

An ROI Case Study

# Healthcare, Inc.

## Preventing Sexual Harassment

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This case was prepared to serve as a basis for discussion rather than to illustrate either effective or ineffective administrative and management practices. All names, dates, places, and organization have been disguised at the request of the author(s) or organization. This case is featured in Measuring Return on Investment, Vol. 2 (1997), a casebook published by the American Society for Training and Development, Alexandria, VA.

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Most organizations have sexual harassment prevention programs, but few are subjected to accountability up to and including an ROI analysis. In this setting, a large health care chain conducted a sexual harassment prevention workshop involving first level managers and supervisors. Workshops were followed by meetings with all employees conducted by the same managers and supervisors. In all, seventeen workshops were presented and the monetary impact was developed. Several unique issues are involved in this case, including the techniques to isolate the effects of training and convert data to monetary values. The analysis used a traditional ROI model and the results surprised the evaluation team and senior managers.

## **Background**

Healthcare, Inc. (HI) is a regional provider of a variety of healthcare services through a chain of hospitals, HMOs, and clinics. HI has grown steadily in the last few years and has earned a reputation as a progressive and financially sound company. HI is publicly owned with an aggressive management team poised for additional growth. The non-supervisory employment level is at 6,844. First and second level managers number 655, while the senior management team numbers 41.

The health care industry in the USA continues to operate in a state of a tremendous transformation and transition. The concern over health care costs, the threat of additional government regulation, and the implementation of new technology and health care delivery systems are radically transforming the health care field. HI is attempting to take advantage of these challenges and carve out a significant market share in its regional area of operation.

## **Triggering Events**

In the USA, sexual harassment continues to grow as an important and significant employee relation's issue. Sexual harassment claims throughout the USA and in the health care industry continue to grow, sparked in part by increased public awareness of the issue and the willingness of the victims to report harassment complaints. HI has experienced an increasing number of sexual harassment complaints with a significant number of them converting to charges and lawsuits. The complaint record was considered excessive by executives and represented a persistent and irritating problem. In addition, HI was experiencing an unusually high level of turnover, which may be linked to sexual harassment.

Senior management, concerned about the stigma of continued sexual harassment complaints and the increasing cost of defending the company against claims, instructed the Human Resources Vice President to take corrective and preventive action to significantly reduce complaints and ultimately rid the workplace of any signs of harassment. The HR Vice President instructed the HRD staff to develop a workshop for employees or managers or both, but only if there is a lack of understanding and knowledge of the issue.

## **Needs Assessment**

In response to the request, the HRD staff conducted interviews with the entire EEO and Affirmative Action staff where the magnitude of the problem and the potential causes were explored. Most of the staff indicated that there appeared to be a significant lack of understanding of the company's policy on sexual harassment and what actually constitutes inappropriate or illegal behavior.

In addition to interviews, the complaints for the last year were examined for issues and patterns. From an analysis of complaints, the typical person accused of sexual harassment was a supervisor and usually male. The typical victim of harassment was non-supervisory and female. The analysis also revealed that the type of sexual harassment typically experienced at HI was in the category of hostile environment, defined by the EEOC as "an individual making unwelcome sexual advances or other verbal or physical conduct of a sexual nature with the purpose of, or that creates the effect of, unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment." This type of harassment should be minimized by developing a clear understanding of HI's policy regarding harassment and by teaching managers to identify illegal and inappropriate activity.

Exit interviews of terminating employees for the last year were reviewed to see if there was a linkage to sexual harassment. Approximately 11% of terminating employees identified sexual harassment/hostile environment as a factor in their decision to leave HI. Exit interview data was computerized and readily available. Because of the request to proceed with this program, the HRD staff did not conduct a full-scale needs assessment. Instead, they augmented the input from the EEO/AA staff and exit interviews with ten randomly selected interviews with first-level supervisors to explore the level of understanding of the policy, inappropriate and illegal behavior, and the perceived causes of the increased complaint activity. As part of HI's policy, supervisors and managers were required to conduct a limited investigation of informal complaints and to discuss issues as they were uncovered.

## **The Program: Design, Development and Implementation**

Armed with input from ten supervisor interviews, detailed input from the EEO/AA staff, and information from company records, the major causes of the problem were identified. There was an apparent lack of understanding of (1) the company's sexual harassment policy and (2) what constitutes inappropriate and illegal behavior. In addition, there was an apparent insensitivity to the issue. As a result, a one-day sexual harassment prevention workshop was designed for all first- and second-level supervisors and managers. The program had the following objectives. After attending this program, participants should be able to:

- Understand and administer the company's policy on sexual harassment
- Identify inappropriate and illegal behavior related to sexual harassment
- Investigate and discuss sexual harassment issues
- Conduct a meeting with all direct reports to discuss policy and expected behavior
- Ensure that the workplace is free from sexual harassment
- Reduce the number of sexual harassment complaints

Because of the implications of this issue, it was important for the information to be discussed with all employees so that there would not be any misunderstanding about the policy or inappropriate behavior. Consequently, each supervisor was asked to conduct a meeting with his or her direct reports to discuss this topic.

The program design was typical of HI programs, using a combination of purchased and internally developed materials. The one-day program was implemented and conducted over a 45-day period with 17 sessions involving 655 managers. HR managers and coordinators served as program facilitators.

**Questions for discussion:**

Approach each discussion question from the perspective of an evaluation consultant. Discuss each question with your group members before arriving at a conclusion. If the information is incomplete, make any assumptions necessary to respond to each question.

