

# SPECIAL EVENTS, INCENTIVES & RETREATS: MEASURING THEIR IMPACT ON EMPLOYEE MORALE, MOTIVATION & PRODUCTIVITY

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## ABSTRACT

As the corporate world continues to focus on proper financial disclosure and accountability, especially in light of the Sarbanes-Oxley Act, illustrating the Return on Investment (ROI) for difficult to measure topics such as corporate special events, incentives and retreats has become essential. Most recently, special event and meeting planners have revealed that it is better to measure Return on Objective (ROO). The key is to measure and understand the benefits of these types of events based on achieving preset objectives. For instance, special event programs instituted for a business's employees should measure whether overall morale has improved. Incentive travel and other rewards based on performance evaluations should illustrate that these motivating factors do work. The decision to hold meetings in the format as a retreat must demonstrate its correlation to improved productivity. Convincing a corporate executive to measure ROO as well as ROI may be the solution to planning such events. Ultimately, planners will need to articulate and demonstrate the value of special events, incentives and retreats to employers and their employees using measurements that depict intrinsic as well as financial goals.

Key Words: Return on Objective (ROO), Return on Investment (ROI), Special Events, Morale, Motivation, Productivity

## INTRODUCTION

Since the time of Abraham Maslow's Hierarchy of Needs and B.F. Skinner's Operant Conditioning theories, Human Resource (HR) professionals have been seeking to apply these theories as well as others to motivate employees to be more productive while improving their morale.

This has certainly not been an easy task to accomplish. Human Resources has gone through its own evolutionary development by implementing theoretical applications such as *Scientific Management* that treated employees as "interchangeable, cheap, and passive" to the *Hawthorne Studies* which revealed how groups of employees were also interested in the rewards and punishments of their fellow workers. *Theory X and Theory Y*, introduced by Douglas McGregor, divulged that "motivation occurs at affiliation, esteem, and self-actualization levels, not just security and physiological" (Wertheim, 2004). Victor Vroom's *Expectancy Theory* in helping to identify how a person will behave in response to a motivational force has also been utilized. With this information at hand, HR professionals are finding ways to motivate their employees, increase productivity, and improve morale while maintaining at the forefront the overall organizational goals to achieve. Special events, incentives and retreats could be the bridge between the renowned theories of human behavior, and the well-being of the employee and the organization.

Measuring the success of these events can be the most difficult challenge awaiting an HR manager. With the implementation of the Sarbanes-Oxley Act corporations are having a propensity to spend resources that show a direct effect on the 'bottom line' and an obvious statistical illustration to Return on Investment (ROI). Although productivity can be easily measured, morale, and motivation to a lesser extent are more difficult in light of ROI. Thus the term Return on Objective (ROO) has been introduced into the lexicon of event and meeting planners.

ROO in essence is the cornerstone of a bridge that seals the gap between intangible events and ROI. ROO is only interested in discovering what actually needs to be measured. The difficulty with ROI for meetings and events is the misunderstanding or ambiguity as to what is being measured. ROO tends to measure the short-term goals such as how many employees attended the special event and whether this actually improved morale. To better measure an intangible attribute such as morale, it pays to understand what the objectives are for holding such meetings. ROO illustrates the “goals of a meeting that are immediately measurable, such as whether people learned the new information and how they plan to apply the ideas” (Wood, N. 2004). But the objectives themselves must be broken down to eventually reveal the ROI.

Businesses must also weigh the cost of measuring the success of meetings and events versus the need for information. Today there are many types of models that can be used to retrieve this information. Not all of them are expensive. The cost of measuring will eventually reflect the level of information that an organization is seeking.

## SPECIAL EVENTS

The important aspect of planning a special event, offering incentives or conducting retreats is to first identify the objectives to be achieved from these events. From this point a planner can design exactly what form the event will materialize as. This will increase the opportunity to better measure the benefits. Traditionally the planners, who in many instances are the HR managers themselves, would try to measure the success of an event or meeting based on responses by those who attended. This method was shortsighted and failed to address the importance of an event or meeting.

