10 Easy Ways to Measure Employee Engagement

How engaged are your employees?

If your answer falls along the lines of "I've heard rumors some people are burned out," "They seem engaged, but it's hard to tell," or even "A bunch of people just quit and I'm freaking out," it's time to reevaluate how you measure **employee engagement.**

Making sure employees feel engaged and enthusiastic about their work isn't just about morale or supporting the boss's ego. **High employee engagement** can reduce absenteeism by 81% and turnover by as much as 43%. **Strong engagement** is also linked to increases in productivity, profitability, and customer satisfaction.

Sending out brief surveys or popping into someone's office for a quick chat won't give you all the information you need to effectively lead an expanding workforce. Even at a small business, you may not be able to get the full story about employee engagement, especially if a perceived lack of **anonymity** makes employees uncomfortable being completely honest about how they feel.

To truly understand where your people are at, you need to gather measurable, actionable data on issues like employee wellness, productivity, and performance.

In this guide, you'll learn how to go beyond informal check-ins and surveys to identify and analyze the key metrics that can reveal exactly how engaged your employees are—and how it's impacting your business.

10 Ways to Measure Employee Engagement

1. EMPLOYEE SATISFACTION

Before you spend time calculating the finer points of **employee engagement**, start by getting a baseline of employee satisfaction—how much your employees like their jobs. **Employee satisfaction** measures how well the employee experience aligns with employee expectations, and can be a key indicator of commitment and engagement levels.

For example, if an employee expects to have kind coworkers, fair compensation, and opportunities for advancement, but instead experiences rude coworkers, feels underpaid, and never gets a promotion, they'll likely be very dissatisfied with their job and ready to find a new one.

One of the most reliable ways to **track employee satisfaction** is with an **employee net promoter score (eNPS®)**. Calculated by subtracting the percentage of detractors from the percentage of promoters, eNPS quantifies whether employees would recommend working at your organization. Generally, an eNPS of 50 or higher is considered a good score.

Pair your eNPS survey with **qualitative questions**, so you can receive actionable feedback for improving employee satisfaction. If your satisfaction score is low, look at key areas such as **compensation** and **culture** to explore making changes.

Formula

(% of promoters) - (% of detractors)
= Employee net promoter score

Example

Your eNPS survey shows 60% of employees recommend working at your company, 10% don't, and 30% feel neutral. Subtract 10% of detractors from 60% of promoters to get an eNPS of 50.

30 Employee Engagement Survey Questions

We've compiled 30 must-ask survey questions to boost your employee engagement strategy. Dive in to find game-changing insights and see real improvements in your organization.

GET THE QUESTIONS →

2. RETENTION RATE

If you look around the office and notice that most of the people hired a few years ago no longer work there, you need to start tracking employee retention.

Your **employee retention rate** measures how many employees are staying with your organization over a period of time. Tracking your retention rate will help you understand how well your company convinces employees to stick around. And employee longevity makes a real difference: it can **cost as much as $28,000** to hire and onboard a new employee, and that's money down the drain if new hires tend to leave after just a few months.

Your **retention** goals will vary depending on the current job market and your industry's norms, but typically a healthy retention rate will be 90% or higher. If your retention rates are disappointing, there are many ways you can **give retention a boost**. Aside from developing better **compensation** packages, consider investing more in your employees' **professional development** and communicating clearly about opportunities for advancement **within your organization**.

Formula

$$\frac{\text{\# of employees still employed at end of set period}}{\text{\# of employees at beginning of set period}} \times 100 = \text{Retention Rate}$$

Example

At the beginning of the calendar year, your employee headcount is 80. At the end of the year, it's 76. Divide 76 by 80 to get 0.95, which is a retention rate of 95%.

3. RETENTION RATE PER MANAGER

We've all heard horror stories of **bad managers chasing employees away**, but how do you know when it's happening? If you want to look under the hood of your overall retention rate, calculate retention rates per manager.

Similar to your overall retention rate, you can calculate a manager's retention rate by comparing the number of employees working under that manager at the beginning and end of a certain period.

If you identify a manager with a lower retention rate than average for your organization, you'll need to investigate further to find the source of the problem. **Poor leadership skills**, **team burnout**, or a **bad culture** within the department could all be contributing to retention issues.

Formula

$$\frac{\text{\# of employees still under manager at end of set period}}{\text{\# of employees under manager at beginning of set period}} \times 100 = \text{Manager's Retention Rate}$$

Example

At the beginning of the year, a manager has **five people** on their team. By the end of the year, their team has **four people**. **Divide four by five to get 0.9, which is a retention rate of 90%.**

Free Resource: 10 Red Flags of Bad Company Culture

It's never too late to turn a struggling workplace culture around! We identified 10 red flags to look out for—plus strategies for fixing what's broken.