1. Is this the type of program that you would recommend for an ROI calculation? Explain.

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2. Was the needs assessment adequate for this situation? Explain.

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3. Who is the key client in this case? What questions would you ask to develop an evaluation plan?

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4. Complete the Data Collection Plan. Concentrate on collecting Level 3, and 4 data.

5. Complete the ROI Analysis Plan, making any assumptions necessary to respond to each issue.

## DATA COLLECTION PLAN

Evaluation Purpose: \_\_\_\_\_

Program: \_\_\_\_\_ Responsibility: \_\_\_\_\_ Date: \_\_\_\_\_

| Level    | Broad Program Objective(s)   | Measures  | Data Collection Method/Instruments   | Data Sources  | Timing   | Responsibilities  |
|----------|--|---|--|---|--|---|
| <b>1</b> | <b>REACTION/SATISFACTION &amp; PLANNED ACTIONS</b> <ul style="list-style-type: none"> <li>• Obtain a positive reaction to program and materials</li> <li>• Obtain input for suggestions for improving program</li> <li>• Identify planned actions</li> </ul> | <ul style="list-style-type: none"> <li>• Average rating of at least 4.0 on 5.0 scale on quality, usefulness and achievement of program objectives.</li> <li>• 90% submit planned actions</li> </ul>   | <ul style="list-style-type: none"> <li>• Reaction feedback questionnaire</li> </ul>              | <ul style="list-style-type: none"> <li>• Participant</li> </ul> | <ul style="list-style-type: none"> <li>• End of Session</li> </ul>   | <ul style="list-style-type: none"> <li>• Facilitator</li> </ul> |
| <b>2</b> | <b>LEARNING</b> <ul style="list-style-type: none"> <li>• Knowledge of policy on sexual harassment</li> <li>• Knowledge of inappropriate and illegal behavior</li> <li>• Skills to investigate and discuss sexual harassment</li> </ul>                       | <ul style="list-style-type: none"> <li>• Ability to identify 10 of 10 policy issues</li> <li>• From a list of actions, and lack of actions, be able to identify 100% of those that constitute sexual harassment or a hostile environment</li> <li>• Demonstrated ability to apply investigative and mediation skills</li> </ul> | <ul style="list-style-type: none"> <li>• Pre and Post Test</li> <li>• Skill Practices</li> </ul> | <ul style="list-style-type: none"> <li>• Participant</li> </ul> | <ul style="list-style-type: none"> <li>• Beginning of session</li> <li>• End of session</li> <li>• During Session</li> </ul> | <ul style="list-style-type: none"> <li>• Facilitator</li> </ul> |
| <b>3</b> | <b>APPLICATION/IMPLEMENTATION</b>  |   |  |   |  |   |
| <b>4</b> | <b>BUSINESS IMPACT</b>   |   |  |   |  |   |
| <b>5</b> | ROI  | Comments: _____<br>_____<br>_____   |  |   |  |   |

## ROI ANALYSIS PLAN

Program: \_\_\_\_\_ Responsibility: \_\_\_\_\_ Date: \_\_\_\_\_

| Data Items<br>(Usually<br>Level 4) | Methods for<br>Isolating the<br>Effects of the<br>Program/<br>Process | Methods of<br>Converting<br>Data to<br>Monetary<br>Values | Cost<br>Categories | Intangible<br>Benefits | Communication<br>Targets for Final<br>Report | Other<br>Influences/<br>Issues During<br>Application | Comments |
|------------------------------------|---|---|--------------------|------------------------|--|--|----------|
|                                    |   |   |                    |                        |  |  |          |
|                                    |   |   |                    |                        |  |  |          |
|                                    |   |   |                    |                        |  |  |          |
|                                    |   |   |                    |                        |  |  |          |
|                                    |   |   |                    |                        |  |  |          |



## Why ROI?

HR/HRD programs usually targeted for an ROI calculation are those perceived to be adding significant value to the company, closely linked to the organizational goals and strategic objectives. Then, the ROI calculation is pursued to confirm the added value. Based on the results of the ROI analysis, these programs may be enhanced, redesigned, or eliminated if the ROI is negative. Sexual harassment prevention training is usually different. If the ROI analysis yields a negative value, the program would not be discontinued. It may be altered for future sessions, particularly if behavior changes are not identified in the Level 3 evaluation.

At HI, this program was chosen for an ROI calculation for two reasons. First, the HR and HRD departments were interested in the accountability of all programs including sexual harassment. Second, a positive ROI would clearly show management that these types of programs, which are preventive in nature, can significantly contribute to the bottom line when they are implemented throughout the organization and supported by management.

With the decision to pursue the ROI calculation, HI engaged the services of Performance Resources Organization, a leading firm for ROI consulting. The model used in this project has been used in hundreds of ROI studies.<sup>1</sup>

## Data Collection

**Figure 1** shows the completed data collection plan for the sexual harassment training program. A pre/post test was administered to measure knowledge of the HI's sexual harassment policy and inappropriate and illegal behavior. The 20-item questionnaire was evenly split on policy and behavior issues.

To measure the successful application of the program, three data collection methods were utilized. First, a meeting record was required of each supervisor and manager to document the actual meeting with employees, recording the time, duration, topics, and participants. Although this form did not address the quality of the meeting, it provided evidence that the meeting was conducted.

