

THE TRUST GAP

# Expectation vs Reality in Workplace Misconduct & Speak Up Culture

A vault platform report

**vault.**





# FORWARD

## Neta Meidav, Co-Founder and CEO, Vault Platform

Workplace misconduct is a difficult conversation for employers and employees alike. The taboo around the topic has made an already huge problem in the UK and the USA much bigger, and nurturing a Speak Up culture within organisations is important now more than ever before. With the rise of social activism powered by Me Too and the Black Lives Matter movements, and with ESG becoming a pressing priority for company boards, it's finally being recognised on a global scale.

A counterculture has emerged over the past three years from social activist movements, which indicates that we're moving in the right direction. However, it seems businesses are just catching up with this shift. We've moved away from executives blatantly denying they have issues within their organisation, but actions taken against workplace misconduct still seem like PR responses to a societal crisis.

One thing is for certain – both employers and employees understand and acknowledge that this is a huge problem, and most have unfortunately had first-hand experience in one way or another. The issue no longer seems to be a lack of acknowledgment.

However, there still appears to be a 'trust gap' between both, with the workforce reluctant to speak up for fear of not being taken seriously, while employers are equally concerned about reputational damage or worse. However, a more substantial cost comes from corporate scandals and disasters that we all read about daily in the news, and many of them could have been avoided if the right internal Speak Up culture would have been in place.

Seeking to understand more about this perceived Trust Gap, we commissioned the most comprehensive independent report ever to be published reviewing the state of workplace misconduct, uncovering how the Speak Up culture is impacting employers, employees and the wider economy.

Fortunately, there are real technological advancements and solutions to workplace misconduct that are being put into practice. These are both effective ways of dealing with complaints in a fair and transparent way, and of creating a culture where employees are encouraged to speak up without fear of any implications on their employment.

I believe the outcomes of this landmark research will serve boards, leadership teams, compliance, risk and HR professionals, and pave the way for better understanding of workplace misconduct experiences, its implications on the workforce, and the state of internal reporting.



There is only one possible conclusion for me, and that is that business as usual is no longer an option. Companies around the world are embarking on a transformational journey of ethics and integrity, and this must start with a proper shake up of their Speak

### Methodology

We partnered with Europe's largest independent polling company, Norstat, to survey 2,000 office workers in the UK and US, gathering insight into their experiences of misconduct at work, the expectations they have of employers to keep them safe and whether they truly trust them to do so.

Armed with this data, we separately polled decision makers with responsibility for HR and compliance at businesses in the UK and US. Using the information gathered, alongside publicly available government and industry data, it is possible to predict the



01

# THE REALITY OF WORKPLACE MISCONDUCT

## Experiences in Office Environments

It shouldn't come as a surprise that workplace misconduct is a huge problem, especially in office environments, but as this report highlights, the impact it has is particularly daunting.

To provide a sense of scale, almost half (**US: 51%**, **UK: 49%**) of UK office workers and over half of US office workers surveyed have personally experienced some form of workplace misconduct during their working lives.



**Bullying** was recognised as the most common form of misconduct in the **UK**, with over a quarter (**26%**) of office workers having experienced this at some point in their career.



**Harassment**, meanwhile, was the most common form of misconduct in the **US**, with over a quarter (**26%**) of office workers having experienced this at some point in their career.