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4. TURNOVER RATE

Every organization experiences **turnover**—some employees leave you, and new employees join. But when your rate of **turnover** is unusually high, it bodes poorly for engagement.

If your company is hemorrhaging employees, you can assume people aren't feeling enthusiastic about their work. Plus, a high turnover rate puts a heavier workload on remaining employees, lowering productivity and further harming satisfaction and engagement.

To calculate your **turnover rate**, take the number of employee separations over a set period and divide it by the average employee headcount over that period. By using the average total employee headcount, you're factoring in new hires, which gives you a more accurate account of how turnover is impacting your organization.

For instance, if you had a large number of employee departures, but an even higher number of new hires, your turnover rate would remain fairly low.

Like retention rates, a healthy turnover rate will vary depending on your industry and your company's current circumstances. If your turnover rate is higher than you'd like, there are several strategies for **managing turnover**. A smart place to start is **exit interviews**—take the time to meet with departing employees to find out **why they decided to leave** and get feedback for improving the employee experience.

Formula

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Example

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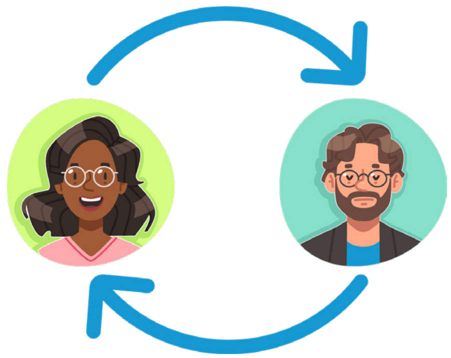
5. TALENT TURNOVER RATE

Not all turnover is necessarily bad turnover. For instance, if an **underperforming employee** quits, that might not be a huge loss for your organization. On the other hand, **you don't want to see your top talent leave**. You can track regrettable turnover by calculating turnover rates within your pool of high-performing employees.

The easiest way to identify your top talent pool is through **performance reviews**—for example, start by flagging all employees who met or exceeded expectations during their last review cycle. Once you find the turnover rate for your group of high performers, compare it against your general turnover rate.



If turnover is greater for high performers than your general turnover rate, you may need to focus your efforts on **retaining your most talented employees**. In addition to standard retention strategies, like increasing compensation, consider initiatives that might appeal to high-achievers who feel **burned out** and **unappreciated**, such as creating an employee awards program, prioritizing more **internal promotions**, and encouraging a healthier **work-life balance**.

Formula

$$\frac{\text{\# of high-performing employee separations over period}}{\text{Average total number of high-performing employees over periodset period}} \times 100 = \text{Talent Turnover Rate}$$

Example

At the beginning of the year, you have 50 high-performing employees. Over the course of the year, **5 high-performing employees leave** and you hire 11 new high-performing employees, ending the year with 56 high-performing employees. **Your average total for high-performing employees is 53. Divide the 5 separations by 53 to get 0.094, which is a talent turnover rate of 9.4%.**

Free Resource: 25+ HR Metrics You Need to Track

Nearly one-third of executives want to see more frequent HR reports—and our handy guide will show you how to get started. Discover the most important HR metrics from recruitment to turnover (and everything in between).

LEARN MORE

6. VOLUNTARY TURNOVER RATE

If you're looking at turnover, it's a good idea to narrow your scope to voluntary turnover. Understanding **employees who qui**t can be especially useful for gauging general employee engagement.

Since your voluntary turnover rate excludes terminated employees (involuntary turnover), it gives you a more precise measure of the employees you're failing to retain and quantifies some of the impact of poor employee engagement.

The best way to analyze your voluntary turnover rate by comparing it with your talent turnover and involuntary turnover rates. By looking at voluntary turnover against talent turnover, you can determine whether your regrettable turnover problems are specific to your top performers, or if employees at large are unsatisfied.

Similarly, by comparing voluntary turnover with involuntary turnover, you can figure out whether you need to focus more on convincing people not to quit (high voluntary turnover) or helping people improve their performance and recruiting more qualified talent (high involuntary turnover).