The second data collection method was a survey of the non-supervisory employees, the typical target group for harassment activity. Although all employees could have been surveyed, it was felt that it was more important to examine behavior change from the perspective of those who were more likely to be victims of harassment. The survey was planned for administration six months after the program was completed. It provided post program data only and thus each questionnaire had to be worded to measure behavior change since the training was conducted. The 15-item survey examined specific behavior changes and environmental changes related to harassment activity, including actions that might be considered to be inappropriate or offensive. The following are some typical questions.

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<sup>1</sup> *ROI: The Search for Best Practices*. Jack J. Phillips, Ph.D., *Training and Development*, Vol. 50, No 2, February 1996, pp. 42-47.

| In the Last Six Months   | Strongly Disagree        | Disagree                 | Neutral                  | Agree                    | Strongly Agree           |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| I have noticed less offensive language at work.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The company is more likely to take swift action against those who are found guilty of sexual harassment. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The third data collection method was a self-assessment questionnaire completed by supervisors and managers. This questionnaire captured actions, behavior change and results linked to the program. While there were a variety of other data collection possibilities, including focus groups, interviews, and third party observation, it was felt that, given the time and cost considerations, these three methods provided sufficient data to capture behavior change and show that the program had been successful.

Business results measures included several items. Initially, it was planned that internal complaints, lodged formally with the Human Resources Division, would be monitored along with external charges filed with various agencies (primarily the EEOC). Because of the lag time between changes in behavior and a reduction in complaints, data would be collected for one year after the program and compared to one year before the program to determine specific improvements. Also, as alternative information, litigated complaints would be tracked along with the direct costs, including legal fees, settlements, and losses. In addition, because of the perceived link between a hostile work environment and turnover, annual employee turnover would be examined for the same time period.

**Figure 2** shows the completed document for the ROI analysis plan. Because of the relatively short time frame required to implement the program and the desire from top management to implement it throughout the organization quickly, a control group arrangement was not feasible. However, because historical data are available on all complaint measures, a trend line analysis was initially planned. Complaint activity would be projected based on twelve months of data prior to the program. Actual performance would be compared to the projected value and the difference would reflect the actual impact of the program on that measure. In addition to trend line analysis, participants' estimation was planned to compare with trend line data. In this situation, supervisors and managers (participants) are asked to indicate the extent to which the program influenced the changes in the number of complaints.

For turnover, trend line analysis could not be used because of the other initiatives that were planned for implementation to reduce turnover. For the trend line analysis to be accurate, no additional influences should enter the process during the past program evaluation period.<sup>2</sup> Thus, a type of forecasting was

<sup>2</sup> *Was It The Training?* Jack J. Phillips, Ph.D., *Training and Development*, Vol. 50, No. 3, March 1996, pp. 28-32.

used where the percentage of turnover related to sexual harassment is developed for the 12 months period prior to the program. The same percentage is developed for the post program period.

In regard to converting the data to monetary values, the cost of complaints would be derived from both historical data when available, and with estimates for other factors, such as the actual time utilized on harassment complaints. The estimates would be developed with input from the EEO/AA staff. For turnover, industry data would be used since HI had not calculated the actual cost of turnover for any employee groups. The specific cost items, intangible benefits, other influences, and communication targets were all identified and are presented in Figure 2.

### **Reaction and Learning Data**

A typical end of program questionnaire was utilized to capture reaction data. Overall, the participants had a very positive reaction to the program and perceived it to be timely and useful. A composite rating of 4.11 out of a possible 5 was achieved. The vast majority of the participants (93%) provided a list of action items planned as a result of the program.

For a Level 2 evaluation, the pre-program test scores averaged 51 and the post program scores averaged 84, representing a dramatic increase of 65%. These results were significant and exceeded the expectations of program organizers. Two important points were underscored with the Level 2 assessment. First, the low scores on pre-program testing provided evidence that the program was necessary, validating the needs assessment. The participants did not understand the organization's policy, nor did they recognize what constituted inappropriate and illegal behavior. Second, the dramatic improvement in scores provided assurance that the content of the program was appropriate for both key issues as the participants learned much about policy and behavior. As part of the Level 2 evaluation, participants were involved in skill practices on issues involving administering policy. The instructors provided an assessment of the skills practice sessions using a brief checklist. In all, 84% of participants received a check for satisfactorily conducting a simulated investigation of an informal complaint.

### **On-The-Job Application**

One of the initial actions required of participants was to conduct a meeting with his/her employees to discuss sexual harassment issues, review HI's policy on sexual harassment, and discuss what constitutes inappropriate and illegal behavior. Handouts and visual aids were provided to each supervisor and manager to assist with the meeting. A meeting record form had to be completed and submitted to the Human Resources Department as evidence that the meeting was conducted. The time of the meeting, the duration, the participants by name, and the specific topics covered were noted on the form. Within one month of the program, 82% of the participants had completed the meeting

record. Ultimately, 96% completed it. Some managers did not conduct meetings because they did not have direct reports.

Six months after the program was conducted, an anonymous survey was conducted with a 25% sample of non-supervisory employees. A total of 1720 surveys were distributed and 1100 were returned for a response rate of 64%. The survey yielded an average score of 4.1 on a scale of 1 to 5. The rating represents the extent to which the behavior has changed in the six months since the program was conducted. Overall, the survey results indicated that significant behavior change had occurred and the work environment was largely free of harassment.

