

The Cost of Workplace Bullying

How much is your corporate bully costing you?

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The Orlando Business Journal cited an estimated cost of \$180M in lost time and productivity to American businesses each year. The Workplace Bullying Institute estimates between turnover and lost productivity a bully could cost a Fortune 500 company an astounding \$24,000,000; add another \$1.4 Million for litigation and settlement costs.

Direct income loss is very real when it comes to a workplace bully. Here are some items to consider when calculating the cost of the bully in your organization:

- Distraction from tasks on the part of the victim, bully and witnesses
- Reduced psychological safety and associated climate of fear
- Loss of motivation and energy at work from victims and witnesses
- Stress induced psychological and physical illness
- Possible impaired mental ability
- Prolonged bullying turns victims into bullies
- Absenteeism and turnover (30% of the bullied will quit, and 20% of witnesses will follow)
- Time spent at work looking for different work
- Time spent at work talking about being bullied instead of working
- Time spent at work by others gossiping about the bully and his or her behavior
- Time spent by other employees and management calming and counseling victims
- Time spent by management appeasing, counseling or disciplining bullies
- Time spent soothing victimized customers, suppliers and other key outsiders
- Time spent reorganizing departments and teams
- Time spent interviewing, recruiting, and training replacements for departed victims, witnesses and bullies
- Pertinent information not provided to victims in order to do their job effectively and efficiently
- Lost customers who were victimized the bully and took business elsewhere
- Lost customers who heard about the bully from unhappy former customers and took their business elsewhere
- Management burnout, leading to decreased commitment and increased stress
- Anger management, communication, leadership and other training
- Legal costs for counsel
- Settlement fees and successful litigation by victims
- Settlement fees and successful litigation by bullies (e.g., wrongful termination claims)
- Health insurance and workers compensation costs as a result of stress

(Note: A portion of this list was taken from *The No Asshole Rule* by Robert Sutton, PhD, professor at Stanford University.)

Here is an example of how to calculate total costs of a bully in your organization.

Figure out time spent by:

- bully's direct manager counseling bully: 80 hours, \$8,000
- victim's direct manager counseling victim: 150 hours, \$15,000
- witnesses counseling victim: 100 hours, \$6,000
- HR talking with managers, bully and target: 10 hours, \$1,500
- HR talking with Executives about the problem: 5 hours, \$1,500
- HR recruiting and training replacement of victim employee: \$40,000
- team and department members training new employee: 160 hours, \$10,000
- actual costs (advertising, temp agency): \$1,000

Estimated total cost of bully: \$83,000

Do not forget to factor in the potential income loss. It is difficult to calculate *specifically* how much of your total return is affected by the workplace bully because so many factors are involved, but it is certainly something you want to pay attention to. Here are a few examples.



A study published in the Journal of Organizational Excellence (2006) by Watson Wyatt, a global consulting firm focused on human capital and financial management, indicated that companies who focus on effective internal functioning and communication enjoy a 57% higher total return, 19% higher market premium, are more than 4.5 times more likely to have highly engaged employees, and are 20% more likely to report reduced turnover, when compared to competitors who demonstrate ineffective communication practices.

GreatPlaceJobs, an innovative online job board that only allows award winning companies to post openings, conducted a study that indicated these "great" workplaces earn approximately 30% more revenue and have 10% higher stock prices when compared to competitors who have not won awards for being a great place to work.

Remember, everyone has the right to a safe and healthy workplace.

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