

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

Examples of Bullying

Aggressive Communication

- 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

Humiliation

- 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

Manipulation of Work

- 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 micromanagement
- Consistently reminding of mistakes, or blowing them out of proportion
- Preventing access to raises or promotions

© Civility Partners, LLC

The Cost of Bad Behavior in the Workplace

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:

- 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

The Cost of Bad Behavior in the Workplace

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.

The Differences (and Similarities) between Harassment & Bullying

The biggest difference is that abusive conduct is legal in most of the U.S., and harassment is illegal. Harassment is about protected characteristics, and depending on what state you live in the characteristics are different. I live in California, the state with the longest list of protected categories, and if people are bullied because of their race, religion, gender, sex, sexual orientation, perceived sexual orientation, disability, perceived disability, nationality, or a whole host of other reasons, then that behavior is against the law and the targets of that behavior have legal recourse – because they were bullied based on their protected category.

If a person is an equal-opportunity offender, and bullies a variety of people from a variety of categories, then it is not considered harassment and it is therefore legal.

Despite their legal differences, bullying and harassment often include relatively similar behaviors – both are about power over another person or group and both make the target feel small, stressed out, unhappy, and angry.

What about intention? In academics the issue of intention is widely debated. Some fervently believe that

	Harassment	Bullying/Abusive Conduct
Protected category	Required	Not required
Repetition	Not required if severe	Required, unless especially severe and egregious
Power imbalance	Not required by law, though often exists	Usually included in academic definitions; legal definitions elude to it
Intent	Not required	Up for discussion (see below)
Subjectivity	Law does not focus on the harm caused	Academic and legal definitions focus on the harm caused
Perpetrator	Can be anyone	Can be anyone

© Catherine Mattice

The Cost of Bad Behavior in the Workplace

bullying or abusive conduct is intentional while others fervently believe bullying or abusive conduct is unintentional.

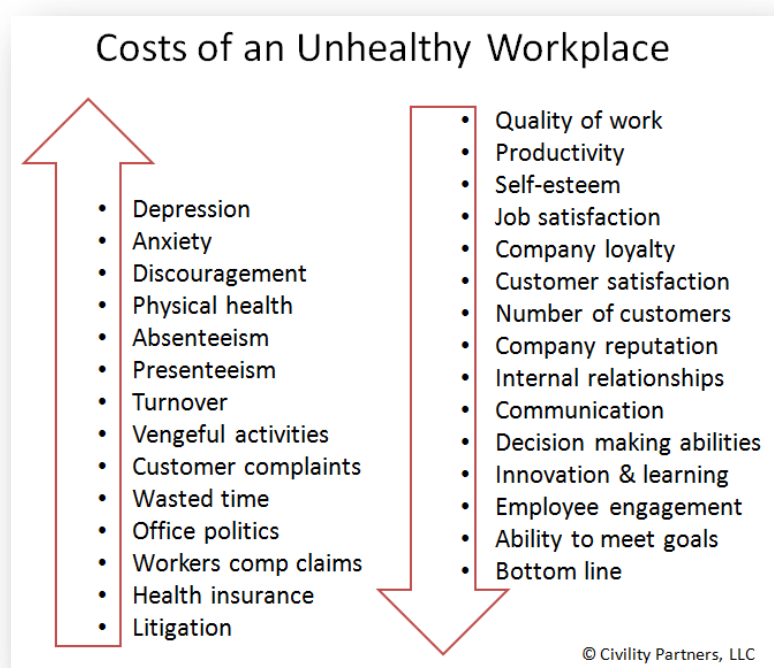
Currently there are four states that have a law about workplace bullying (the laws all refer to it as abusive conduct, but it is the same thing). Two of the laws require intention (Utah and California), one doesn't mention it at all (Tennessee), and the fourth (Nevada) indicates bullying is illegal whether it "is intended to cause or actually causes harm."

In the end, if the behavior is causing one or more people to feel uncomfortable, unhappy, stressed out, and more, then it should be stopped. Period.

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, here are some estimates:

- 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



The Cost of Bad Behavior in the Workplace

(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).

The Costs in Your Organization

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:

- 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

The Cost of Bad Behavior in the Workplace

- 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
- 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 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.