A follow-up questionnaire was administered directly to all participants six months after the program was conducted. A total of 571 questionnaires were returned representing a response rate of 87%. The questionnaire probed the extent to which program materials were utilized and specific behavior changes had been realized. In addition, participants estimated the amount of improvement in sexual harassment complaints that was directly attributable to this program. Although the input from participants (managers and supervisors) may be biased, significant changes were reported. In regard to actions completed, 92% reported that some actions were completed while 68% reported that all actions were completed.

### **Business Impact**

**Table 1** shows the one-year of complaint and turnover data prior to the program and one year after the program. The total cost value includes the cost of all activities and direct expenses related to sexual harassment. Theoretically, if there were no complaints, this value would be zero. In the six-month follow-up questionnaire, participants were provided the six months average before and after the program, and were asked to estimate the percent of improvement that was actually caused by this program. The average percents from all participants are included in the right column. These estimates were collected for internal complaints, external complaints, and litigated complaints.

| <b>Business Performance Measure</b>   | <b>One Year<br/>Prior to<br/>Program</b> | <b>One Year<br/>After<br/>Program</b> | <b>Factor For<br/>Isolating<br/>the Effects<br/>of Program</b> |
|---|--|---------------------------------------|--|
| Internal Complaints   | 55                                       | 35                                    | 74%  |
| External Charges  | 24                                       | 14                                    | 62%  |
| Litigated Complaints  | 10                                       | 6                                     | 51%  |
| Legal Fees and Expenses   | \$632,000                                | \$481,000                             |  |
| Settlement/Losses   | \$450,000                                | \$125,000                             |  |
| Total Cost of Sexual Harassment<br>Prevention, Investigation, and<br>Defense* | \$1,655,000                              | \$852,000                             |  |

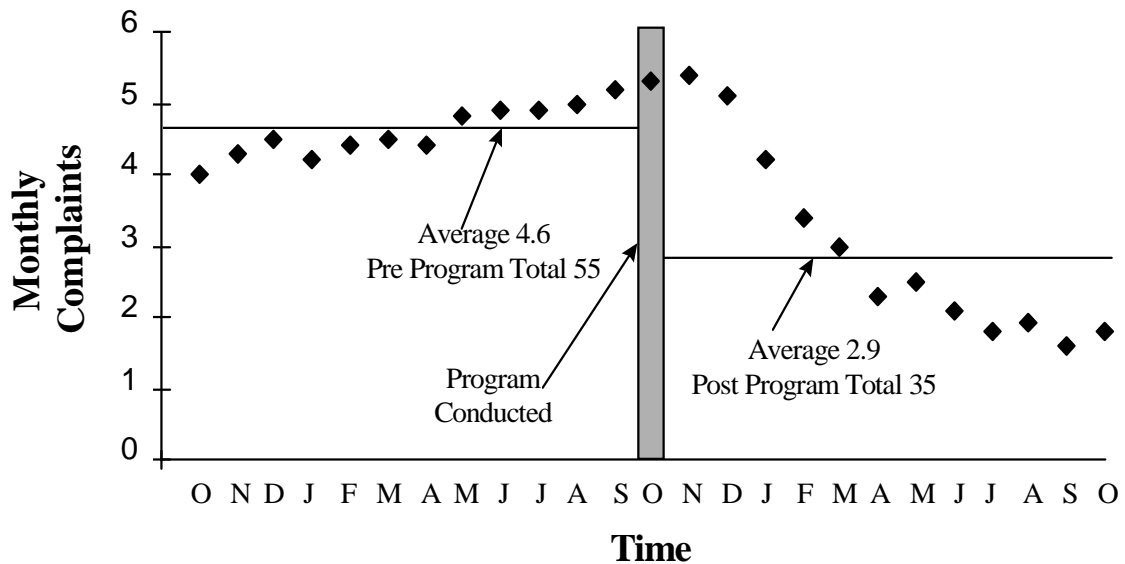
|  |       |       |
|--|-------|-------|
| Turnover (Non-Supervisory)<br>Annualized | 24.2% | 19.9% |
|--|-------|-------|

\*Includes legal fees, settlement/losses, portion of EEO/AA staff assigned to sexual harassment, management time for this activity, printed materials, and miscellaneous expenses.

The exhibit also shows the turnover rate for the non-supervisory employees for the twelve months preceding the program and the twelve months after the program. Participant estimates of the impact of this program on turnover were not collected because of the various factors influencing turnover.

**Figure 3** shows a plot of the formal internal complaints of sexual harassment twelve months prior to the program and twelve months after the program. Prior to the program there was an upward trend of complaints and management felt this would continue if they took no action to improve the situation. Also, no other initiatives were undertaken to focus attention on sexual harassment. The magnitude of the program, involving seventeen training sessions with 655 managers and meetings with all employees, focused significant attention on the issue. Thus, it was felt that the trend line analysis might be an effective tool for isolating the effects of training.

Figure 3  
Formal Internal Complaints of Sexual Harassment



The turnover rate showed improvement during this same time frame, although the employment grew. On a pre-program basis, the non-supervisory

employees averaged 6,651 compared to 6,844, post-program. Because of the excessive levels of turnover, other initiatives were undertaken to help reduce the departure rate of employees. Recruiting processes were enhanced, entry level salaries were increased, and more effective selection techniques were employed during the same time period. All of these actions were initiated to develop a better match between the employees and the culture at HI. Thus, the trend line forecast for the turnover rate would not be accurate because of the influence of these factors on the turnover rate.

