



# The Trust Gap: Expectation vs Reality in Workplace Misconduct and Speak Up Culture

A Vault Platform Report

# Foreword

by 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 in organizations is now more important 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 recognized 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 organization, 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.

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 frequently 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 a 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 this 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 Up culture, and to start empowering their people.

## 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 broader impact on the economy in both nations.

Neta Meidav  
Co-Founder and CEO





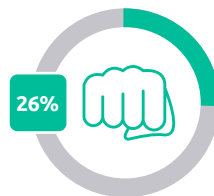
# 01 The Reality of Workplace Misconduct



## Experiences in Office Environments

It shouldn't come as a surprise that workplace misconduct is a significant 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 of UK office workers and over half of US office workers (**US: 51%**, **UK: 49%**) surveyed have personally experienced some form of workplace misconduct during their working lives.



**Bullying** was recognized 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 and Witnesses

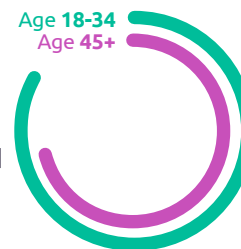
Of course, when it comes to the issue of workplace misconduct, there are not just the victims to consider but the witnesses too. Witnessing an incident puts a lot of responsibility on the individual to act, and as this report shows, the vast majority of workers are hesitant to report misconduct due to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

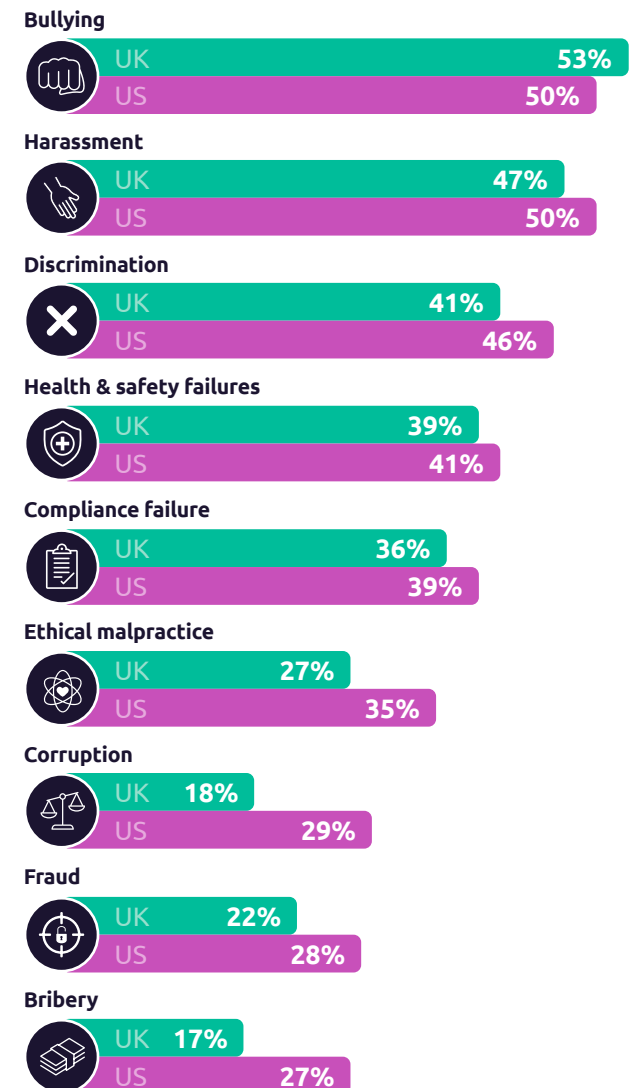
The third most common form of misconduct either witnessed or experienced by workers was discrimination, where almost half of US workers have witnessed or experienced it, while the same is true for over two in five British office workers.

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%)**.



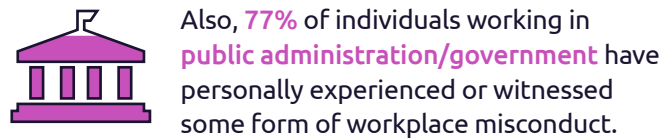
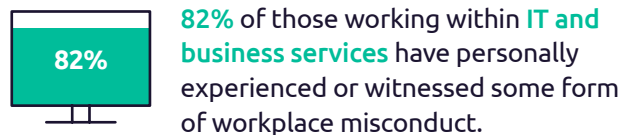
This highlights a concerning trend - over four in five young office workers have been personally subjected to some form of workplace misconduct.