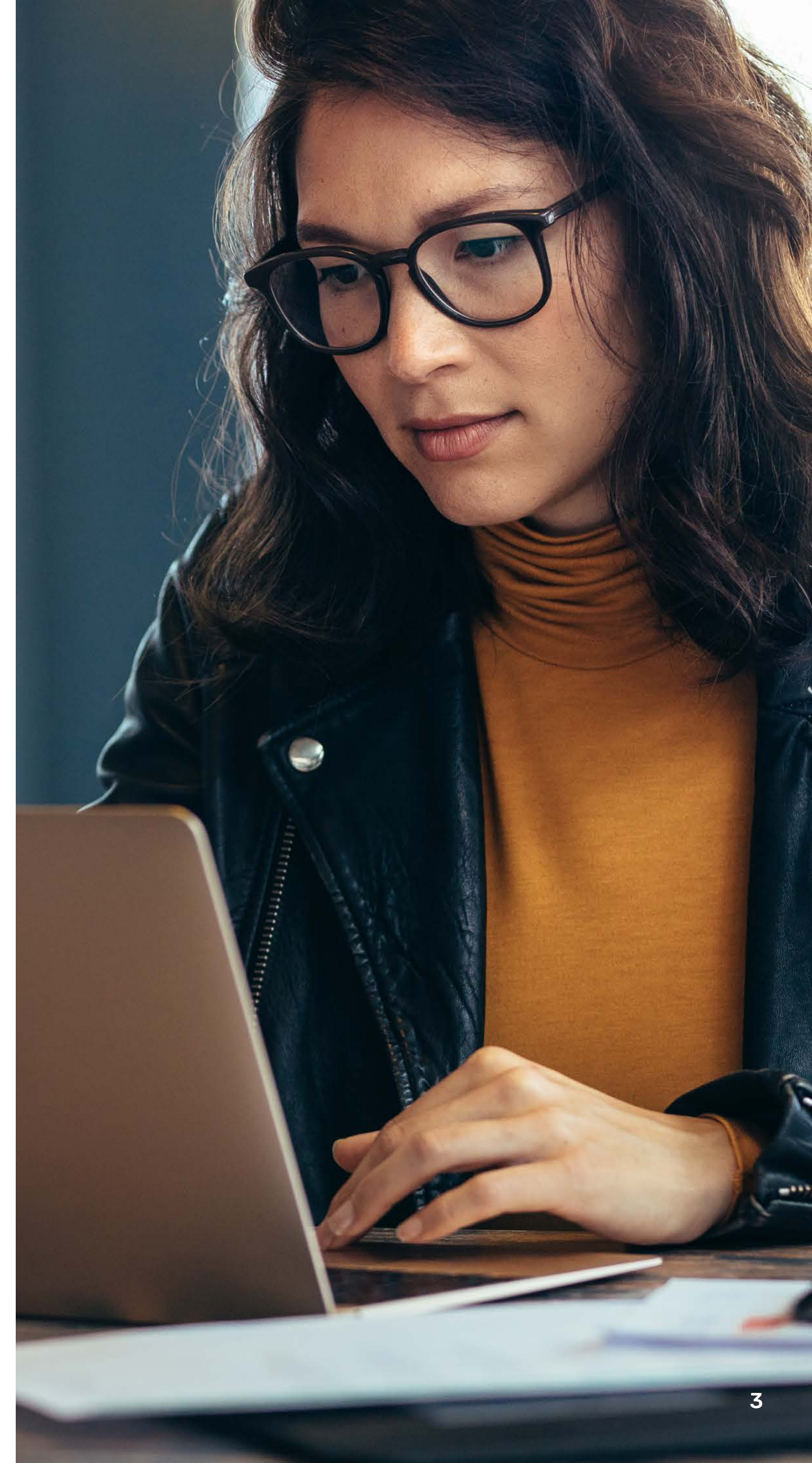
**Young workers (18-34)** are significantly more likely (**64%**) to experience workplace issues than their older counterparts, classed as those **over the age of 35** (**44%**). This is a consistent trend, with young workers also more likely to personally experience all forms of workplace misconduct.



Harassment was the most common form of misconduct experienced by this age group, with 29% of young workers experiencing it already in their careers. Bullying closely followed this, at 28%.

It is interesting to note that directors (and similar senior roles) were more likely to have personally experienced workplace misconduct than their more junior counterparts. However, the kind of workplace misconduct experienced was markedly different; there were significantly higher levels of experiences of fraud, bribery, corruption, ethical malpractice and compliance failure.

It appears senior individuals are more likely to experience forms of "professional" malpractice, highlighting that these forms of misconduct occur more regularly in positions of authority.





## Victims & Witnesses

Of course, when it comes to the issue of workplace misconduct, there are not just the victims to consider but the witnesses too. Witnessing an incident puts a lot of responsibility on the individual to act, and as this report shows, the vast majority of workers are hesitant to report misconduct due to the lack of confidence in their employers to deal with the matter appropriately.

This becomes a much bigger issue when you consider the amount of people who witness or experience workplace misconduct. In fact, our study shows that three quarters (US: 75%, UK:74%) of office workers have either personally experienced or witnessed some form of workplace misconduct during their working lives.

Once again, bullying tops the list of most common misconduct types either personally experienced or witnessed, with over half of UK and US office workers witnessing or experiencing it. This was followed closely by harassment, where half of US office workers either witnessed or experienced it.