To estimate the percent of turnover reduction directly related to this program, a version of the forecasting process was considered. During the needs assessment, exit interview data were reviewed for evidence of sexual harassment as a factor in the decision to leave. In these cases, 11% of the actual turnover had mentioned sexual harassment. Employees are often reluctant to indicate the presence of sexual harassment, although the issue may be the reason for their departure. Thus, it was felt that this 11% figure was a conservative estimate of the number of terminations related to a hostile work environment of sexual harassment activity. A twelve-month review of exit interviews, on a post program basis, revealed that only 3% of the interviewees mentioned sexual harassment or a hostile work environment among the reasons for their departure. Thus, the percent of employees leaving because of sexual harassment dropped from 11% to 3% of terminations.

Participant salaries and benefits were developed using midpoint values for the managers in each classification. **Table 2** shows the midpoint values of participants. Program costs were fully loaded and included the cost of the needs assessment (\$9,000), design and development (\$15,000), and evaluation (\$31,000). The needs assessment cost was an estimate based on the direct time and expenses involved in the process. The development costs were low because of the use of purchased materials. Evaluation costs included an estimate of all internal and external costs associated with the follow-up evaluation including developing the ROI. Participants' salaries and benefits were included although it was not HI's policy to include participant salaries and benefits as a training expense for a one-day program for supervisors and managers. The time necessary for program coordination was estimated along with the time for facilitator preparation and delivery. When considering the average salaries plus benefits for these individuals, a value of \$9,600 was estimated. Travel and lodging for coordination and facilitation was a minor factor, estimated to be \$1,520. Program materials were \$12 per participant and food and refreshments during the workshop were \$30 per participant. The estimated value of the conference rooms used for the program was \$150 per day, although the costs of internal facilities were not usually reported.

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Table 2  
Salaries and Benefits of Participants

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| <b>Management Level</b> | <b>Number Participating<br/>in Program</b> | <b>Salary Midpoint Value</b> |
|-------------------------|--|------------------------------|
| 7                       | 41   | \$32,500                     |
| 8                       | 435  | 43,600                       |
| 9                       | 121  | 54,300                       |
| 10                      | 58   | 66,700                       |

Employee benefits costs as a percent of payroll = 39%.  
Managers work an average of 47 weeks per year.

The cost of turnover was developed using industry studies, which showed a range of values. For non-supervisory employees turnover costs were 110% - 150% of annual salaries. (The post-program average salaries are \$27,850.) In a review meeting, the client (HR manager) felt that the cost studies were too high and was more comfortable with a 75% value.

**Questions for discussion:**

1. Is the follow-up survey of non-supervisory employees necessary? Explain. What sample size is needed for a 95% confidence level if the anticipated response rate is 60%? Use the attached chart.

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2. Develop the monetary benefits for the reduction in *internal complaints* using participants' estimate to isolate the effect of the program. Could another complaint measure be used in the analysis? Which is best? Explain.

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3. Develop the monetary benefits for the reduction in turnover.

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4. Tabulate the total costs of the program.

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5. Project the pre-program data and estimate the impact of the program on internal complaints.

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6. Using the values from questions 2, 3, and 4 above, calculate the ROI. Is this greater than you expected?

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7. Is the ROI realistic? Is the process credible? Explain.



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8. For internal complaints, how should you address the difference in values from the two methods to isolate the effects of the program (participants' estimation versus trend line analysis)?

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9. How and what would you report this to senior management? Non-supervisory employees?

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## A Sample Size Table for Proportions<sup>3</sup>

| Degree of Accuracy = $\pm$<br>.05 |        | Proportion of Sample Size =<br>0.5 |        | Confidence Level = 95% |        |
|-----------------------------------|--------|------------------------------------|--------|------------------------|--------|
| Population                        | Sample | Population                         | Sample | Population             | Sample |
| 10                                | 9      | 230                                | 144    | 1400                   | 301    |
| 15                                | 14     | 240                                | 147    | 1500                   | 305    |
| 20                                | 19     | 250                                | 151    | 1600                   | 309    |
| 25                                | 23     | 260                                | 155    | 1700                   | 313    |
| 30                                | 27     | 270                                | 158    | 1800                   | 316    |
| 35                                | 32     | 280                                | 162    | 1900                   | 319    |
| 40                                | 36     | 290                                | 165    | 2000                   | 322    |
| 45                                | 40     | 300                                | 168    | 2200                   | 327    |
| 50                                | 44     | 320                                | 174    | 2400                   | 331    |
| 55                                | 48     | 340                                | 180    | 2600                   | 334    |
| 60                                | 52     | 360                                | 186    | 2800                   | 337    |
| 65                                | 55     | 380                                | 191    | 3000                   | 340    |
| 70                                | 59     | 400                                | 196    | 3500                   | 346    |
| 75                                | 62     | 420                                | 200    | 4000                   | 350    |
| 80                                | 66     | 440                                | 205    | 4500                   | 354    |
| 85                                | 69     | 460                                | 209    | 5000                   | 356    |
| 90                                | 73     | 480                                | 213    | 6000                   | 361    |
| 95                                | 76     | 500                                | 217    | 7000                   | 364    |
| 100                               | 79     | 550                                | 226    | 8000                   | 366    |
| 110                               | 85     | 600                                | 234    | 9000                   | 368    |
| 120                               | 91     | 650                                | 241    | 10000                  | 369    |
| 130                               | 97     | 700                                | 248    | 15000                  | 374    |
| 140                               | 102    | 750                                | 254    | 20000                  | 376    |
| 150                               | 108    | 800                                | 259    | 30000                  | 379    |
| 160                               | 113    | 850                                | 264    | 40000                  | 380    |
| 170                               | 118    | 900                                | 269    | 50000                  | 381    |
| 180                               | 122    | 950                                | 273    | 60000                  | 381    |
| 190                               | 127    | 1000                               | 277    | 70000                  | 382    |
| 200                               | 131    | 1100                               | 284    | 120000                 | 382    |
| 210                               | 136    | 1200                               | 291    | 160000                 | 383    |
| 220                               | 140    | 1300                               | 296    | 1,000,000              | 383    |

This table tells you the number of people you must survey to accurately represent the views of the population under study.