For instance, if an HR manager creates an employee luncheon that honors employee performance, the HR manager must decide prior to the event as to ‘why’ they are holding this event. Is it to just award someone for a ‘job well done’, or is it to create an organizational culture of employee appreciation? If it concerns the organizational culture, then the objectives to measure must be clear. Issues to measure could include: participation rate of employees at the luncheon, employee’s sense of appreciation and recognition, reduction in employee turnover, increase in worker productivity, reduction in absenteeism, etc. These measurable attributes are easier to quantify than the event itself. Even though it may still be difficult to directly link your event or meeting to organizational improvements, if there are clear objectives and an overall organizational approach to improving the lives and workplace for the employee, ROI can be defined.

Many corporations and their employees have enjoyed the various office parties, holiday celebrations, award banquets and company-wide summer picnics that have occurred throughout a calendar or fiscal year. Traditionally these special events were viewed as a benefit and a reward to the hard work employees had given to their respective companies throughout the year. Unfortunately, these types of events are the first fringe benefits to be eliminated when corporations are looking to cut costs.

When a business begins to layoff workers or there is a sudden downturn in the economy, such as what happened after September 11<sup>th</sup>, businesses immediately reduce the appearance of expenditures not directly attributed to profit-centered departments. A major reason for special events being eliminated first is the failure to recognize the potential benefits to a business that these events have upon the profitability of a company, thus the requirement to understand the value of holding these events for their employees. To realize the impact of these events is to recognize what the original objectives were for holding them and if they were ever met (“Special Report,” 2005).

Consciously, HR managers understand the additional benefits from these events and the improvement to employee morale that can occur. Communicating these benefits as the very objectives for holding the event will be crucial to winning over the CEO and CFO of a company. If a planner can answer the question, 'what types of benefits can an employer and its employees expect to receive from such events'; the goal of communicating ROI will be possible.

A trait that HR managers look for when hiring a new employee is the ability to work in and with a group especially with today's structure of diversity. This trait can affect how a department executes its responsibilities and promotes creativity when problem solving. Nancy Schaefer, director of nutrition services at Grady Memorial Hospital in Delaware, Ohio, created Blue Suede Blues, a party/fundraiser for the hospital's staff. The article goes on to express that events like this has helped the staff to restore its sense of cooperation ("Food Management," 1999). This sense of cooperation is an objective that can be linked to a group or department performance, a measurable example of ROI.

## INCENTIVES

When discussing incentives, B. F. Skinner's Operant Conditioning theory comes to the forefront in which he writes about the reinforcing stimulus. Incentives are designed to motivate employees to produce exemplary results. These incentives have taken on a variety of roles such as: money, stock options, trips, awards, recognition, and other prizes and gifts. Like special events, incentives were seen as a reward for prior service and work and not as a tool to further improve employee relations. A measurable benefit of these incentives through a 'looking glass' could include long-term sales growth through an increase in customer retention, volume sales, new customers and an increase in sales per-man-hour. Although it appears there is a motivating factor to incentives that improves employee performance, seeing the bigger picture enables businesses to see other results that are measurable and quantifiable.

An important aspect of incentives is they must be SMART (specific, measurable, realistic, achievable, and time-related). In Denis Waitley's *Psychology of Success*, attainable goals are described using the SMART method (Waitley, 2004). Incentives are certainly a reward for obtaining a goal and should be designed with those specifics in mind. As a planner, foresight must also be included in the overall aspect of the incentive. If an incentive motivates an employee to reach certain goals, will the same incentive work for everyone and if so, does changing the incentives periodically attain new and better performances? In the article, *Rewards Get Results*, Intuit, the software developer of Quicken and TurboTax, once gave away tickets to a Star Trek movie as an incentive. Unfortunately, no one seemed to care because they were not fans of this movie series (Wiscombe, 2006). Incentives should not only be customized, they should also be changed depending on their ability to motivate.