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



## Industry Focus

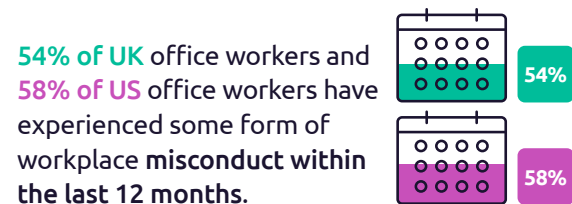
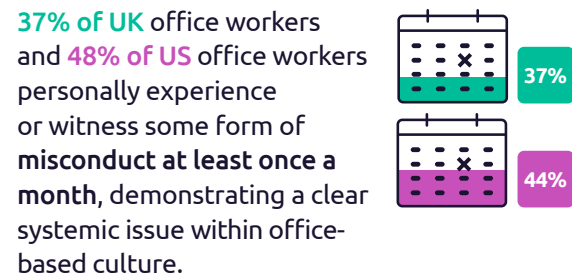
There are two big industries that are particularly affected by workplace misconduct.



These figures indicate a systemic problem which could in part be due to organizations in these sectors being large employers where workplace misconduct can be more common, with issues potentially falling through the cracks. These employers are likely to find themselves under closer scrutiny from whistleblowers and prosecutors if they don't change their culture and processes.

## A Growing Systemic Problem

Individual cases are an issue, but when an organization 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.



While it may have been assumed that employers were not aware of the issues within their organization, the majority of HR and compliance DMs in office-based organizations 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 are likely to reflect the proportion of workers in their organizations 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 would have heard 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 would be unlikely their organization 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 organization 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.



A third (**33%**) of **UK HR and compliance DMs** and just shy of a third (**30%**) of **US HR and compliance DMs** believe their organization 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 recognized (and experienced) by employees, reputational damage can have an equally huge impact.

In 2021, 61 employees spoke out about the “culture of fear” at craft beer firm Brewdog; 13 junior investment banking analysts described the working hours as “inhumane” at investment banking giant Goldman Sachs; and KPMG were fined £13 million for workplace misconduct.

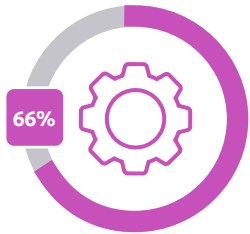
Meanwhile in the US, workplace-related litigation reached a record high, with the top 10 cases totalling \$1.58 billion, an 18 percent increase over 2019 (\$1.34 billion).

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 organizations can be quite drastically affected if nothing is done to prevent misconduct and encourage a speak up culture.

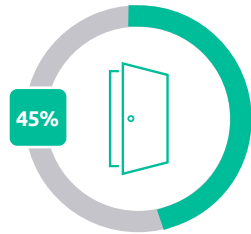


# 03 The Cost of Misconduct

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



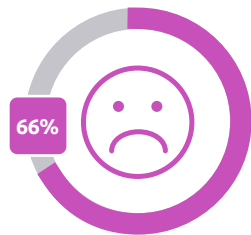
experienced a negative impact on their productivity



ended up leaving their role



ended up taking time away from work



experienced a negative impact on their personal wellbeing

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 Costs

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 Costs

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.

### Cost per employee



### Cost in unproductive hours



## 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

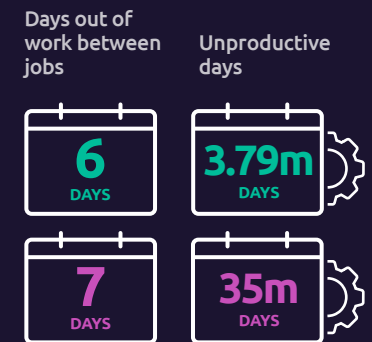
11% (**UK:9%** **US:14%**) of office-based employees who experienced workplace misconduct in the last 12 months **ended up leaving their role**. According to a Glassdoor study, the average employer spends approximately £3,000 and 27.5 days to hire a new worker. This means that office-based employers 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.



|   | 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 organization 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 organizations want to improve their bottom line, putting the proper strategies in place to combat it is of the utmost importance.

# 04 The Compliance Contradiction

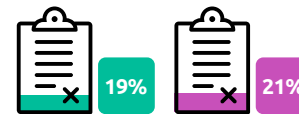


The detrimental cost of workplace misconduct to employers highlights that this needs to be a top priority.