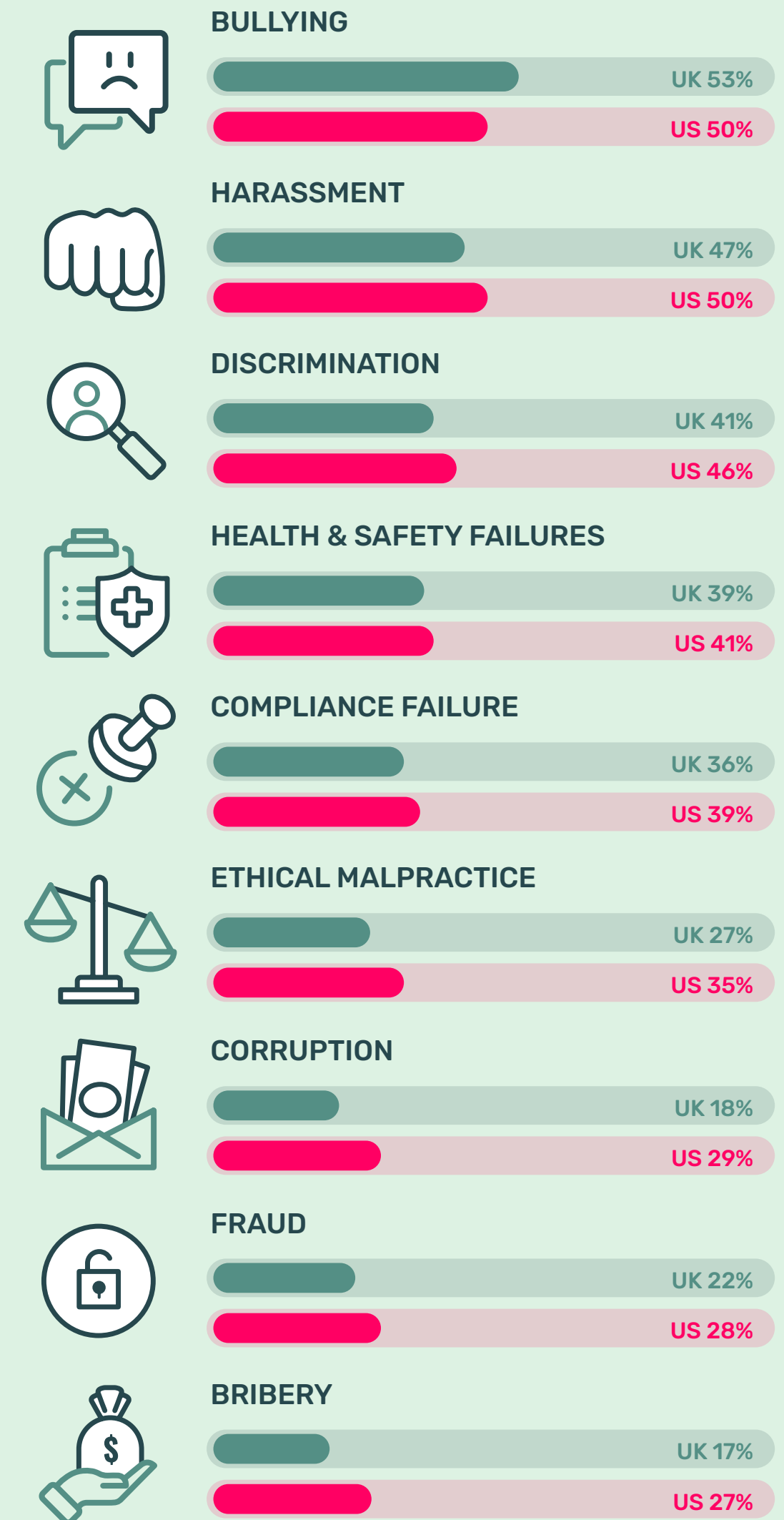
The third most common form of misconduct either witnessed or experienced by workers was discrimination, where almost half of US workers have witnessed or experienced it, while the same is true for over two in five British office workers.

Young workers between the ages of 18 and 34 (83%) again were significantly more likely to have experienced or witnessed some form of misconduct, even in their shorter careers, than their seniors (45+) (71%).



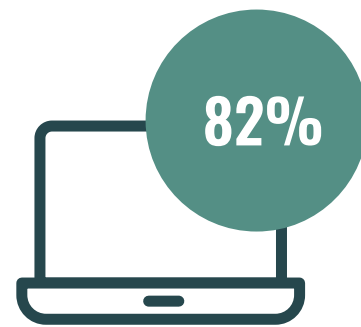
This highlights a concerning trend - over four in five young office workers have been personally subjected to some form of workplace misconduct.

### Percentage of employees who have witnessed or been a victim of misconduct, by type:



## Industry Focus

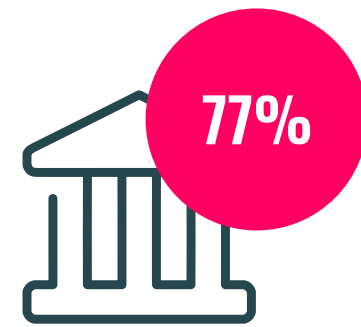
There are two big industries that are particularly affected by workplace misconduct.



**82%** of those working within **IT & Business services** have personally experienced or witnessed some form of workplace misconduct.



Interestingly, **40%** of employees experienced or **witnessed fraud**, which is significantly more than any other industry.



Also, **77%** of individuals working in public **administration/government** have personally experienced or witnessed some form of workplace misconduct.

These figures are quite a lot higher than the three-quarter average. This could be an indication of a systemic problem within these organisations.