Measuring the results of incentives is paramount to using these tools as motivators and to convince a business to either keep or install new ones. Incentives need not be individualized. As mentioned earlier in the Hawthorne Studies, groups can be motivated as a whole. With this in mind, a business can decide to tie incentives directly to measurable financial goals such as revenues, profitability, and shareholder wealth. These ROI aspects can easily measure and monitor incentives to see if they are truly making a difference.

## RETREATS

For many years location was never an issue when an HR manager decided to arrange a meeting. Meetings were simply held at the office and were never considered to be held anywhere else.

Interestingly enough, research studies have proven that the physical environment of a workplace can have a positive or negative effect on employee productivity (Marberry, 2004). With this information, meeting planners were quick to arrange their most important meetings outside of the boardroom.

Retreats are a special type of meeting. These are meetings that are not necessarily designed to generate plans of action based on short-term goals. Retreats are inherently designed to remove distractions, promote cooperation and ultimately produce long-term solutions. As with special events and incentives, the key to quantifying the success of a retreat and stating whether employees will be more productive will be based on the preset objectives. Retreats can be composed of additional training for employees, implementation of new business concepts, or just a way to inspire ideas and creativity in a relaxing atmosphere. Retreats can be viewed as creating new ways to eventually increase business productivity.

In a recent study on corporate meetings, the MPI foundation, through a survey of senior managers, revealed the seven most important objectives to be met by meetings (Phillips, 1998). These include the following:

- Clear sense of organizational priorities
- Concrete action plans
- Improved interaction
- Important messages are remembered
- Greater productivity from learning
- Improved motivation and inspiration
- Greater commitment to the organization

The majority of the above statements are qualitative objectives. The responsibility now lies in connecting them to quantitative figures. But as the survey reveals, senior managers understand there are intangible objectives that are worthy of investment and that ROI can be measured by more than the 'bottom line.'

## METRICS & METHODOLOGIES

There are a variety of tools that planners can use to design and measure the ROO and the success of special events, incentives and retreats. These can include a variety of matrices and diagrams such as; a Decision matrix, Plan-Results matrix, and Relations diagram (Tague, 1995). In addition, the Balanced Scorecard method designed by Drs. Robert Kaplan and David Norton can be used (Arveson, 1998). The ROI Institute, a consulting and research firm, has created the Phillips ROI methodology, a measurement tool that evaluates training, quality, and technology as well as meetings and events (ROI Phillips Methodology, 2006). All of these tools can be utilized to connect the intangible meeting or event to the elusive ROI. To effectively understand the impact of events and meetings, businesses will depend upon the planner to demonstrate the effect that ROO has on ROI.

The importance of proper planning and decision making concerning the objectives to be reached cannot be said enough. A Decision matrix is a tool that can help in this endeavor. This tool asks the participants to set objectives or a criterion to accomplish based on a specific choice of event and then evaluates and ranks them using a rating scale such as 1 to 5, with 1 meaning 'lower impact' and 5 meaning 'higher impact' (Tague, 1995). The choice with the highest score is the event that could have the greatest impact on the morale of the organization and its employees. The rankings of each criterion are generated through a consensus or an average given by those involved in the planning.

An example of choosing the right type of event with the potential to achieve the right outcome is seen in Table 1. Businesses can either choose to hold these types of events or decide to scale back based on budgets. In many cases the amount spent on an event could have an affect on the level of growth on morale, though this is not always the case. Through creativity, planners can design an event that is cost effective and yet still offers a boost to organizational morale.