<sup>3</sup> R. Zemke/T. Kramlinger, *Figuring Things Out*, © 1982, Addison-Wesley Publishing Co., Inc., Reading, Massachusetts. Reprinted by permission of the publisher.

## DATA COLLECTION PLAN

Evaluation Purpose: \_\_\_\_\_  
 Program: Preventing Sexual Harassment Responsibility: \_\_\_\_\_ Date: \_\_\_\_\_

| Level    | Broad Program Objective(s)   | Measures   | Data Collection Method/ Instruments   | Data Sources  | Timing  | Responsibilities   |
|----------|--|--|---|---|---|--|
| <b>1</b> | <b>REACTION/SATISFACTION &amp; PLANNED ACTIONS</b> <ul style="list-style-type: none"> <li>Obtain a positive reaction to program and materials</li> <li>Obtain input for suggestions for improving program</li> <li>Identify planned actions</li> </ul> | <ul style="list-style-type: none"> <li>Average rating of at least 4.0 on 5.0 scale on quality, usefulness and achievement of program objectives.</li> <li>90% submit planned actions</li> </ul>  | <ul style="list-style-type: none"> <li>Reaction feedback questionnaire</li> </ul>   | <ul style="list-style-type: none"> <li>Participant</li> </ul>   | <ul style="list-style-type: none"> <li>End of Session</li> </ul>  | <ul style="list-style-type: none"> <li>Facilitator</li> </ul>  |
| <b>2</b> | <b>LEARNING</b> <ul style="list-style-type: none"> <li>Knowledge of policy on sexual harassment</li> <li>Knowledge of inappropriate and illegal behavior</li> <li>Skills to investigate and discuss sexual harassment</li> </ul>                       | <ul style="list-style-type: none"> <li>Ability to identify 10 of 10 policy issues</li> <li>From a list of actions, and lack of actions, be able to identify 100% of those that constitute sexual harassment or a hostile environment</li> <li>Demonstrated ability to apply investigative and meditation skills</li> </ul> | <ul style="list-style-type: none"> <li>Pre and Post Test</li> <li>Skill Practices</li> </ul>  | <ul style="list-style-type: none"> <li>Participant</li> </ul>   | <ul style="list-style-type: none"> <li>Beginning of session</li> <li>End of session</li> <li>During Session</li> </ul>                  | <ul style="list-style-type: none"> <li>Facilitator</li> </ul>  |
| <b>3</b> | <b>APPLICATION/IMPLEMENTATION</b> <ul style="list-style-type: none"> <li>Administer policy</li> <li>Conduct meeting with employees</li> <li>Ensure that workplace is free of sexual harassment</li> </ul>  | <ul style="list-style-type: none"> <li>Appropriate application of policy</li> <li>Meeting conducted within 30 days</li> <li>Actions taken to eliminate hostile work environment</li> </ul>   | <ul style="list-style-type: none"> <li>Self Assessment Questionnaire</li> <li>Complete and submit meeting record</li> <li>Employee Survey (25% sample)</li> </ul> | <ul style="list-style-type: none"> <li>Participant</li> <li>Work force</li> </ul>   | <ul style="list-style-type: none"> <li>6 months after program</li> <li>1 month after program</li> <li>6 months after program</li> </ul> | <ul style="list-style-type: none"> <li>Program Evaluator</li> <li>HRIS Staff</li> <li>Employee Communications</li> </ul> |
| <b>4</b> | <b>BUSINESS IMPACT</b> <ul style="list-style-type: none"> <li>Reduce internal complaints</li> <li>Reduce external complaints</li> <li>Reduce employee turnover</li> </ul>  | <ul style="list-style-type: none"> <li>Decrease formal internal and external complaints related to sexual harassment and a hostile work environment</li> <li>Voluntary turnover</li> </ul>   | <ul style="list-style-type: none"> <li>Performance Monitoring</li> <li>Self Assessment Questionnaire</li> </ul>   | <ul style="list-style-type: none"> <li>Human Resources complaint records</li> <li>Human Resources exit records</li> </ul> | <ul style="list-style-type: none"> <li>Monthly for 1 Year Before and after program</li> <li>6 Months after program</li> </ul>           | <ul style="list-style-type: none"> <li>Program Evaluator</li> </ul>  |
| <b>5</b> | <b>ROI</b><br>Target ROI → 25%   | Comments: <u>Meet with EEO/AA staff to determine how costs of non-compliance will be identified. Seek management and stakeholder guidance and support to develop a standard monetary value for improvement in employee satisfaction.</u>   |   |   |   |  |