Alternatively, the larger size of the organisations within these industries could be a reason why workplace misconduct is more common, with raised issues potentially falling through the cracks. Either way, the figures are certainly alarming.

## A Growing Systemic Problem

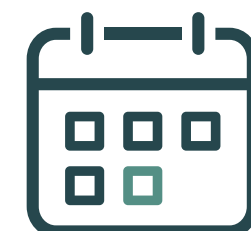
Individual cases are an issue, but when an organisation has several cases being reported on a regular basis, it highlights a systemic issue within the company and calls for serious action to be taken to address it.



**37% of UK** office workers and **48% of US** office workers personally experience or witness some form of misconduct at least once a month, demonstrating a clear systemic issue within office-based culture.



**76% of UK** office workers and **84%** of workers in the **US** who have personally experienced or witnessed some form of misconduct, have done so more than once. This was particularly true for senior staff; 90% outlined this to be the case during their longer careers.



**54% of UK** office workers and **58% of US** office workers have experienced some form of workplace misconduct within the last 12 months.

While it may have been assumed that employers were not aware of the issues within their organisation, the majority of HR and compliance DMs in office-based organisations actually agreed the figures presented by our employee polling were reflective of their businesses.

**59% of UK HR and compliance DMs** and **69% of US HR and compliance DMs** state that the figures above are likely to reflect the proportion of workers in their organisations that had experienced workplace misconduct within the same timeline.



So how is it the case that figures of misconduct highlighted within this report appear to be a surprise to HR and compliance decision makers (DMs)?

Is it a case of department heads simply ignoring the gross number of complaints? Or is it a belief that they will from the employees who have experienced or witnessed misconduct?

**Our study showed that the answer is a little more complex than that.**



02

## THE TRUST GAP

It is worrying to see the number of workers who thought it unlikely their organisation would investigate all forms of misconduct. Almost a third of **UK office workers (31%)** and almost two in five **(37%) US office workers** believed their organisation would brush aside at least one form of workplace misconduct if it was likely to impact profits or reputation.

This study shows that, rather than burying their heads in the sand, HR and compliance DMs are actually in agreement with their workforce. Over a third **(33%) of UK HR and compliance DMs** and just shy of a third **(30%) of US HR and compliance DMs** believe their organisation would look to ignore at least one form of workplace misconduct if it was likely to impact profits or reputation.

As a result, **59% of UK office workers** and **62% of US office workers** surveyed described their business as either not ethical, transparent or authentic, or showing a lack of accountability or compassion.

UK 59%

US 62%

## Misconduct Cases

While the statistics in this report clearly highlight how big of a problem workplace misconduct is, and how much it has been recognised (and experienced) by employees, reputational damage can have an equally huge impact.

Just in the past year alone, 61 former employees have spoken out about the “culture of fear” at craft beer firm Brewdog; 13 junior investment banking analysts have described the working hours as “inhumane” at investment banking giant Goldman Sachs; and KPMG have been fined £13 million for workplace misconduct.

Meanwhile in the US, workplace-related litigation reached a record high, with the top 10 cases totalling \$1.58 billion, an 18 percent increase over 2019 (\$1.34 billion).

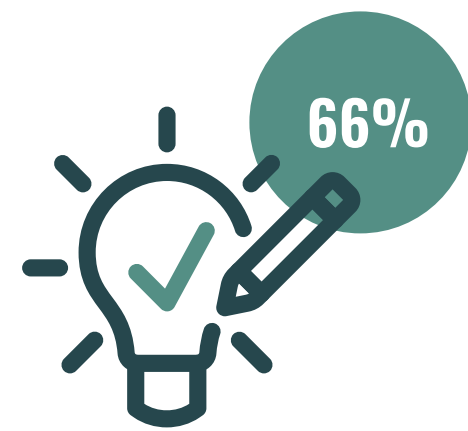
Misconduct cases are increasingly appearing in the headlines on a regular basis, further highlighting the extent of the problem in office culture, and also how organisations can be quite drastically affected if nothing is done to prevent misconduct and encourage a speak up culture.



03

## THE COST OF MISCONDUCT

The toll misconduct exacts upon people, business and the economy at large is significant. Of those who personally experienced or witnessed workplace misconduct:



experienced a negative impact on their **productivity**



experienced a **negative impact** on their personal wellbeing



ended up taking **time away** from work



ended up **leaving** their role

For those who experienced a negative impact on productivity in the last 12 months (**UK: 15%**, **US: 18%**), the **average estimated reduction was 40%** in the UK and in the US.

### Productivity Cost

UK productivity especially has been highlighted as an economic weakness for over a decade, with recent results highlighting a 10 GDP per hour gap with Germany and around 17% below that of the US and France.

Assuming that approximately 56% of the UK workforce operate in office-based roles and those operating in medium and large businesses equates to 52% of total employment, then **removing all forms of workplace misconduct would support an increase of 1.12 GDP** per hour.

