

White Paper: The Cost of Bad Behavior in the Workplace

When incivility, bullying, discrimination, harassment, and sexual harassment exist, the workplace environment is unhealthy. Anxiety, discouragement, absenteeism and office politics go up; while quality and quantity of work, employee engagement, customer satisfaction and innovation go down. This is costly for your organization.

This white paper will provide some insight into these behaviors and just how costly they are.

What Is Bad Behavior?

Incivility refers to a rude comment during a staff meeting, a loud outburst by a stressed out boss, showing up late to an appointment, or interrupting a colleague while he or she is talking.

While it may seem like incivility “isn’t that bad” it certainly opens the door for more disrespectful behavior down the line. And, let’s face it, no one likes to be around rude people – so although incivility is not as serious as bullying or harassment, it’s still costly for the organization because it causes anxiety and reduces work product, and because it can lead to more aggressive behavior it goes overlooked.

Bullying is unwanted, recurring aggressiveness aimed at one or more individual, and that involves a psychological power imbalance between the bully and his or her targets. Bullying behaviors can be divided into three clear categories: aggressive communication, humiliation, and manipulation of work. (Examples of these behaviors appear on the next page.)

CareerBuilder.com, a major job search engine, found in their recent survey of over 5,600 people that one in four people is bullied at work (Grasz, 2011), or 25% of the workforce. Some research has even



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indicated that 50% of the population is bullied (e.g., Rayner, 1997), and in some industries as much as 75% (e.g., Einarsen & Raknes, 1997).

Further, the National Institute for Occupational Safety and Health (NIOSH), found in their study that almost 25% of American businesses have some level of bullying in their workplace. This study also found that 11% of the bullying incidents were committed against customers (Blosser, 2004).

Bullying is different than discrimination or harassment because bullying is legal in the United States. Bullying

happens when the bullying individual is an equal-opportunist, or picking on people with motivations unrelated to race, gender, religion, or any other protected classes.

Discrimination occurs when an employee or manager treats one group of people less fairly than other groups of people because of a protected class, including race, religion, sex or gender, nationality, age, disability, genetics, or any other defining characteristic. Examples include:

- Consistently giving bonuses to males because they are male, or giving bonuses to females because they are female, and not because of individual performance
- Not letting a person take the day off for a religious holiday
- Taking responsibilities away from someone because she is pregnant
- Not hiring the most qualified individual because of age

Harassment is unwelcome conduct that is intimidating, hostile or abusive; interferes with an employee's ability to work; or is a condition of continued employment. Examples include:

Examples of Bullying	
<p>Aggressive Communication</p> <ul style="list-style-type: none">• Insulting or making offensive remarks• Shouting, yelling, angry outbursts• Going around co-workers in order to avoid communicating with them• Harsh finger pointing, invasion of space• Frequently interrupting peers• Emails or other e-communication	<p>Manipulation of Work</p> <ul style="list-style-type: none">• Removing tasks imperative to job• Giving unmanageable workloads and impossible deadlines• Arbitrarily changing tasks• Using employee evaluations to document supposed poor work• Withholding information• Leaving employees out of communication needed• Hinting to others they should quit• Uber-excessive micromangement• Consistently reminding of mistakes, or blowing them out of proportion• Preventing access to raises or promotions
<p>Humiliation</p> <ul style="list-style-type: none">• Humiliating or ridiculing, teasing• Spreading rumors or gossip• Ignoring peers when they walk by• Playing harsh practical jokes• Persistent criticism• Taunting with the use of social media, intranet, etc	

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- Using racially derogatory words
- Telling inappropriate jokes
- Making offensive remarks about skin color or age
- Hanging offensive posters
- Expressing negative stereotypes
- Making derogatory comments about a person's mental or physical impairment
- Making inappropriate facial expressions or gestures
- Sending or forwarding inappropriate emails, notes, letters, images, or videos

Although the Equal Employment Opportunity Commission (EEOC) doesn't release their own studies about the prevalence of discrimination or harassment, their website documents several mainstream and academic studies that do. For example, in a 2005 Gallup Poll, 31% of Asians, 26% of African Americans, 18% of Hispanics, and 22% of women reported that they had been discriminated against in the previous year.