Figure 1

## ROI ANALYSIS PLAN

Program: Preventing Sexual Harassment      Responsibility: \_\_\_\_\_      Date: \_\_\_\_\_

| Data Items (Usually Level 4)                       | Methods for Isolating the Effects of the Program/ Process             | Methods of Converting Data to Monetary Values         | Cost Categories   | Intangible Benefits   | Communication Targets for Final Report  | Other Influences/ Issues During Application  | Comments   |
|--|---|---|---|---|---|--|--|
| 1. Formal Internal Complaints of Sexual Harassment | 1. Trendline Analysis<br>1. Participant Estimation                    | 1. Historical Costs with Estimation from EEO/AA Staff | <ul style="list-style-type: none"> <li>• Needs Assessment</li> <li>• Program Development/ Acquisition</li> </ul>                          | <ul style="list-style-type: none"> <li>• Job Satisfaction</li> <li>• Absenteeism</li> </ul> | <ul style="list-style-type: none"> <li>• All Employees (Condensed Info.)</li> <li>• Senior Executives (Summary of Report with Detailed Backup)</li> </ul> | <ul style="list-style-type: none"> <li>• Several initiatives to reduce turnover implemented during this time period</li> </ul> | Complaints of sexual harassment is a significant issue with management |
| 2. External Complaints of Sexual Harassment        | 2. Trendline Analysis<br>2. Participant Estimation                    | 2. Historical Costs with Estimation From EEO/AA Staff | <ul style="list-style-type: none"> <li>• Coordination/ Facilitation Time</li> <li>• Program Materials</li> </ul>                          | <ul style="list-style-type: none"> <li>• Stress Reduction</li> <li>• Image of HI</li> </ul> | <ul style="list-style-type: none"> <li>• All Supervisors and Managers (Brief Report)</li> <li>• All HR/HRD Staff (Full Report)</li> </ul>                 | <ul style="list-style-type: none"> <li>• Must not duplicate benefits from both internal and external complaints</li> </ul>     |  |
| 3. Employee Turnover                               | 3. Forecasting Using Percent of Turnover Related to Sexual Harassment | 3. External Studies within Industry                   | <ul style="list-style-type: none"> <li>• Food/ Refreshments</li> <li>• Facilities</li> <li>• Participant Salaries and Benefits</li> </ul> | <ul style="list-style-type: none"> <li>• Recruiting</li> </ul>                              |   |  |  |
|  |   |   | <ul style="list-style-type: none"> <li>• Evaluation</li> </ul>  |   |   |  |  |

Figure 2

## Monetary Benefits of Program

**Figure 4** shows the calculation for the monetary benefits from the sexual harassment program. For the reduction of complaints, the value could be based on reducing internal complaints, external charges, or litigated complaints, but not all three. The value for each measure is shown in the exhibit. The values are developed by taking the total cost of sexual harassment prevention, investigation, and defense (from **Table 1**), and dividing it by each of these three measures. Pre- and post-program values are shown in **Figure 4** and they are very similar.

Figure 4  
Monetary Benefits from Complaint Reduction

|                                     | <b>Pre-Program</b> | <b>Post-Program</b> |
|-------------------------------------|--------------------|---------------------|
| Average Cost of Internal Complaint  | \$30,090           | \$24,343            |
| Average Cost of External Complaint  | 68,958             | \$60,857            |
| Average Cost of Litigated Complaint | 165,500            | \$142,000           |

Unit of Improvement = One Internal Complaint

Value of One Internal Complaint = \$24,343

Total Improvement:  $55 - 35 = 20$

Improvement Related to Program:  $20 \times 74\% = 14.8$

Value of Improvement =  $14.8 \times \$24,343 = \$360,276$

The total value of the reduction for each measure was developed, leaving the decision of which measure to use. Because of the interest in tracking internal complaints, the evaluation team decided to use that value as the unit of improvement in the analysis. Thus, the value of one internal complaint was placed at \$24,343. (i.e. if one complaint could be avoided, HI would save that amount.) The lower value is used to be conservative. Another approach is to examine the total cost of sexual harassment, including prevention, investigation, and defense and use a value equal to the reduction in cost. However, because there is a lag between measures of complaints and actual losses and legal expenses, the total costs from one year to the next may not reflect the actual cost savings.

While the total improvement is 20 internal complaints, the improvement related directly to the program is 74% of that figure, or 14.8 complaints. The 74% is an estimate from the supervisors and managers taken directly from the questionnaire, as they were asked to indicate the extent to which the reduction in complaints is related directly to the program. The value of the improvement is \$360,276. **Figure 4** shows these calculations.

The value for the turnover reduction was developed in a similar manner as illustrated in **Figure 5**. The unit of improvement is one turnover statistic. The target group for the turnover reduction was non-supervisory employees that represented an average of 6,844 on a post-program basis and 6,651 on a pre-program basis. For the twelve month period following the program, the employment levels at HI averaged 7,540 including 655 for the target group for training and 41 senior managers who did not participate directly in the training program. Prior to the program, the 24.2% turnover rate represents 1,610 employees who left voluntarily or were forced to leave because of performance. According to the exit interviews, 11% of those were related to sexual harassment. Thus, 177 terminations were related to sexual harassment. On a post-program basis, the 19.9% turnover represents 1,362 employees. Post program exit interviews revealed that 3% were related to a hostile work environment. Thus, 41 employees left because of the hostile environment. The improvement related directly to the program is 136 terminations, a very significant number when the cost of turnover is included.

