

Measuring Societal Investments

This section provides an in-depth analysis of the latest trends in measuring and evaluating the societal outcomes and/or impacts of corporate societal engagement programs.

KEY FINDINGS IN THIS SECTION:

- Measurement of societal outcomes and/or impacts is on the rise.
- Companies continue to be strategic in regards to their societal outcomes measurement.
- Measurement of business results of employee engagement continues to increase, although at levels lower than the overall measurement of societal outcomes and/or impacts.

LEVELS OF MEASUREMENT

GROWING MEASUREMENT AND EVALUATION

The *Giving in Numbers* Survey asked respondents to use the following logic model when categorizing evaluation efforts:



In 2016, eight out of ten surveyed companies measured the outcomes and/or impacts (hereinafter referred to as just “outcomes”) on at least one grant. The comparison of a three-year matched set of companies shows that more companies are measuring societal outcomes: Of the companies that provided measurement information for each of the last three years, 85% of them measured outcomes and/or impacts in 2014 compared to 87% in 2016 (n=141).

SCOPE OF MEASUREMENT: STRATEGIC THINKING

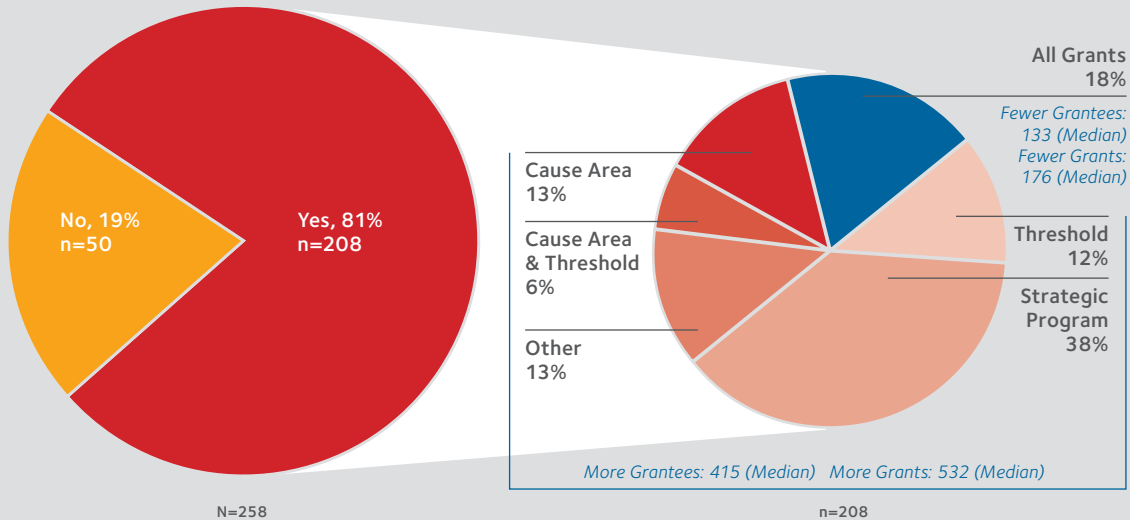
As reviewed on page 13, companies are making bolder moves when allocating resources to their strategic programs and focus areas. This trend is also reflected in terms of measurement of societal outcomes. In 2016, most corporations did not evaluate societal outcomes for all their grants, but rather focused on those that aligned with their strategic programs. There was an increase in the proportion of companies that measure societal outcomes on their strategic programs: 32% of companies in 2014 compared to 38% of the same set of companies in 2016 (n=105). Typically, companies that measured societal outcomes on all their grants also had fewer nonprofit partners and approved fewer grants in their portfolio (median of 133 and 176 respectively), compared to companies that measured outcomes only on select grants that in 2016 had a median number of nonprofit partners of 415 and approved a median of 532 grants.

LEVEL OF EXPERIENCE

The scope of measurement is also associated with companies’ level of experience with measurement. There is almost twice the proportion of very experienced companies (i.e., companies with at least 5 years of grant-evaluation experience) that measure their societal outcomes on all grants (43%), compared to those that measure only specific grants (21%). Measuring societal outcomes is still a relatively new field, as three out of four respondents who measure societal outcomes have fewer than five years of grant-evaluation experience (n=141). About a quarter of companies have developed an internal, entirely in-house resource to evaluate strategic grants. Almost half of companies, who may or may not have developed internal resources, have worked with external partners to measure their societal outcomes and/or impacts, either through grantees, consulting firms, research institutions, universities, and/or publicly available data.