Formula

$$\frac{\text{\# of voluntary employee separations over period}}{\text{Average total number of employees over period}} \times 100 = \text{Voluntary Turnover Rate}$$

Example

At the beginning of the calendar year, you have an employee headcount of 100. Over the course of the year, **8 employees quit**, 4 employees are terminated, and you hire 2 new employees, giving you a final headcount of 90. **Your average total headcount for the year is 95. Divide your 8 voluntary separations by 95 to get 0.084, which is a voluntary turnover rate of 8.4%.**

7. ABSENCE RATE

Employee engagement is about more than retention and turnover. Even if your employees are staying with your company, you still need to understand how they feel about their work. Besides, catching an engagement problem before it leads to high turnover can save you money and time in the long run.

One of the simplest ways to check in on employee engagement is to track **absenteeism**. In addition to the direct costs of paying salaried workers for days they aren't working, absenteeism can hurt productivity and may suggest **low morale** among employees.

An employee absence rate is the number of days an employee is absent from work divided by the number of days in a given period, excluding approved PTO days. To calculate absenteeism for your entire workforce, you can divide the average total number of absences per employee by the number of days in a given period.

Like many employee engagement metrics, absence rates alone won't give you the full picture of engagement. If your high absence rate comes alongside low employee satisfaction or poor performance, it could be a sign of a generally bad company culture. However, if your workforce has a **high absence rate** but is still high-achieving, you may just need a **more flexible PTO policy** that accurately reflects their work-life balance needs.

Formula

$$\frac{\text{Average total number of absences per employee over the period, excluding approved PTO}}{\text{Number of days in the period}} \times 100 = \text{Average Absence Rate}$$

Example

Based on all of your employees' absences, **the average number of days absent over the course of 90 work days is 2.5**. **Divide 2.5 by 90 to get 0.028, which is an average absence rate of 2.8%.**

Free Download: BambooHR PTO Policy Builder

How much time off is too much—or too little? What types of PTO should you offer? In most companies, these questions get pushed onto HR's plate. We have just the thing to help: a handy, advice-filled PTO policy builder, complete with examples.

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8. ABSENCE RATE PER MANAGER

Like measuring retention rates per manager, tracking the absence rate per manager can help you zero in on which teams are experiencing the most absenteeism. If one manager has a noticeably higher absence rate than others, it may be a sign that a team is struggling with burnout, low motivation, **performance issues**, or a **leadership problem**.

Calculating absence rates by manager is the same as calculating absenteeism for your whole organization: Divide the average number of absences on the team by the number of days in the period. Look at team absence rates within the context of their performance quality, satisfaction levels, and retention rates to determine if absenteeism is a symptom of a bigger problem.

Formula

$$\frac{\text{Average total number of absences per employee on the manager's team over the period, excluding approved PTO}}{\text{Number of days in the period}} \times 100 = \text{Average Absence Rate per Manager}$$

Example

A manager's team has an average of **1.2 days absent over 90 work days**. **Divide 1.2 by 90 to get 0.013, which is an average absence rate of 1.3%.**

9. EMPLOYEE PERFORMANCE

To contextualize important engagement metrics like retention, turnover, and absenteeism, you need to understand how they correlate with **employee performance**. You can track employee performance through regular **self-assessments**, **peer reviews, and manager reviews**.

Conduct performance assessments on a regular cadence, such as every six months, so you can develop a consistent record of employee performance over time. Make sure assessments combine opportunities for open-response feedback with quantitative data collection, such as **Likert scales**.

In addition to analyzing performance reviews, you can gather several other **key performance metrics**, such as efficiency rates, error rates, or sales performance.

If employee performance is lagging, you can take a closer look at which areas need improvement. Analyzing both performance feedback and satisfaction survey results could give you a sense of where employees need more support, such as in professional development, better project management, or **clearer communication** between **employees and their managers.**

10. GOAL TRACKING

Goal tracking is an excellent metric for looking at employee engagement and enthusiasm around their personal development and your company's objectives. By using a **performance management software with goal tracking tools**, you can easily generate reports on employees' progress.

To keep individual goals connected to your organization at-large, consider implementing a cascading goal model that flows from your top-level initiatives: individual goals relate to team goals, the team goals feed into department goals, and department goals support the company's goals.

Goal tracking can provide you with a wealth of information about employee engagement and performance. Here are just a few ways you could analyze your goal-tracking data:

- Average time to complete goals
- Percentage of employees who have set goals
- Percentage of employee goals that are completed
- Qualitative review of how individual goals directly connect to company-wide goals

If you find employees are struggling to set and reach their goals or that their goals are straying away from core company initiatives, you may need to find new ways to train and support your people leaders in goal-setting. You may also need to revise your broad organizational goals so they better align with your company's mission.