**Table 1**  
**Decision matrix for Special Events**

<b>Criteria → Choices ↓</b>	Sense of Recognition	Sense of Appreciation	Sense of Camaraderie	Employee Participation	Cost Effective	<b>Effectiveness on Morale</b>
Awards Banquet	5	4	2	3	3	<b>17</b>
Summer Outdoor Picnic	2	2	5	5	5	<b>19</b>
Holiday Extravaganza	3	4	4	4	3	<b>18</b>

In this example, although the total scores were almost identical, there was a strong variance between each of the objectives. When a planner decides as to the objectives to be met, using a model such as the Decision matrix can be effective. As the above example illustrates, if an organization is looking to build more teamwork or a camaraderie mentality among their employees as revealed in the criteria ‘Sense of Camaraderie’, then they should choose to put more resources into the highest rated choice, ‘Summer Outdoor Picnic.’ But if they are attempting to show more recognition and appreciation of their employees, then perhaps the correct choice would be ‘Awards Banquet.’

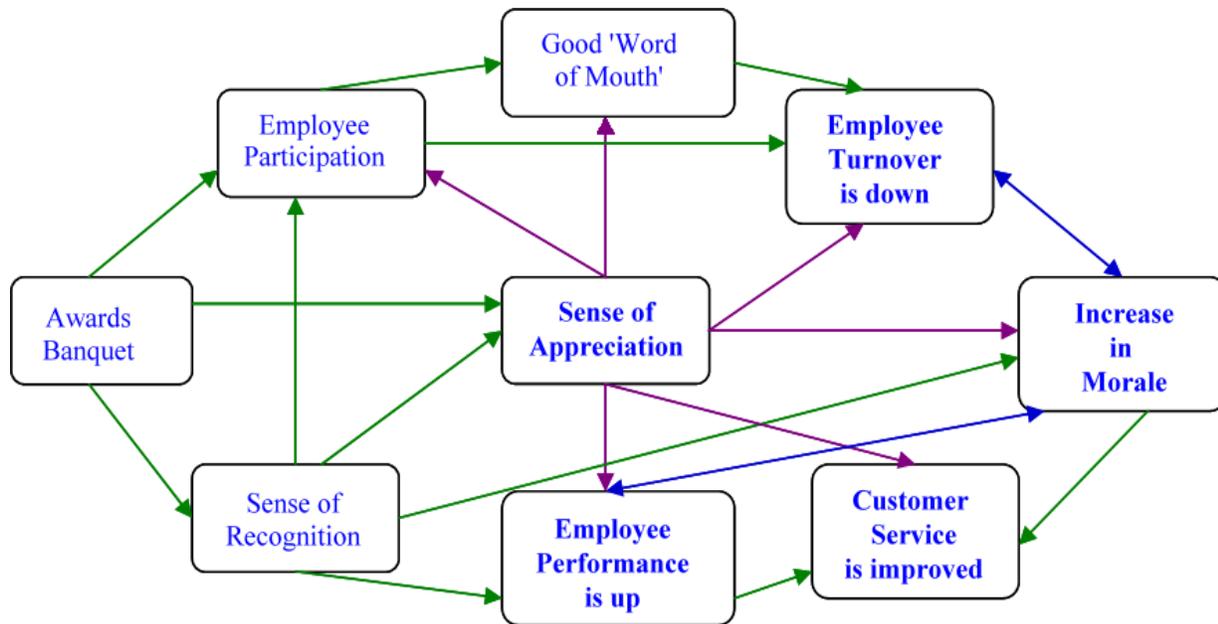
In the Decision matrix, a planner is looking to see which event will have the highest positive impact on an organization. This model is certainly a tool to measure ROO, but how can a planner extrapolate the ROI from these events? Essentially the ROI can be measured from the end results of each of the different events based on the preset criteria. An excellent tool to measure success is the Plan-Results matrix (Tague, 1995). This matrix delivers two essential answers needed that include; whether the plan developed was accomplished, and whether the desired results were achieved. Table 2 can demonstrate whether a ‘Summer Outdoor Picnic’ increased an organizations’ employee participation and was it completed effectively.