FIGURE 17

Percentage of Companies that Measure Societal Outcomes and/or Impacts and Scope of Measurement, 2016



MEASUREMENT APPLICATIONS

MEASUREMENT EXPANSION AND GIVING

The measurement of business value of employee engagement has increased in a three-year matched set of companies from 2014 to 2016 from 28% to 30%. In 2016 alone, only 27% of companies reported measuring the business value of employee participation in corporate volunteer programs. However, the rates of measurement of business value of employee engagement contrast with an overall higher rate of measurement of societal outcomes and/or impacts. A three-year matched set of companies that measured societal outcomes and/or impacts of their programs but did not measure the business value of their employee engagement programs reported no changes in total giving. On the other side, companies that measured both societal outcomes and/or impacts and the business value of their employee engagement programs saw a substantial increase of total giving (+22%). This suggests that the expansion of measurement practices through having a better understanding of employee engagement may optimize the way companies find alternative ways of giving (e.g., potentially increasing employee engagement hours, matching gift contributions from employees, offering Pro Bono Service hours, etc.).

MEASURING BUSINESS VALUE OF ENGAGEMENT

In 2016, companies reported different ways of measuring the business value of their employee engagement practices, such as: trackers of return on social investment, tracking of employee satisfaction, skills employees learned when volunteering, changes in recruitment trends, measurement of brand reputation among served communities, impact on promotion and retention among employee volunteers, benchmarking between employees who volunteer and those who don't, volunteer hours/participation rates/engagement indexes captured by internal portals/surveys, and assessment and feedback of nonprofit recipients.

Companies with more financial resources allocated to measuring the business value of employee engagement may invest more in understanding employees' personal motivations to drive higher volunteer participation. In 2016, companies that measured the business value of employee engagement in corporate volunteer programs also had higher median revenue (\$17 billion) and higher average employee-volunteer participation rates (37%) than companies that did not measure the business value of employee engagement, who had median revenues of \$16 billion and an average volunteer participation rate of 28%.

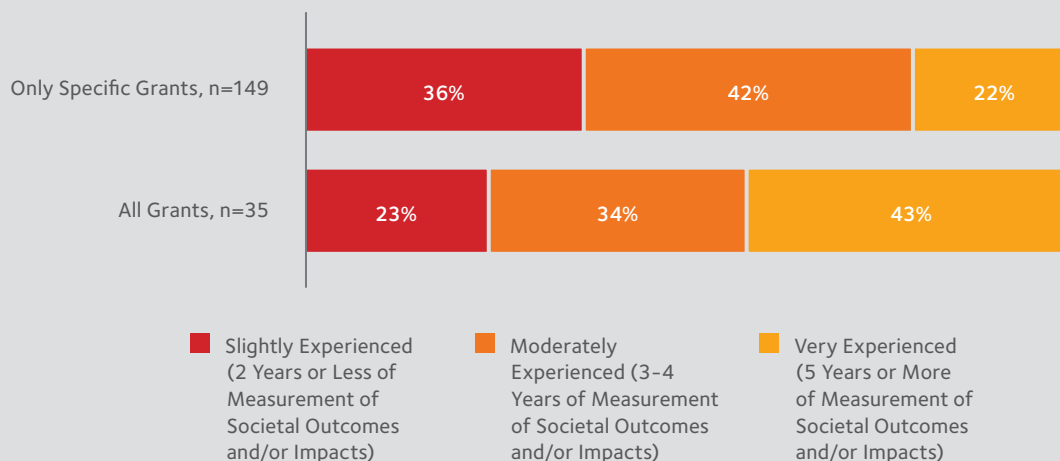
ENGAGEMENT MEASUREMENT DATA

As mentioned in the previous column, companies must make the business decision of what type of metrics to use in order to assess the effectiveness and progress of their employee engagement programs. The ROI Institute proposes a model of six categories of data that helps to explain the levels of importance associated with data used to measure employee engagement. As evaluation moves to higher levels, the value attributed to each type of data increases in importance and cost:

- › Level 0: Project input data. Data about investment in engagement;
- › Level 1: Reaction data. Data of reaction to engagement program;
- › Level 2: Learning data. Data about changes in knowledge and skill acquisition by employees;
- › Level 3: Application and implementation data;
- › Level 4: Impact data. Data on business impact of employee engagement programs; and
- › Level 5: ROI data. Data on the monetary benefits and costs of implementing engagement programs.

FIGURE 18

Scope of Measurement and Experience Level in Evaluation of Societal Outcomes and/or Impacts, Percentage of Companies, 2016



N=184