But productivity is not the only cost to employers and the wider economy of workplace misconduct.





## Absence Cost

For those who had to take time off work in the last 12 months due to personally experiencing or witnessing workplace misconduct (**UK: 8%, US: 15%**), the average number was **12 days in the UK** and **six days in the US**. This equates to approximately one sick day per office-based worker (UK: 0.96, US: 0.90) related to workplace misconduct.



This means **nine million** sick days related to workplace misconduct were recorded in the **UK** and **43.2 million** sick days in the **US** in the last 12 months.

According to the CIPD in 2020, approximately 5.8 sick days were taken by employees in the UK. This means that over 1 in 6 days (17%) of workplace absence could be related to some form of workplace misconduct. With the average salary in the UK equating to £31,461, this is costing businesses approximately **£130 per employee** and costing the **UK economy** approximately **£1.2 billion** in unproductive hours.

In the US the average salary stands at approximately \$51,480, meaning workplace misconduct related sick leave costs around **\$178 per employee**, costing the **US economy \$8.54 billion** in unproductive hours. Again, the cost doesn't stop here.



## Impact On the Economy

**9 million sick days** related to workplace misconduct were recorded in the **UK** in the last 12 months, while **43.2 million** were recorded in the **US**.

The toll on the **UK** economy equates to **£1.2 billion** each year, rising to **\$8.54 billion** in the **US**.



## Rehiring Costs

11% (UK:9%, US:14%) of office-based employees who experienced workplace misconduct in the last 12 months ended up leaving their role. According to a Glassdoor study, the average employer spends approximately £3,000 and 27.5 days to hire a new worker. This means that office-based employers are likely to have spent £1.9 billion in re-hiring costs (not including the output lost due to the time taken to replace a member of staff).

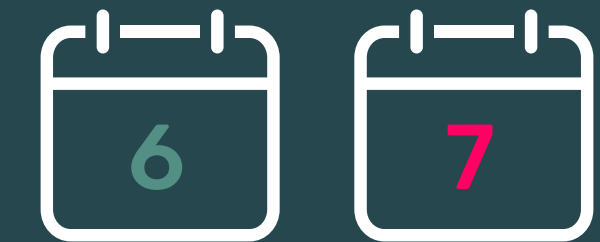
In the US, the same study conducted by Glassdoor in the US found that the average cost of hiring was \$4,000 and it took 24 days on average to fill an open position. Using the same logic, this means US office-based businesses spent \$20.2 billion on hiring costs in the last 12 months. The impact this can have is far reaching.

## Unemployment Effect On the Economy

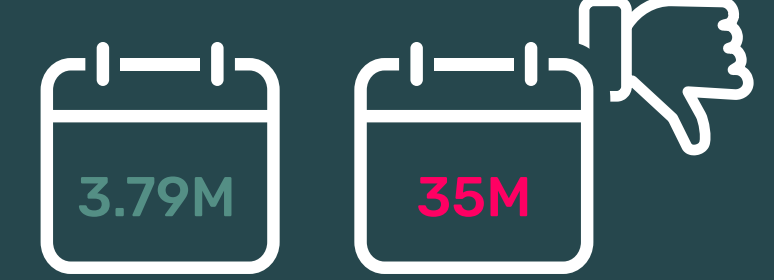
Furthermore, for those who left their jobs due to workplace misconduct in the last 12 months (UK:7%, US:10%), the average days out of work between jobs was **six days in the UK** and **seven days in the US**. This means workplace misconduct resulted in **3.79 million unproductive days** in the UK and **35 million unproductive days** in the US.

Of those who have personally experienced workplace misconduct, on average, they experienced or witnessed two occasions in just the last 12 months alone.

DAYS OUT OF WORK, BETWEEN JOBS



UNPRODUCTIVE DAYS



Salary paid for lost productivity relating to workplace misconduct in the last 12 months

Salary paid in sick pay relating to workplace misconduct in the last 12 months

Recruitment Costs relating to employees leaving as a result of workplace misconduct in the last 12 months

**Total costs per office-based employee**

	UK	US
Salary paid for lost productivity relating to workplace misconduct in the last 12 months	£1,888	\$3,658
Salary paid in sick pay relating to workplace misconduct in the last 12 months	£130	\$178
Recruitment Costs relating to employees leaving as a result of workplace misconduct in the last 12 months	£202	\$420
<b>Total costs per office-based employee</b>	<b>£2,218</b>	<b>\$4,256</b>



## Legal Costs

Workers that experienced or witnessed workplace misconduct estimate that 22% of these instances resulted in legal proceedings, 24% in financial settlement and 31% in reputational damage. This can cause immeasurable financial damage to a business, particularly if misconduct cases are systemic.