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Figure 5  
Monetary Benefits from Turnover Reduction

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Unit of Improvement = One Turnover Statistic (Termination)  
 Turnover Pre-Program = 6,651 x 24.2% = 1610  
 Turnover, Pre-Program, Related to Hostile Environment: 1,610 x 11% = 177  
 Turnover, Post Program: 6,844 x 19.9% = 1,362  
 Turnover Post Program Related to Hostile Environment: 1,362 x 3% = 41  
 Improvement Related to Program: 177 - 41 = 136  
 Cost of One Turnover: 75% of Annual Salary = \$27,850 x .75 = \$20,887  
 Value of Improvement: 136 x \$20,887 = \$2,840,632

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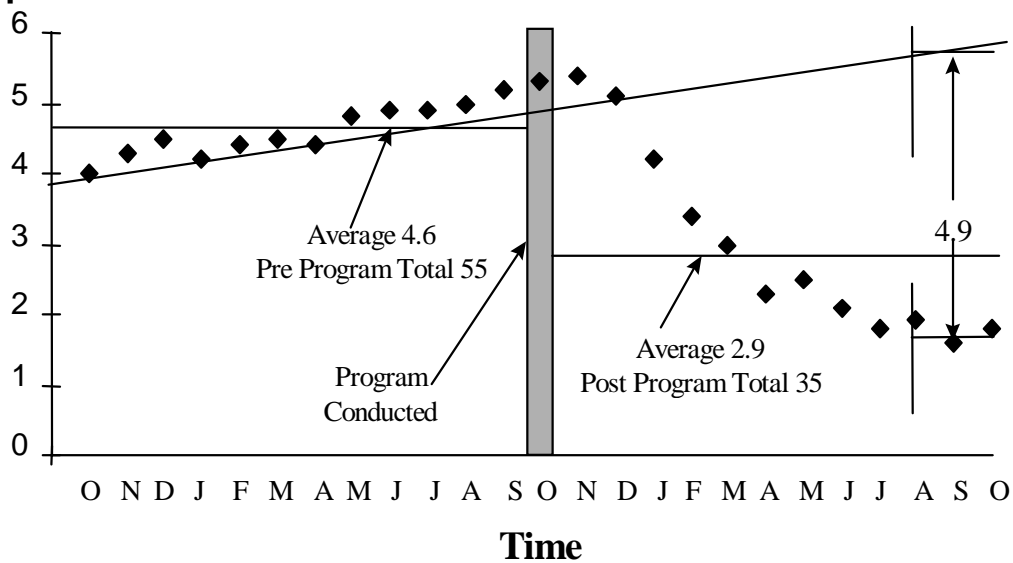
The average non-supervisory salary for the post-program period was \$27,850; the pre-program period was \$26,541. Several industry studies on the cost of turnover were briefly discussed, which revealed ranges from 110% to 150% of annual salaries. Although there was sufficient evidence to use the annual salary as a cost of turnover, to be conservative, the team used 75% of the annual salaries, representing \$20,887 as a cost of one turnover statistic. Consequently, the 136 yielded a staggering \$2,840,632 as the savings generated because of the reduction in turnover due to sexual harassment.

**Figure 6** shows the trend line projections for the internal complaint data. The trend, established prior to the program, was projected for the evaluation period. As the projection shows, the impact of the program is even more dramatic than illustrated in the above calculations, because of the upward trend of the data. An estimated monthly value of 4.9 (from the vertical axis) yields an annual value of 59 complaints. Since the impact is more conservative using the participants' estimates, this figure was used in the analysis. Consequently, the actual calculations represent an understatement of actual performance. The trend line

results are very credible and could be used in the analysis. However, the ROI value is already larger than most can comprehend. A conservative approach is needed to build credibility.

Figure 6  
Formal Internal Complaints of Sexual Harassment

### Monthly Complaints



### Program Costs

Table 3 shows the detail of the program cost categories. Most of the cost items were straightforward and taken from actual cost statements or estimates from those closely involved in the process.

Table 3  
Program Costs

| <u>Cost Category</u>                                 | <u>Total Cost</u> |
|--|-------------------|
| Needs Assessment (Estimated Cost of Time)            | \$9,000           |
| Program Development/Acquisition                      | 15,000            |
| Program Coordination/Facilitation Time               | 9,600             |
| Travel and Lodging for Facilitation and Coordinators | 1,520             |
| Program Materials (655 @ \$12)                       | 7,860             |
| Food/Refreshments (655 @ \$30)                       | 19,650            |
| Facilities (17 @ \$150)                              | 2,550             |
| Participant Salaries and Benefits (\$130,797 x 1.39) | 181,807           |
| Evaluation   | <u>31,000</u>     |
|  | <u>\$277,987</u>  |

**ROI Calculation**

**Figure 7** shows the cost/benefit ratio and ROI calculations for these values. Benefits based entirely on complaint reduction and turnover reduction are used in the cost benefit ratio to yield 11.5:1. Thus, for each \$1 spent on the program, \$11.50 was returned. The ROI calculation, which uses net benefits, shows a return of 1,052%, an impressive and staggering amount. The results were much greater than expected by the evaluation team and senior management.

Figure 7  
ROI Calculation

$$\text{BCR} = \frac{\text{Benefits}}{\text{Costs}} = \frac{\$360,276 + \$2,840,632}{\$277,987} = \frac{\$3,200,908}{\$277,987} = 11.5:1$$

$$\text{ROI} = \frac{\text{Net Benefits}}{\text{Costs}} = \frac{\$3,200,908 - \$277,987}{\$277,987} = 1,052\%$$