

# Profit, Productivity, and Peace—The Business Case for Eliminating Workplace Bullying

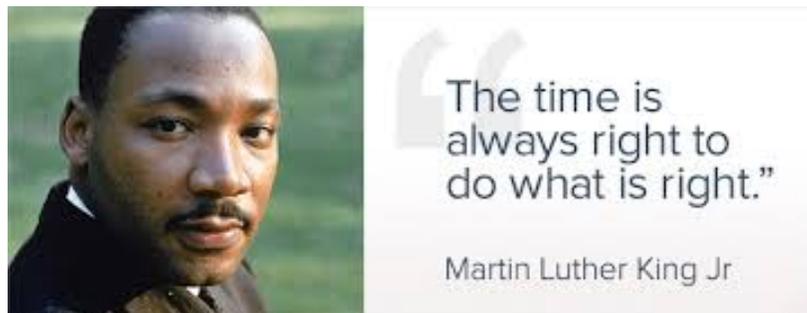
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## Introduction

Bullying can be as harmful to business profits, productivity, and workplace harmony as it is in schools and other areas of society. If asked, most business leaders most likely feel a moral and ethical obligation to respond. However, despite studies, much publicity, and even expanding illegalization, the majority of organizations throughout the world remain ineffective or unmotivated to proactively prevent or directly confront workplace bullying. Sadly, the rates of workplace bullying are increasingly dramatically.

Perhaps, the key to unlocking organizational response is to focus on the broader business impacts that could harm the bottom line, lessen program and project success, and wreak havoc within employee ranks. Let's forget, for a moment, about the moral, emotional, and ethical reasons why organizations should eliminate workplace bullying. Instead, let's focus our arguments on profits, financial incentives, and ROI. Bluntly put, ending bullying is just plain good for business.

The statistics are clear and irrefutable—workplace bullying is costing businesses billions of dollars annually. For every short-term result that a bully might create (i.e., a project completed on time and budget, or a previously struggling unit whipped back into shape), there is a long list of longer-term negative business impacts that far outweigh any temporary benefits. To quote Patricia Barnes, a workplace bullying author, judge, and attorney, workplace bullying is likely the “*single most preventable and needless expense on a company's register.*”



Before we begin a conversation with our organizations highlighting why bullying is bad for business, we must first ensure we have the baseline information to be credible and persuasive with our organizational leaders, corporate executives, and board of directors. Attacking the problem like project managers, we need to have a strong, proof-based business case that includes a costs/benefits analysis and convincing needs analysis. We should have a clear understanding of what bullying is (and isn't), proof it is a serious and growing problem, irrefutable information about the negative financial impacts caused by bullying, and a return on investment that highlights the opportunity-cost of failing to act and solidly demonstrates that taking action pays economic dividends to the organization.

## Workplace Bullying: A Definition

First, we must clearly articulate and define workplace bullying. It is a focused, systematic campaign of interpersonal destruction. The actions are repeated, disrespectful, and deliberate and they are always perpetrated for the bully's benefit. It has nothing to do with work itself. Yet, the bully's impact can wreak havoc and result in serious economic and productivity diminishment.

*Workplace Bullying* is mistreatment of one or more persons (the targets) by one or more perpetrators. The Workplace Bullying and Trauma Institute (WBI) defines workplace bullying as "repeated, health-harming mistreatment, verbal abuse, or conduct which is threatening, humiliating, intimidating, or sabotage that interferes with work, or some

*combination of the three.*" The WBI is an excellent resource for anyone wishing to learn more about workplace bullying (<http://www.workplacebullying.org/recommended-books/>).

Workplace bullying includes behaviors that can be categorized into three types: aggressive communication, manipulation of work, and humiliation. The abuse runs the gambit from insults or offensive remarks, giving unmanageable workloads, withholding pertinent information, inappropriate email or social media, or stealing credit for work.

### **Work Interactions That Don't Qualify as Bullying**

As important to articulating a clear definition of bullying, we must also understand that many day-to-day workplace differences of opinion, difficult team dynamics, and competition are both normal and healthy. Not every unpleasant or challenging conflict with people at work or in a project is bullying—on the contrary. Conflict is a normal part of life and conflict and competitive behaviors in the workplace are normal. So, it's important to contrast normal work behavior and interaction from bullying.

Here are some helpful examples of reasonable and regular conflicts that take place while working on projects that wouldn't qualify as bullying unless they also involved some of the behaviors noted in the definition of "bullying:"

- Expressing differences of opinion;
- Offering constructive feedback, guidance, or advice about work-related behavior;
- Reasonable action taken by an employer or supervisor relating to the management and direction of workers (i.e., managing performance, taking reasonable disciplinary actions, assigning work);
- Unpopular, yet defensible decisions related to project management (i.e., resource allocation, solving budget problems, project scale reduction, scheduling decisions which increase workload, etc.); and
- Project cancellation or delay.