So, it is no wonder that **83% of UK HR and compliance DMs** and **85% of US HR and compliance DMs** believe their organisation is at risk of at least one of the following as a direct result of not being able to prevent, capture or measure instances of workplace misconduct:



Reputational Damage



Financial Settlements



Legal Proceedings



Reductions in Employee Productivity



Increased Workplace Absence

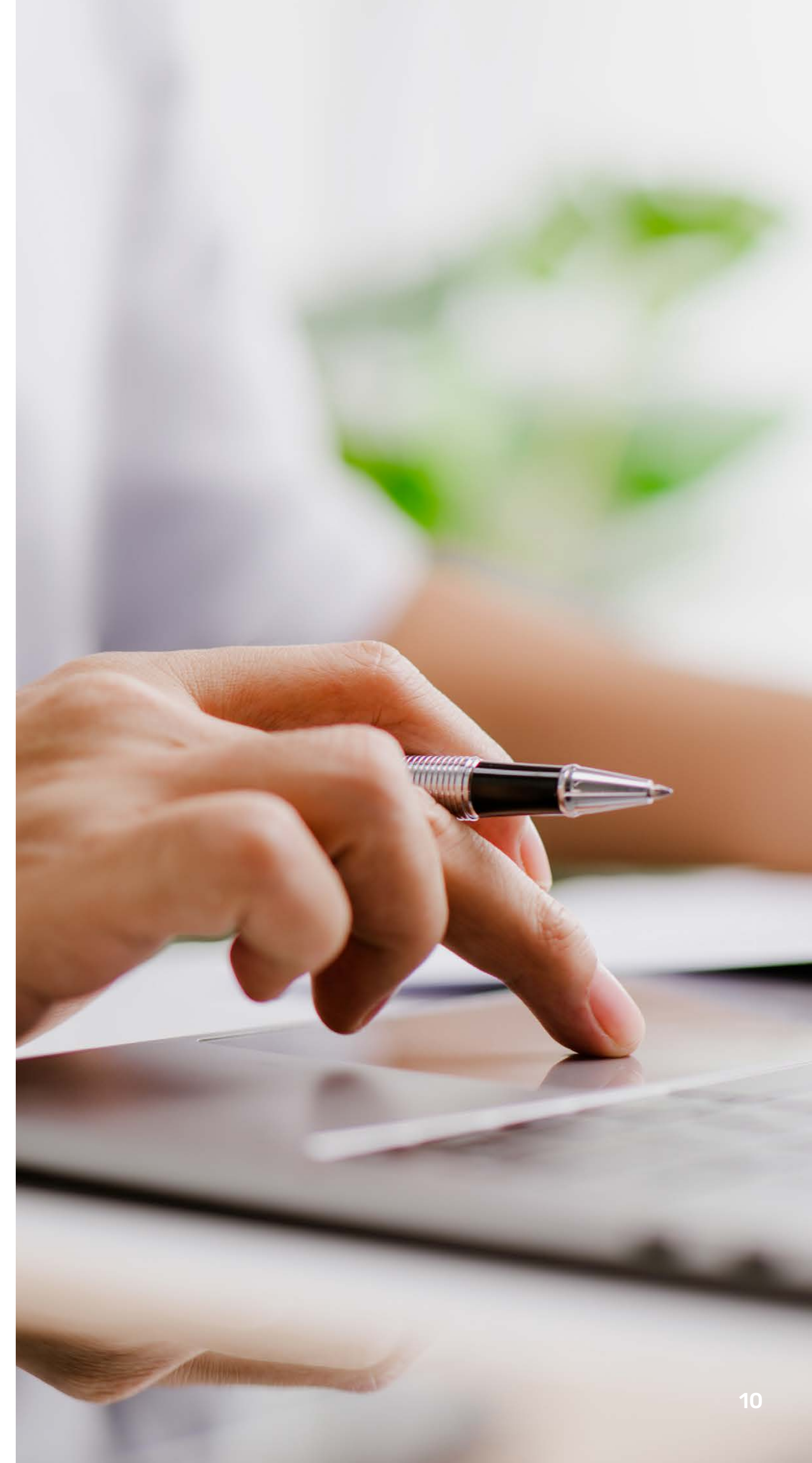


Increased Employee Attrition Rates

In the US, workplace-related litigation reached a record high, with the top 10 cases totalling \$1.58 billion, an 18 percent increase over 2019 (\$1.34 billion).

The figures are staggering, and the cost on individuals, business and the wider economy means they can no longer be ignored. This again highlights how workplace misconduct is not an employee or HR issue.

Workplace misconduct affects every part of society, and if organisations want to improve their bottom line, putting the proper strategies in place to combat it is of the utmost importance.





04

## THE COMPLIANCE CONTRADICTION

The detrimental cost of workplace misconduct to employers highlights that this needs to be a top priority.



