

Counting the Cost

Estimating the economic cost of workplace bullying and harassment on New Zealand employers

May 2024





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Lastly, KPMG and the Commission acknowledge and thank all those who took the time to respond to the original survey about their experiences of workplace bullying and harassment. Many respondents who experienced these behaviours shared their personal stories with us, and we are grateful for their trust in us to do so. We hope that by continuing to shed light on the impacts of workplace bullying and harassment we may honour their experiences and progress initiatives to promote safe working conditions for all.

Disclaimer

This research has been carried out by an independent party under contract to the Commission. The views, observations, and analysis in this report are those of the authors and are not to be attributed to the Commission.

Foreword

Bullying, sexual harassment, and racial harassment in the workplace are wrong and unlawful in Aotearoa New Zealand. These represent barriers to equal opportunities and are unacceptable and incompatible with the right to decent work and working conditions.

Fairness, the right to work, and the right to equal employment opportunities are non-controversial foundations of positive employment relations. However, we are not all equal, and to act as if we are, despite significant hardship and wealth gaps between diverse communities (let alone between the sexes), neglects our responsibilities as a nation.

In 2022, Te Kāhui Tika Tāngata Human Rights Commission (Commission) published the report, Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand, based on research conducted into the prevalence of sexual harassment, bullying, and racial harassment in the workplace. The report demonstrated a concerning prevalence of these behaviours and differences in experiences between people of different age groups, genders, across industries, and different personal characteristics.

For example, the report highlighted a disproportionate prevalence for Tangata Whenua, Pacific Peoples, Asian workers, new migrants, disabled workers, and bisexual workers. The report made headlines because the prevalence statistics and the accompanying narratives were so ugly. What the report did not tell us was the cost to individuals directly concerned or to employers, and this was a gap in our advocacy toolbox.

In 2023, the Commission was approached by KPMG (New Zealand), who generously offered their services on a pro-bono basis. Our two agencies had a pre-existing relationship, as both were affiliated with the Women’s Empowerment Principles work in Aotearoa to promote workplace gender equality. Through this relationship, the Commission respected KPMG because of its enduring commitment to gender equity for its workforce and the ripple effect it had on other businesses. The Commission, therefore, accepted the offer by KPMG, which led to this important, milestone-setting report on the costs of bullying and harassment to employers in Aotearoa. In understanding the economic impact, we must not forget the effect it has on those experiencing bullying and harassment, including on their finances, health, and wellbeing. There is also an impact on the wider work environment, the strain it puts on loved ones and relationships, and the wider costs to society.

There is a growing movement in Aotearoa and internationally to address and eliminate violence in all its forms in the workplace as a human rights issue. In 2019, the International Labour Organisation - Violence and Harassment Convention (ILO 190) came into force. It has been ratified by many of our trading partners but is yet to be ratified by New Zealand. This needs to happen urgently.

With perseverance, courage, leadership, rights-respecting laws, and good evidence and knowledge such as that contained in this report, we can eliminate violence in the workplace. Equality, equity, and fairness belong to all.



Saunoamaali’i Karanina Sumeo

Kaihautū Ōritenga Mahi |
Equal Employment Opportunities Commissioner

Te Kāhui Tika Tangata |
New Zealand Human Rights Commission



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Executive Summary

In collaboration with Te Kāhui Tika Tangata Human Rights Commission, KPMG has estimated the annual economic costs of bullying, sexual harassment, and racial harassment for employers across New Zealand.

Our joint report builds on a study published by the Commission in 2022, analysing survey data from over 2,500 workers across New Zealand. This is the first time these costs have been estimated for New Zealand.

Workplace bullying and harassment is bad for business. International and domestic research has consistently indicated the detrimental effects of workplace bullying and harassment on employee productivity, job satisfaction, and overall wellbeing.

These negative impacts incur economic costs for affected individuals, employers, and the New Zealand economy. There are wide-ranging impacts on employers, including:

	Increased use of sick and annual leave or absence from work.
	Decreased work performance due to mental and physical stress.
	Higher turnover rates from lower employee engagement.
	Increased staff time spent on addressing internal complaints.

This Report estimates the economic costs of bullying and harassment for employers across New Zealand.

The Report advances our understanding of the costs of workplace bullying and harassment to employers, but it is not a complete picture. The analysis does not address the significant financial, mental, and emotional costs to workers who experience bullying and harassment.

Other important costs for employers include revenue losses from damaged reputation and trust and the costs of external mediation and employment tribunals for cases that escalate beyond internal complaints. We could not estimate these and other economic costs due to limited New Zealand evidence.