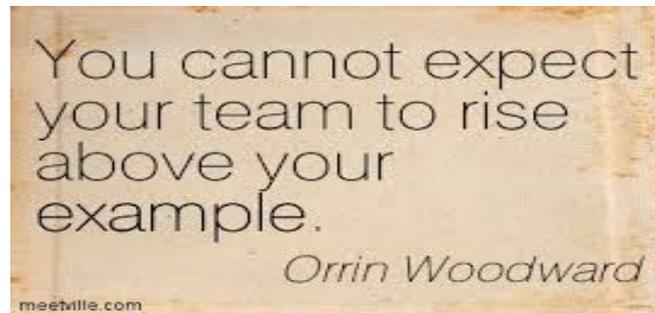
The key is to approach each situation with a reasonable, objective perspective in order to properly assess if there is bullying involved. Seek the advice from trusted colleagues or human resources specialists (but best not to ask those within your organization for help until you've received credible advice). Ask Project Management Professional (PMP)<sup>®</sup> certification holders who are outside of your workplace to provide their insight. Use the PMI Ethics tools provided on the website and the five-step Ethics Decision-Making Framework to assist in evaluating the situation (see References for links).

### **The Costs of Workplace Bullying**

There is a wide range of direct negative and financial impacts that bullying has on the bottom line. Our challenge is pushing organizations to revise their focus on short-term results (which bullies are experts at achieving) to take a longer-term and deeper view approach. Bullies are too expensive to keep, but convincing executives, the bully's best friends and supporters, is often difficult. If we can open the minds of executives to consider the damage that is being done to get those short-term results, we might get somewhere.

Getting the ear of senior management is never easy, but one thing helps—cold, clear facts that objectify the problem and highlight the opportunity cost of not resolving it. In order to convince the skeptics, it may help to have some reliable data to shore up the argument that bullying is bad for business.

In a 2014 *Guardian* article on the problems created by workplace bullying, writer Ian Erickson references an article on *Stuff.com*, in which New Zealander, Shane Cowishlaw, writes that workplace bullying costs his country "hundreds of millions" of dollars. Australia reports losses in the billions. Not surprisingly for companies in the much larger United States, workplace bullying-related costs are estimated to be over US\$200 billion. According to *New Zealand News*, workplace bullying affects about one in five employees.



Many business leaders would likely say that bullying is wrong, but not all recognize that it has tangible and significant costs and where those costs and impacts are created. In order to respond to a skeptical senior manager, the writer believes that it helps to have clear information about each cost impact so that we can tailor-make our approach to focus on the areas that the executive in question is most concerned about. Putting ourselves in the world of the executives, it is important to model the conversation by identifying topics or statistics that resonate in their world and keep them up at night.

Approaching this process using a pyramid model, we begin with the impacts and costs that are likely at the bottom of many senior executives' list of concerns and work up to those that create anxiety for any organizational leader. Each one may be helpful, depending on the bullying situation your organization is trying to manage.

### **Targets**

Targets of bullying often punish their offenders and the organization. Through a WBI poll of 800 managers and employees in 17 industries, we learned just how people's reactions play out. "Among workers who've been on the receiving end of bullying:

- 48 percent intentionally decreased their work effort.
- 38 percent intentionally decreased the quality of their work.
- 63 percent lost work time avoiding the offender.
- 78 percent said that their commitment to the organization declined.
- 25 percent admitted to taking their frustration out on customers." (The WBI 2012 Instant Polls cited in the references section)

Given the target is usually one of the top performers, these impacts hit directly on project success. It also has a direct cost impact for the organization. This information alone should send a chill up any senior manager's spine. Anything that can harm productivity and program success is worth looking at more closely. However, this impact is minor compared to the broader, ripple-effect impacts that strike at the heart of the bottom line.

### **Team Members and Colleagues**

Experiments and other reports offer additional insights about the effects of bullying on those around the target. Project team and individual creativity suffers. Productivity, performance, and team spirit deteriorate. In disharmonious workplaces, one of the most direct impacts is diminishing productivity. Bullies prevent work from getting done and cause chaos, confusion, and a loss of focus. Most executives will give their ear if you ask to talk about an issue related to productivity. Team member turnover, increased sick leave, and stress leave are a direct consequence of bullying.

### **Human Resource Impacts**

The organizational impacts caused by bullying are particularly time, resource, and money consuming for human resources, benefits, and compensation personnel. There is a direct link between bullying and sick leave/disability claims. The stress and health consequences caused by bullying impacts, not only profits when your top talent takes time off work, but also requires the engagement of HR personnel to manage each situation. Employee turnover costs

are incurred. Turnover costs include employer contributions to retirement plans for the departed worker, expenses to announce the job opening, head hunter and recruiting firm fees, time spent by managers and staff, hiring bonuses and incentives, and the harder-to-calculate lost production during the entire process that must be made up by coworkers.