However, only 33% (**UK: 33%**, **US: 32%**) of organisations are proactively delivering Environmental, Social and Governance (ESG) **compliance into their HR strategy**.

Most businesses have a reactive approach to misconduct, either putting protocols in place as issues arise, or on a needs-must basis. Shockingly, one in five businesses (**UK: 19%**, **US: 21%**) **do not apply ESG strategy** across any area of their HR/people strategy, or do not have one at all.

Despite the results from the employee survey, HR and compliance DMs believe both they and their senior leadership teams are prioritising employee safeguarding, wellbeing, operational compliance, and workplace equality appropriately.

This is in stark contrast to their view that workplace misconduct is rife within their organisations and perhaps highlights that the issue is not one of a lack of desire or prioritisation from HR or compliance DMs, but more a case of not understanding how to fix the issue.

## A Growing Systemic Problem

So, while most HR and compliance DMs feel they and their senior leadership teams are prioritising all aspects of employee welfare, **41% of UK** and **38% of US** decision makers themselves admit their organisation is **unable to prevent** at least one form of **workplace misconduct**. This is a significant number considering the responsibility lies with these individuals.

UK 44%

US 41%

This increases to **44% of UK** and **41% of US** HR and compliance DMs who admit their organisation is **incompetent in capturing and measuring** at least one form of **workplace misconduct**.

UK 41%

US 38%

There is a clear contradiction here. Senior HR and compliance individuals believe their organisations are prioritising workplace misconduct, and yet they recognise that they're incapable of preventing, capturing or measuring cases. Could the issue lie within the trust gap? Is a lack of belief amongst employees that organisations will effectively deal

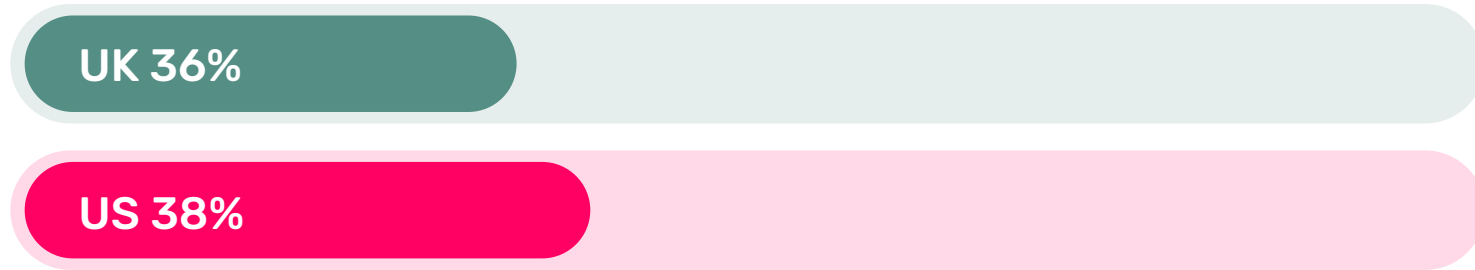




# 05

## REPORTING: THE ROOT OF THE PROBLEM

The trust gap highlights organisations are capable of dealing with issues of workplace misconduct – there’s just a complete lack of faith among the workforce that they will. On average, only 37% (**UK: 36%, US: 38%**) of workplace misconduct incidents are **reported by those who have personally** experienced or witnessed an incident.



However, 88% (**UK: 88%, US: 87%**) of those who have not personally witnessed or experienced misconduct **believe they would report it**, highlighting a clear mismatch between how people believe they would react – and what they do when faced with an incident. These figures demonstrate a dangerous belief that could undermine investment in workplace misconduct reporting until it is too late.



Of those who either wouldn’t report an incident of workplace misconduct, or haven’t reported all the instances they have witnessed or experienced, the greatest concerns were:



The report being treated anonymously (**UK: 35%, US: 37%**)



The report impacting their reputation within the company (**UK: 32%, US: 34%**)



Concern that the person responsible for reviewing the report would not take them seriously (**UK: 26%, US: 28%**)

Conversely, the top three reasons cited by HR and compliance DMs were:

- A lack of reporting from those who experience and witness workplace misconduct (**UK: 42%, US: 49%**)
- A lack of trust that the reports would be investigated fairly (**UK: 39%, US: 47%**)
- A lack of reporting technology available (**UK: 34%, US: 40%**)

So, the root of the problem lies within a lack of reports being dealt with appropriately, and subsequently, a lack of reporting. This is not only recognised by HR and compliance DMs, but they also recognise how technology can provide a solution.