However, only 33% (UK: 33%, US: 32%) of organizations 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 prioritizing employee safeguarding, wellbeing, operational compliance, and workplace equality appropriately.

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

## Organizations Lacking Competence

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



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



There is a clear contradiction here. Senior HR and compliance individuals believe their organizations are prioritizing workplace misconduct, and yet they recognize 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 organizations will effectively deal with cases the problem?



# 05 Reporting: The Root of the Problem

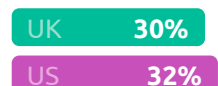
The trust gap highlights organizations are capable of dealing with issues of workplace misconduct – there’s just a complete lack of faith among the workforce that they will. On average, only 37% (UK: 36%, US: 38%) of workplace misconduct incidents are reported by those who have personally experienced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






HR and compliance DMs were far more aware of the lack of reporting than employees who had not experienced workplace misconduct, stating that they believed reporting rates to be 30% in the UK and 32% in the US. Again, this highlights that the responsible individuals are all too aware of the issues present.



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 recognized by HR and compliance DMs are also becoming more aware how technology can help provide the 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%)

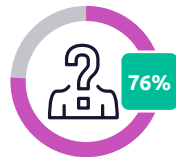
Would help empower employees to support a safe and positive work environment  
(79% - UK: 79%, US: 80%)

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

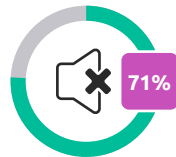
Provides anonymity to the reporter and victim  
(81% - UK: 83%, US: 79%)

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

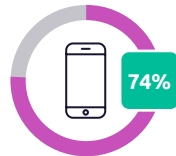
Offers a suitable work from home solution for reporting instances  
(74% - UK: 76%, US: 72%)



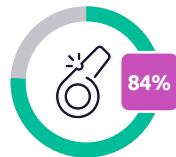
76% (UK: 74%, US: 77%) of office workers believe that an anonymized app-based reporting channel would help support the issue of reporting workplace misconduct and empower employers to support a positive and safe workplace environment.



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.



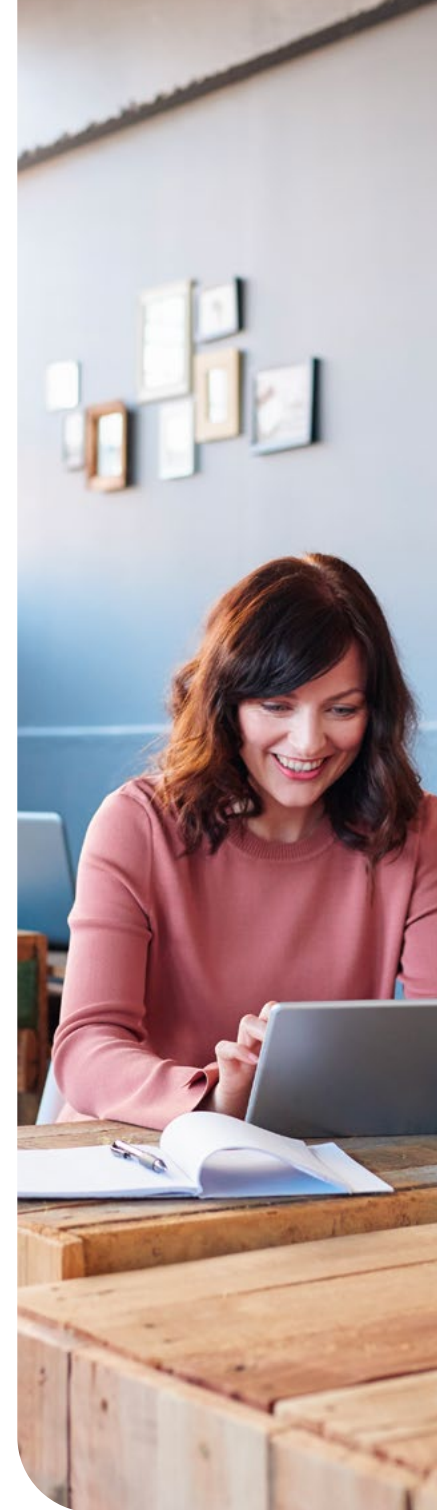
84% (UK: 85%, US: 82%) of office workers believe that internal whistleblowing is vital to ensuring that people are protected from the negative impacts of workplace misconduct.



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](https://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) organizations.

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/employmentandlabourmarket/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

# Ready to revolutionize misconduct reporting and resolution at your business?

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