that comes with increased engagement.

Research: Aon shows a 3% increase in revenue with a 5% increase in engagement (source 8)

CURRENT REVENUE CALCULATION:

Company's Annual Revenue =
Total Revenue at the end of the previous fiscal year

PROJECTED REVENUE INCREASE CALCULATION:

Total Projected Revenue Increase =
Company Annual Revenue x 3%

ABSENTEEISM SECTION

Overview: This section shows how much you can save on average with reducing the amount of sick days with a more engaged workforce.

Research: According to Gallup, average savings is 37% in absenteeism (source 9)

CURRENT ABSENTEEISM COSTS CALCULATION:

Total Absenteeism Costs =
Total Costs for Engaged Employees + Total Costs for Disengaged Employees

PROJECTED ABSENTEEISM SAVINGS CALCULATION:

Total Absenteeism Costs x 37% (source 9)

CALCULATION BREAKDOWN FOR CURRENT ABSENTEEISM COSTS: TWO PART PROCESS

Part One: Calculate Total Costs for Engaged Employees

Total Annual Costs for Engaged Employees = Engaged Employee Absenteeism Costs x Number of Engaged Employees

Engaged Employees Absenteeism Costs (Avg. revenue per employee x Avg. sick days) + (Avg. Salary x Avg. sick days)

Research + calculations for engaged employee absenteeism costs:

- Avg. revenue per employee = Total revenue ÷ No. of employees
- Avg. sick days for engaged employees: 1% = 2.7 days (source 4)
- Avg. salary = Total annual salary ÷ No. of employees

Number of Engaged Employees Total number of employees x 83%

Research:
17% (of employees are highly disengaged) - 100% = 83% engaged employees (Source 2)

Part Two: Calculate Total Costs for Disengaged Employees

Total Annual Costs for Disengaged Employees = Disengaged Employee Absenteeism Costs x Number of Disengaged Employees

Disengagement Employee Absenteeism Costs (Avg. revenue per employee x Avg. sick days) + (Avg. Salary x Avg. sick days)

Research + Calculations:

- Avg. revenue per employee = Total revenue ÷ No. of employees
- Avg. sick days for disengaged employees: 2.40% = 6.2 days (Source 4)
- Avg. salary = Total annual salary ÷ No. of employees

Number of Disengaged Employees

Total number of employees x No. of avg. highly disengaged employees

Research:

- No. of avg. highly disengaged employees = 17% (source 2)

TURNOVER SECTION

Overview: This section shows an average of what can be saved in turnover costs with increased employee engagement.

Research: On avg. 65% of employees that quit do so voluntarily, there is a huge retention opportunity with increased engagement (source 6).

CURRENT TURNOVER COSTS:

Average Turnover Cost =
Average Turnover Cost by Employee x Average Employee Turnover

PROJECTED TURNOVER SAVINGS:

Projected Savings =
Average Turnover Costs (Current Turnover Costs Number) x Voluntary Employee Turnover Percentage

CALCULATION BREAKDOWN FOR CURRENT TURNOVER COSTS: TWO PART PROCESS

Part One: Calculate Average Turnover Cost

Average Turnover Cost by Employee x Average Employee Turnover Average Turnover Cost by Position Level

(Avg. Entry Level Cost + Avg. Mid-Level Cost + Avg. Executive / Technical Cost)
By number of position levels above (in this case three)

Research + Calculations to find out average costs for turnover by position level:

- Average Entry Level Salary x 50% (source 7)
- Average Mid-Level Salary x 150% (source 7)
- Average Executive / Technical Salary x 250% (source 7)

Part Two: Calculate Average Employee Turnover

Average Employee Turnover
Turnover Rate x Total No. of Employees

Research:

- Employee Turnover Rate Calculation (source 3)

No. of employees that left during the year
((No. of employees at the beginning of the year + No. of employees at the end of the year) / 2))

Calculation Breakdown for Projected Turnover Savings

Average Turnover Costs (Current Turnover Costs Number) x Number of Voluntary Employee Turnover

Average Employee Turnover x 65% (Average Voluntary Employee Turnover)

Research:

- 65% of employee turnover is voluntary (source 6)

TOTAL BUSINESS VALUE SECTION

Overview: These are all the projected increases and savings in the top section combined into a total number to show overall business value with increased employee engagement.

Total Projected Revenue Increase + Total Projected Absenteeism Savings + Total Projected Turnover Savings

VALUE PER EMPLOYEE SECTION

Overview: This section divides the total business value by the number of company employees to show the value of increased employee engagement per person.

Total Business Value
No. of Employees

ANNUAL EMPLOYEE RECOGNITION BUDGET SECTION

Overview: This section shows what U.S. employers budget on average for annual employee rewards.

Research + Calculations to budget an annual recognition program:

Average Employee Salary x 1.5%

- Avg. salary = Total annual salary / No. of employees
- 1.5% of annual payroll on average is spent on rewards (source 5)

Annual Employee Recognition Budget Per Employee =

Annual Employee Recognition Budget
No. of employees

ANNUAL EMPLOYEE DISENGAGEMENT COSTS SECTIONS

Overview: This section shows the amount of money lost in productivity due to disengaged employees in the workplace.

Research + Calculation for Employee Disengagement Costs:
(Average Salary x 34%) x No. of Disengaged Employees

- Avg. salary = Total annual salary / No. of employees
- Its costs 34% in lost productivity due to disengaged employees (source 3)
- No. of actively disengaged employees averages 17% (source 2)

SOURCES:

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