In terms of hiring practices, a study published in the *Journal of Personality and Social Psychology* (Moss & Tilly, 2002) found that employers continue to harbor strong stereotypes about the employment strengths and weaknesses of demographic groups and, consciously or unconsciously, allow those stereotypes to shape their decisions concerning whether or not to hire individual job applicants. Regarding pay, a study published in the *International Journal of Human Resource Management* (Egan, Bendick & Miller, 2002) found that an additional year of work experience raised men's annual earnings \$2,500 but women's only \$1,300; and that working an additional eight hours a week increased men's annual earnings \$7,300, but women's only \$4,300.

Sexual harassment is unwelcome sexual advances, requests for sexual favors and other verbal or physical harassment of a sexual nature. There are two types of sexual harassment: *Quid pro quo*, or, "this for that", and *hostile*, which includes verbal, physical or visual forms of harassment that are sexual in nature.

Quid pro quo occurs, for example, if a manager demands that he or she will hire an employee if the person submits to some form of sexual conduct.

Examples of hostile sexual harassment include leering; making offensive remarks about clothing, looks or body parts; telling sexual jokes; hanging sexual posters or making sexual gestures; inappropriate touching; or sending or forwarding emails, images or videos that are sexual in nature.

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Costs of Bad Behavior

Providing actual costs of bad behaviors at work is a difficult task because there are so many dynamics involved, and each case is so vastly different and dependent upon such factors as the size of the organization, how the issue is handled, and organizational culture. Nonetheless, because we are workplace bullying experts we are able to provide some of the estimates made by others in our field:

- Pioneering researcher Heinz Leymann estimated in his article, published in *Violence and Victims* in 1990, that a bully can cost a single business up to \$100,000 per year per target in sick leave, reduction in work product, and time spent by management to intervene.
- Michael H. Harrison of Harrison Psychological Associates cited a study in the *Orlando Business Journal* that surveyed 9,000 federal employees. Of those surveyed, 57% reported they had been bullied over a two-year period, and the study estimated that these bullies had collectively cost their organizations more than \$180 million (Farrell, 2002).
- The Corporate Levers Survey, a survey conducted by the Level Playing Field Institute (2007), a non-profit organization focused on innovative approaches to fairness in the workplace, estimated that the cost of unfairness to American businesses—including bullying (i.e., public humiliation)—is more than \$64 billion annually.
- The American Psychological Association estimated that bullying and other types of abusive behaviors cost businesses \$300 billion annually in lost productivity, absenteeism and turnover, as well as in increased medical costs (Clay, 2010).

While these numbers are handy, they are generic and estimated. To make estimating the cost of bad behaviors in your organization a little easier, we have broken the costs of bad behavior down into five separate categories, discussed below: distraction from tasks, time lost, tangible costs, legal costs, and communication breakdown.

Distraction from Tasks

When bad behaviors are allowed to thrive, employee mental health suffers. People simply can't do top quality work when they fear a co-worker or manager. Instead they are distracted from their work, and vastly increase in presenteeism (being at work physically but mentally on another planet). Some of the things that keep them from working are:

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- Reduced psychological safety and increased climate of fear
- Loss of motivation and energy
- Stress induced psychological and physical illness
- Impaired mental ability due to anxiety and depression
- Decreased work quality and quantity
- Decreased loyalty to the organization
- Management burnout, leading to decreased commitment and increased stress
- Time spent looking for different work
- Time spent gossiping about the bully and his or her behavior
- Time spent by others consoling the target

In fact the Canadian Safety Council reported that when a person is being bullied, they spend 52% of their day doing things other than working. Instead, they are talking to others about their unhappiness, looking for other jobs, or pretending to work.

Time Lost

Anytime you have to deal with employee issues it costs time and money to do the following types of activities:

- Calm and counsel people who feel targeted
- Appease, counsel or discipline the perpetrators of the negative behavior
- Sooth victimized customers, suppliers and other key outsiders
- Reorganize departments and teams
- Interview, recruit, and train replacements for departed employees who got caught up in the situation
- Hold meetings with decision makers to determine what to do to resolve the problem
- Conduct investigations when grievances are filed

Tangible Costs

Costs associated with time lost and presenteeism can certainly be hard to determine, however there are some areas where the cost of bad behavior can be itemized. For example:

- Lost customers who were victimized, and left to employ your competitors
- Lost customers who heard about the bully from unhappy former customers