06

## BRIDGING THE GAP

Employees have high expectations of their employers to invest in workplace misconduct reporting channels that:

Make it easy and secure to report an incident (**83%** - **UK: 85%**, **US: 82%**)

Provide an efficient and positive resolution to misconduct incidents (**82%** - **UK: 83%**, **US: 80%**)

Would help empower employees to support a safe and positive work environment (**79%** - **UK: 79%**, **US: 80%**)

Enables the organisation to log multiple instances of misconduct, enabling businesses to empower themselves with data (**82%** - **UK: 84%**, **US: 80%**)

Provides anonymity to the reporter and victim (**81%** - **UK: 83%**, **US: 79%**)

Empowers employees themselves to define a positive workplace culture (**82%** - **UK: 83%**, **US: 81%**)

Offers a suitable work from home solution for reporting instances (**74%** - **UK: 76%**, **US: 72%**)



**76%** (**UK: 74%**, **US: 77%**) of office workers believe that an anonymised app-based reporting channel would help support the issue of reporting workplace misconduct and empowering employees to support a positive and safe workplace environment.



**71%** (**UK: 70%**, **US: 73%**) of office-based workers believe they are more likely to report an incident of workplace misconduct if they do not have to talk to anyone (via phone or directly face-to-face) to report it.



**74%** (**UK: 74%**, **US: 73%**) of office workers believe that if they had the choice between an app-based reporting channel and a hotline set up by their employer, they would be more likely to use the app-based channel to report an incident of misconduct.



**84%** (**UK: 85%**, **US: 82%**) of office workers believe that internal whistleblowing is vital to ensuring that people are protected from the negative impacts of workplace misconduct.



**86%** (**UK: 87%**, **US: 85%**) of office workers believe that businesses should find secure ways to collect and leverage misconduct data to support long-term strategies to combat it.

HR and compliance DMs agree. An anonymous app was deemed a highly effective solution.

By utilising the latest technology, employers can make a significant difference to their work culture, their employees' experiences at work, and as an added bonus, their bottom line.





# CONCLUSION

The gap between expectation and reality is a dangerous one. This study has shown us that in both the US and the UK, employers and their staff remain poles apart in their experience and attitudes to workplace misconduct.

Businesses can no longer afford to sit back and allow abuse in any form to fester, with societal and technological change placing greater pressure upon them to act. While the issue has moved away from a lack of acknowledgement from the employer, there is still a huge trust gap, leaving a chasm where staff are in fear of speaking up.

There needs to be a cultural shift in the way with which workplace misconduct is dealt with, and implementing effective anonymous reporting solutions can be a first step in creating that change. Only by creating a Speak Up culture can employees feel empowered to discuss these matters with their employers, which is crucial if, at best, businesses seek to foster an empowered, productive workforce and, at worst, a reduced impact on their bottom line.

Employees have spoken. Now is a pivotal moment to listen, understand and change – for a stronger workforce, a healthier economy and a better world.

For more information, visit [www.vaultplatform.com](http://www.vaultplatform.com)

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# APPENDIX

## Assumption for extrapolating survey audience to universal workforce figures

Survey Audience: Office-based workers (even if currently or recently working from home due to COVID-19) from medium (50 -249 employees) and large (250+ employees) organisations.

Using “professional” workers as a proxy for the number of individuals that work in an office, this is defined in the US (41.2%) as:

- Management occupations (18,263,000);
- Business and financial operations occupations (7,587,000);
- Computer and mathematical occupations (5,126,000);
- Architecture and engineering occupations (3,263,000);
- Life, physical, and social science occupations (1,529,000);
- Community and social service occupations (2,680,000);
- Legal occupations (1,891,000);
- Education, training, and library occupations (9,313,000);
- Arts, design, entertainment, sports, and media occupations (3,362,000); and
- Healthcare practitioner and technical occupations (9,420,000).

[1] Bureau of Labor Statistics, U.S. Department of Labor, Table 11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity. Labor Force Statistics from the Current Population Survey, 2018. Retrieved from <http://www.bls.gov/cps/cpsaat11.htm>

And in the UK (56%) we define the same cohort of the labour force using:

- Managers, directors and senior officials (3,486,000)
- Professional occupations (6,506,000)
- Associate professional and technical occupations (4,680,000)
- Administration and secretarial occupations (3,360,000)

[2] Office for National Statistics UK, April to June 2018 Figures, <https://www.ons.gov.uk/employmentandlabour-market/peopleinwork/employmentandemployeetypes/datasets/employmentbyoccupationemp04>

Then using employment figures by company size, we can see that 52% of the UK population and 73% of the US population are employed into medium and large enterprises:

[3] Business Statistics UK Parliament, Jan 2021, <https://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf>

[4] US Bureau of Labor Statistics, 2020, <https://www.bls.gov/bdm/bdmfirmsize.htm>

By multiplying these percentages across company size and office-based workers we can formulate a universal population that our survey sample represents:

UK: 56% of 52% of 32.32 million individuals in work = 9.4 million UK workers

US: 41% of 73% of 160.74 million individuals in work = 48 million US workers



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