The Cost of Bad Behavior in the Workplace

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.



The Cost of Bad Behavior in the Workplace

References

- Blasi, G., & Doherty, J.W. (n.d.). California employment discrimination law and its enforcement: The Fair Employment and Housing Act at 50. *UCLA-RAND Center for Law and Public Policy*. Retrieved October 21, 2010, from: http://dfeh.ca.gov/res/docs/Renaissance/FEHA%20at%2050%20-%20UCLA%20-%20RAND%20Report_FINAL.pdf
- Blosser, F. (2004, Jul 28). Most workplace bullying is worker to worker, early findings from NIOSH study suggest. *National Institute for Occupational Safety and Health*. Retrieved October 10, 2010 from: <http://www.cdc.gov/niosh/updates/upd-07-28-04.html>
- Canada Safety Council. (2000). *Bullying in the workplace*. Retrieved October 21, 2010, from: <http://canadasafetycouncil.org/workplace-safety/bullying-workplace>
- Clay, R.A. (2010). Healthier workplaces and better bottom lines. *American Psychological Association*. Retrieved April 30, 2011, from: <http://www.apa.org/monitor/2010/05/slc-workplaces.aspx>
- Egan, M., Bendick, Jr., M., & Miller, J. (2002). "US Firms' Evaluation of Employee Qualifications in International Business Careers." *International Journal of Human Resource Management*, 13, 76-88.
- Einarsen, S., & Raknes, B.I. (1997). Harassment in the workplace and the victimization of men. *Violence and Victims*, 12(2), 247-263.
- Farrell, L.U. (2002, March 15). Workplace bullying's high cost: \$180M in lost time, productivity. *Orlando Business Journal*. Retrieved May 1, 2010 from: <http://orlando.bizjournals.com/orlando/stories/2002/03/18/focus1.html?page=1>
- Grasz, J. (2011). One-in-four workers have felt bullied in the workplace, CareerBuilder study finds. *CareerBuilder.com*. Retrieved May 14, 2012, from: <http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?id=pr632&sd=4%2F20%2F2011&ed=4%2F20%2F2099>
- Level Playing Field Institute. (2007). *Corporate Leavers Survey*. Retrieved October 10, 2010 from <http://www.lpfi.org/workplace/corporateleavers.html>
- Leymann, H. (1990). Mobbing and psychological terror at workplaces. *Violence and Victims*, 5(2), 119-126.
- Moss, P., & Tilly, C. (2002). *Stories Employers Tell: Race, Skills, and Hiring in America*. New York: Russell Sage Foundation
- New Gallup Poll on Employment Discrimination Shows Progress, Problems 40 Years after Founding of EEOC. Press Release, U.S. Equal Opportunity Commission, December 8, 2005.
- Rayner, C. (1997). The incidence of workplace bullying. *Journal of Community & Applied Social Psychology*, 7, 199-208.

Catherine M. Mattice, MA, SHRM, SPHR-SCP, has been successfully providing consulting and training programs in workplace bullying since 2007, and has been researching the subject academically since 2004. She has published several works in the area and has presented her research internationally at a variety of conferences. Catherine has appeared several times across the nation on FOX, NBC, and ABC news, and has been cited in USA Today, MSNBC, INC Magazine, and others as an expert. She is Past-President of the American Society of Training & Development (ASTD), San Diego Chapter, and is an adjunct at National University and Southwestern College. She received her BA and MA in Organizational Communication from San Diego State University. Catherine is co-author of the book, [BACK OFF! Your Kick-Ass Guide to Ending Bullying at Work](#), hailed by Ken Blanchard as the "most comprehensive and valuable handbook on the topic."



Civility Partners 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.

© Civility Partners

The Cost of Bad Behavior in the Workplace

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 quit:	\$20,000
Time spent by five employees talking about the bullying behaviors exhibited in the staff meeting, after the staff meeting is over:	\$5,000
Overtime costs associated with high demands of bully:	\$15,000
Cost of lost client because employee called in sick due to fear of bully:	\$10,000
Cost of lost client who left because he was bullied:	\$50,000
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:	\$105,000

The Cost of Bad Behavior in the Workplace

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:	