THE REPORT CONSERVATIVELY ESTIMATES THE COST OF BULLYING AND HARASSMENT TO NEW ZEALAND EMPLOYERS AT \$1.34 BILLION OVER A 12MTH PERIOD DURING JUNE 2021 TO JUNE 2022.

The Report highlights that proactively addressing workplace bullying and harassment will boost worker productivity, bring economic benefits to employers, and make Aotearoa New Zealand a better place in which to work and live.

Key Findings

\$1.34 billion	= The overall cost to New Zealand employers over a 12mth period during June 2021 to June 2022.
\$1,618	= The average cost for every worker impacted by bullying and harassment.
\$1.5 billion	= An estimate of the total cost for 2023, which is likely around 15% higher due to inflation, increases in nominal wages and the working population.

The total cost of \$1.34 billion arises from four categories of impact

Impact Categories	Annual Cost Estimate: Central Scenario	Range Estimate
Absenteeism	\$178m	\$147m - \$415m
Presenteeism	\$369m	\$54m - \$1,124m
Turnover and Replacement	\$568m	\$195m - \$1,290m
Internal Procedures	\$226m	\$64m - \$608m
Total	\$1,341m	\$461m - \$3,436m

Totals may not add due to rounding.

Our central estimate represents the most direct interpretation of the survey data and assumptions applied to the New Zealand economy from international literature. The range estimates provide the lower and upper bounds of impact, recognising that impacts can vary in severity, duration, and cost.

These are combined cost estimates for all three kinds of negative workplace behaviours - sexual harassment, racial harassment, and bullying. Additional analysis is required to understand how much each kind of behaviour contributes to the overall cost.

58% of this total cost (\$780m) arises from impacts on female workers, showing that women are disproportionately affected.

In addition to women, other groups of workers disproportionately experience bullying and harassment. The Commission’s previous report demonstrated that Tangata Whenua, Pacific Peoples, Asian workers, as well as disabled workers and bisexual workers experienced higher rates of bullying and harassment compared with other workers. However, due to the smaller sample sizes of these groups in the Commission’s study sample, the economic impacts of these workers’ experiences could not be reliably estimated. This is an area requiring further research.

Discussion of findings

The Report unpacks how costs are estimated for each impact category:

- **Absenteeism refers to workers taking extra leave from work as a result of their experiences of bullying and harassment.** Employers bear costs from lost productivity, because other employees need to cover the absentee’s work or work may be delayed or cancelled. 13.3% of workers affected by workplace bullying or harassment stated they took sick leave from work because of their experience; half of these took over two weeks off to recover.
- **Presenteeism means workers being present at work but not performing at full capacity.** The costs here are significant but often hidden. Many surveyed workers reported experiencing short and long-term negative effects associated with lower productivity. An estimated 57% of affected workers suffer from reduced productivity at the time of the incident, dropping to 32% on an ongoing basis. While productivity declines are likely to be relatively slight, the pervasiveness of presenteeism for affected workers means the costs to employers are high.

- 42% of the total estimated cost is driven by the **turnover and replacement of affected workers.** The survey data indicates one in six affected workers chose to resign at the time of their negative experience. This brings additional termination and recruitment costs on employers, as well as costs from the reduced productivity of the replacement employee in the short term.
- There are also costs associated with **internal procedures to address complaints raised following incidents of workplace bullying and harassment.** The survey data indicates 12.1% of affected workers make internal complaints. This takes the time of employees, managers and human resources staff away from more productive work.

It is important to note the limitations in such estimates because of challenges in acquiring sufficient data and uncertainties in making assumptions. The Report has taken a conservative approach throughout and excludes other impacts on employers not supported by reliable data. The actual economic cost is likely much higher.

How employers can respond

The findings make a strong case for proactive action on this issue. Organisations can respond by:

	Establishing well-defined policies and procedures to prevent and respond to such incidents.
	Implementing comprehensive training programmes for employees and managers to create awareness, promote prevention, and develop a culture of respect and inclusivity within the workplace.
	Fostering an open and supportive environment where employees feel safe reporting incidents, have access to independent complaints services, and where workplace investigations are prompt.

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1. Introduction

1.1 Context

Bullying and harassment affects many areas of life including workplaces, schools, family homes, communities and online platforms. This harmful behaviour not only impacts the wellbeing of the person experiencing the bullying or harassment but the repercussions can extend to families, friends, colleagues, communities and economies.

This Report focusses on one context in which bullying and harassment occurs: the workplace.