### **Legal Costs**

The first place that HR often turns to for advice is legal professionals. The time spent risk managing, strategizing, and preparing to respond with lawyers involved can add up quickly. There are also investigation costs that can require outside experts. It is more common for targets to turn to legal recourse to solve the problem, costing enormous amounts of time, stress, and money. Further, courts are becoming more aware of workplace bullying with expected negative results for the companies that are found to have condoned the bully. Finally, severance costs regularly factor in. All tolled, a single bully can cause hundreds of thousands, and even millions of dollars in costs, just if one well-founded claim is successful, even before the matter gets anywhere near a court.

### **Reputation and Executive Job Security**

Every executive is concerned about their own and their organization's reputation. One only has to turn to the recent media-frenzy about allegations of a Darwinian work environment at Amazon to see that bullying can have serious impacts on organizational reputation. The writer refers to this as the "Amazon Effect." If your workplace is perceived as toxic, people will inevitably gossip about it. They share their frustration with anyone willing to listen, which, in the case of Amazon, led to journalist engagement from *The New York Times*. Think of what such an event costs in public relations, communications, and lost time—a reputational event of Titanic proportions.

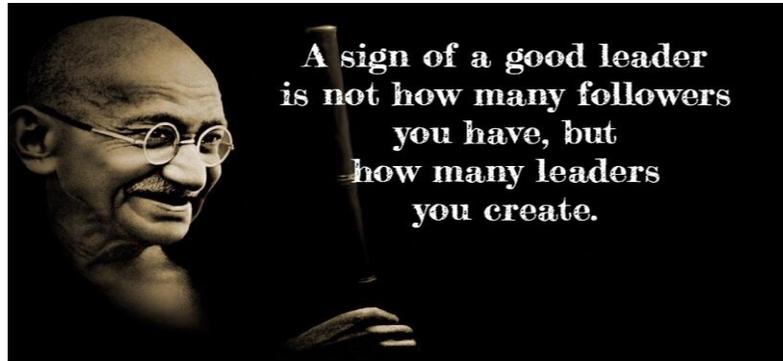
### **Profits, Share Value, and Clean-up**

Near the top of the pyramid, in terms of issues that every senior executive worries about, are profit and share value. It bears noting the potential impact that a bullying workplace environment can have on share price. Again, using Amazon as a wonderful illustration of market forces at work, Amazon's share price dropped from US\$535.22 a share on 17 August 2015 to US\$463.37 one week later. If that doesn't get executives sweating, then I don't know what might.

### **Customers and Clients**

Finally, we reach the top of the pyramid, knowing that businesses fail if their customers lose faith in them. Most recently, the world has witnessed Volkswagen fall meteorically from grace losing billions of euros in share value and potentially jeopardizing the corporation's future. All thanks to a decision to choose profits over ethics. This is a terrific lesson and wake-up call for all organizations and plays perfectly into the issue of workplace bullying.

People are less likely to do business with a company with an employee they perceive as a bully or as rude, even if the bullying isn't directed at them. Disrespectful behavior makes people uncomfortable, and they're quick to cease business relations with an organization that permits bullying. People will judge organizations harshly and the tide is definitely turning toward a marketplace that is aware of the impacts of workplace bullying and won't support organizations that don't get on board.



## Conclusion

With our pyramid of impacts to provide cogent arguments and the recent examples of Amazon and Volkswagen fresh on the radar, it is the writer's submission that both the readers and the bosses see the true conclusion of this exercise—the opportunity-cost of failing to act to prevent and eliminate workplace bullying is massive in comparison to becoming a change leader.

It is the writer's hope that ten years from now, no one in the business world will be interested in a workplace bully securing short-term results at the expense of the host of negative impacts that he or she has caused to get those results. There won't be a CEO, president, or chair of the board that fails to understand bullies are bad for business. Societies around the world will also value the quality of our workplaces and reward those that embrace workplace respect.

The good news is that increased global organizational and public awareness, recent research, and expanding illegalization of workplace bullying are having positive impacts. Employers around the world are becoming more informed of the many negative impacts and costs associated with workplace bullying. If employers and senior executives take initiative in addressing bullying early on, much larger financial, ethical, legal, human resource, and project problems will be avoided. Eventually, these initiatives will lead to wider support for zero-tolerance policies for bullying in the workplace, regardless of circumstance, societal norm, or jurisdiction.

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Paul Pelletier, LL.B., PMP, is a workplace respect consultant, corporate lawyer, and a Project Management Professional (PMP)<sup>®</sup> certification holder. He has over 25 years of legal experience, 12 years of project management experience, and serves on the PMI Ethics Member Advisory Group, a global team of experienced volunteers who are committed to facilitating learning and discussion about ethics and professional conduct in project management.