**Table 2**  
**Plan-Results matrix for Summer Outdoor Picnic**

<b>Employee Participation</b>			
Accomplished	Many employees participated but complaints were made because there was not enough food.	Congratulations	
Not Accomplished	Was the picnic not done well? (recycle to implementing)  Or was the event not workable? Perhaps the year before was similar. (recycle to causes or solutions)	Do it again next year  Bad Plan  Were people not properly informed? or Did not increase participation but those attending were very satisfied.	
	Not Accomplished	Accomplished	<b>Summer Outdoor Picnic</b>

Another format that can demonstrate a link between a special event, incentive and retreat to its ROI is the Relations diagram, an illustration depicting cause-and-effect relationships (Tague, 1995). This diagram is a flowchart that connects ideas together that feed off one another, eventually leading to the desired results. Those ideas that have more arrows outgoing are the basic causes. The ideas with the most incoming arrows are usually the final effects. Chart 1 will demonstrate how an awards banquet can lead to increased employee morale as well as to other benefits.

**Chart 1**  
**Relations diagram for Awards Banquet**



Based on the above diagram, ‘Sense of Appreciation’ is one of the major causes that not only increases morale but delivers many other benefits to an organization. The measurable benefits that can explain the ROI for the awards banquet include; Customer Service Improvements, Employee Performance, and Employee Turnover.

The Balanced Scorecard method can also be chosen to evaluate objectives and their effects on an organizations’ success. This system incorporates four major criteria when measuring the direction of an organization. Events and meetings can be placed in the ‘Learning and Growth Perspective’, one of the four subject matters encompassed in the Balanced Scorecard method. This perspective measures the current training methods for employees as well as the corporate culture (Arveson, 1998). This method is ideal for placing events and meetings as an integral part to an organizations’ success.

The Phillips ROI methodology was the brainchild of Dr. Jack Phillips, founder of the ROI Institute and an expert on measurement and evaluation. This complex methodology is composed of different levels of measurements that include: understanding the intangible items, satisfaction, learning, application, impact, and then converting the information gathered into monetary values to depict ROI (ROI Phillips Methodology, 2006).

## CONCLUSIONS

As event and meeting planners, whether independent or in-house, are requested to show an ROI for meetings and events, the industry itself must prove its accountability to meeting the expectations and perceptions of senior management. This can be accomplished through interpreting successful achievements of objectives in terms that directly connect to the reasons a company is successful.

As an HR professional, the growth of this position has expanded along with its expectations. Organizations today are looking more to their HR departments to measure the 'pulse' and well-being of their business. No longer is HR viewed as a necessary evil and an expense, but as a fundamental part of an organization. Motivating the employees to perform at a high level, and to also maintain and improve the morale, is now a requirement of this often overlooked department.

There are many ways to measure the value of a given event, but there are few organizations willing to expend the energy and money to understand this value. This is where the event and meeting planner must take the initiative to educate their clients to the benefits of celebrating, rewarding, and encouraging their employees. This has only increased the demand for planners with additional skills on measuring and evaluating events and meetings.

With the various models, diagrams and formats to illustrate and discover the ROO and ROI of a given event, planners today have many tools at their disposal. Some are inexpensive but time consuming and can be implemented by someone in the organization. Others can be conducted by research and consultation firms, but these are usually not cost effective. More and more in today's market, the event and meeting planner must have some knowledge of measuring ROO and ROI. In some cases, the planners themselves will offer this information as an additional service.

Further empirical research in today's organizations is necessary to understand the intangible aspects of events and meetings and how they can be converted to a measurable value. By conducting this research, the events and meetings industry will also see the benefits to implementing these measurements within their own practice by offering it as an additional service.

Convincing a corporate CEO to commit monies to fund these events will only succeed by illustrating that these are future investments in the well-being of the company and its employees, and not just another expense. By convincing an organization that their events and meetings can be measured, planners can encourage them to further invest in these special events, incentives and retreats.

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