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- Anger management, communication, leadership and other types of training
- Absenteeism and turnover
- Unemployment insurance
- Increased health insurance costs
- Workers compensation

Legal Costs

If somebody sues for harassment, intentional infliction of emotional distress, hostility, or wrongful termination, it is going to cost you in legal fees for counsel or settlement fees. While there is no way to give an exact number, because all cases are one of a kind, the UCLA-RAND Center for Law and Public Policy released a study that described the “average” defense costs and jury awards in California employment law discrimination cases (Blasi & Doherty). The report indicates:

- The median settlement is \$7,500
- The median legal costs to an employer through trial are \$150,000. Even if the case goes to summary judgment—meaning a judge dismisses the charges before going to trial—the employer’s legal costs are about \$75,000
- The median award for plaintiffs, paid for by the organization, is six figures.

Communication Breakdown

When people don’t like each other or are intimidated by someone they work with, they aren’t collaborating, and they aren’t seeking answers to questions or asking for assistance in decision making. This is highly detrimental to your organization’s ability to succeed – and that’s costly.

Because communication is imperative to meeting organizational goals, it necessarily follows that strong interpersonal relationships are also imperative to the ability to meet those goals. In other



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words, your organization cannot succeed if interpersonal relationships aren't intact, because interpersonal relationships are the key to success. When relationships are on fire, organizational goals go down in flames and up in smoke.

In sum, bad behaviors cause everyone, not just the targets of the behavior, to lose motivation, lose loyalty to managers and the company, stop caring about quality of work, live life in fear, become anxious and depressed, and stop coming to work. As a result your business processes will suffer and your bottom line will too.

Relationships among employees are the key to your success. Without them, people aren't talking to each other, being innovative, making the right decisions, or focused on the right activities to maximize their productivity.

Bottom Line

People are assets to be invested in, and when they break down so does efficiency, loyalty, quality, and customer service.

When people are excited about their jobs and enjoy the people they work with, you have a self-sustaining system that reinforces performance and gives you the *competitive advantage*.



When you have a positive and healthy workplace, then you have improved internal relationships. When people get along, they make better decisions, are more innovative, and they learn much quicker and much more. When employees are learning and involved in decision making, they are more engaged and loyal. When they are loyal, they are coming to work. When engaged employees are at work, they are producing and providing excellent customer service. When they are producing work and satisfying customers, they are meeting your organization's goals, and in the end, that translates into bottom line results.

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Civility Partners, LLC, specializes in providing organizational solutions for bullying in the workplace and other negative behaviors, and helping her clients design and realize positive corporate cultures.

Nothing in this White Paper should be construed as legal advice. It is an informational piece only.

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Worksheet

We recommend you start by asking and answering the following types of questions:

- How much money has the bullying cost the organization?
- Have you witnessed him or her yelling at customers?
- Have you seen another employee underperform or quit as a result of the behavior?
- How much time do others spend gossiping about events transpiring around the bully's outbursts?
- Does it seem like morale in your department is declining? How do you know?
- Have some employees, including yourself, taken days off to avoid working with the bully?
- Have you or others seen a doctor during work hours to deal with stress?

This is an example of what you might find in answering those questions:

Description	Cost
Time spent by human resources hiring replacements for people who have left:	\$20,000
Time spent by five employees talking about the bullying behaviors exhibited in the staff meeting, after the staff meeting is over:	\$1,000
Overtime costs associated with high demands of bully that go beyond normal working requests:	\$15,000
Time spent by three employees not working at full capacity because they spend time worrying and talking about the bullying behaviors:	\$18,000
Cost of lost client because employee called in sick due to fear of dealing with abusive behaviors:	\$10,000
Cost of lost client who left because he was bullied:	\$25,000
Time spent by human resources dealing with appeals to unemployment insurance because of people who were fired at the hands of the bully:	\$5,000
Estimated total cost of the bully:	-\$94,000

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What real, tangible costs of negative behavior can you identify?

Description	Estimated cost
<i>Ex: Customer who cancelled services because they were bullied</i>	\$10,000
<i>Ex: Time spent by employees talking about bullying manager (5 employees at \$25/hour pay, spending 4 hours/week over last 6 months)</i>	\$3,000
<i>Ex: My overtime to fulfill demands that go beyond my normal responsibilities</i>	\$8,000
Total estimated cost:	