In December 2022, the International Labour Organisation, Lloyd’s Register Foundation and Gallup published *Experiences of violence and harassment at work: A global first survey*.¹ The survey found that more than one in five people in employment (743 million globally) have experienced at least one form of violence and harassment at work during their working life, and for many of these people it is a “recurrent and persistent phenomenon”. The impacts of this violence and harassment are “profound and costly”.²

“VIOLENCE AND HARASSMENT AT WORK CAUSES HARM TO INDIVIDUALS, FAMILIES, BUSINESSES AND SOCIETIES. IT AFFECTS PEOPLE’S LIVES, DIGNITY, HEALTH AND WELLBEING.

IT ALSO EXACERBATES INEQUALITY IN SOCIETIES AND UNDERMINES BUSINESS PRODUCTIVITY ... [AND CAUSES] ECONOMIC LOSSES FOR WORKPLACES AND SOCIETIES”.³

Aotearoa New Zealand is no exception to this global phenomenon. A recent Issues Paper from the Ministry of Business, Innovation and Employment (**MBIE**) described workplace bullying and harassment as a “complex, widespread and serious problem” for New Zealand with significant negative impacts.⁴

As with other contexts, bullying and harassment in the workplace has a multitude of impacts on the person affected, including a deterioration in physical and mental wellbeing and damaged career prospects. The impact is not only on employee morale and wellbeing. Workplace bullying and harassment poses substantial economic costs too, for New Zealand’s workers, workplaces, and society. Any improvement in its incidence rate will have positive economic impacts on top of making New Zealand a better place to live and work.

Some readers will have personal experience of workplace bullying and harassment, while others will know people who have experienced the behaviour. It is important to learn from these stories.⁵ New Zealand also needs clear data to address the impacts of workplace bullying and harassment effectively. This includes an accurate understanding of the prevalence, the scale of the impacts, and the economic costs to employers and society.⁶

1.2 This Report

This Report estimates the economic costs of workplace bullying, sexual harassment and racial harassment to employers across New Zealand. These three behaviours are referred to as ‘bullying and harassment’ throughout this Report.

This Report builds on a study published by Te Kāhui Tika Tangata Human Rights Commission (**the Commission**) in 2022: *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand (Commission’s Report)*.⁷ The Commission drew on data from a nationwide survey of over 2,500 workers in New Zealand conducted by Kantar Public in May-June 2022 (**the Survey**).⁸ The Survey data and Commission’s Report shed light on the prevalence of bullying and harassment in New Zealand’s workplaces, the experience of those affected by it (**affected workers**), as well as how best to support them.

The Commission’s Report concluded that bullying and harassment affects workers across all sectors and socioeconomic groups, with far-reaching negative impacts on the workers and those around them. It also demonstrated the disproportionate impact that bullying and harassment has on various groups including women, Tangata Whenua, Pacific Peoples, and Asian workers, as well as disabled workers and bisexual workers.

KPMG collaborated with the Commission on a pro bono basis to estimate the costs faced by employers from the workplace bullying and harassment discussed in the Commission’s Report. The objective is to offer credible cost estimates to guide public discussion and inform how employers respond. A model has been constructed to estimate these costs (**the Model**). It provides an estimate of the combined costs of workplace bullying, sexual harassment and racial harassment for the one-year period preceding the Survey (**relevant period**).

There are limitations in estimates of this kind, given challenges in acquiring sufficient data and the uncertainties in the assumptions made in the Model. A comparable study overseas described their findings as “informed estimates” - this is also an appropriate description for this Report.⁹ This Report has taken a conservative approach to estimating costs by limiting the scope to areas where reliable data sources can be obtained. The actual costs are likely far higher. Yet even on this conservative estimate, it is apparent that the costs are substantial.

1.3 Scope

To create focussed, credible estimates, this Report considers:

- **Bullying, sexual harassment, and racial harassment occurring in the workplace.** Other kinds of antisocial behaviour are out of scope, as are bullying and harassment occurring in other contexts such as in family homes, communities or amongst students at educational institutions.¹⁰
- **Economic costs to employers arising from absenteeism, presenteeism, turnover and replacement and internal complaints.** Other costs fall outside the scope, including costs on co-workers, communities, and society generally. Society, for instance, faces costs because of higher demand on healthcare services, increased welfare benefit payments, and elevated criminal justice costs.¹¹

This approach enables consideration of the areas where there is strong supporting evidence underpinning the cost estimates. The supporting evidence principally comes from the Survey but also from international literature and Statistics New Zealand data.

Impacts

The Model considers four impact categories where the evidence for estimating the economic impact is strongest:

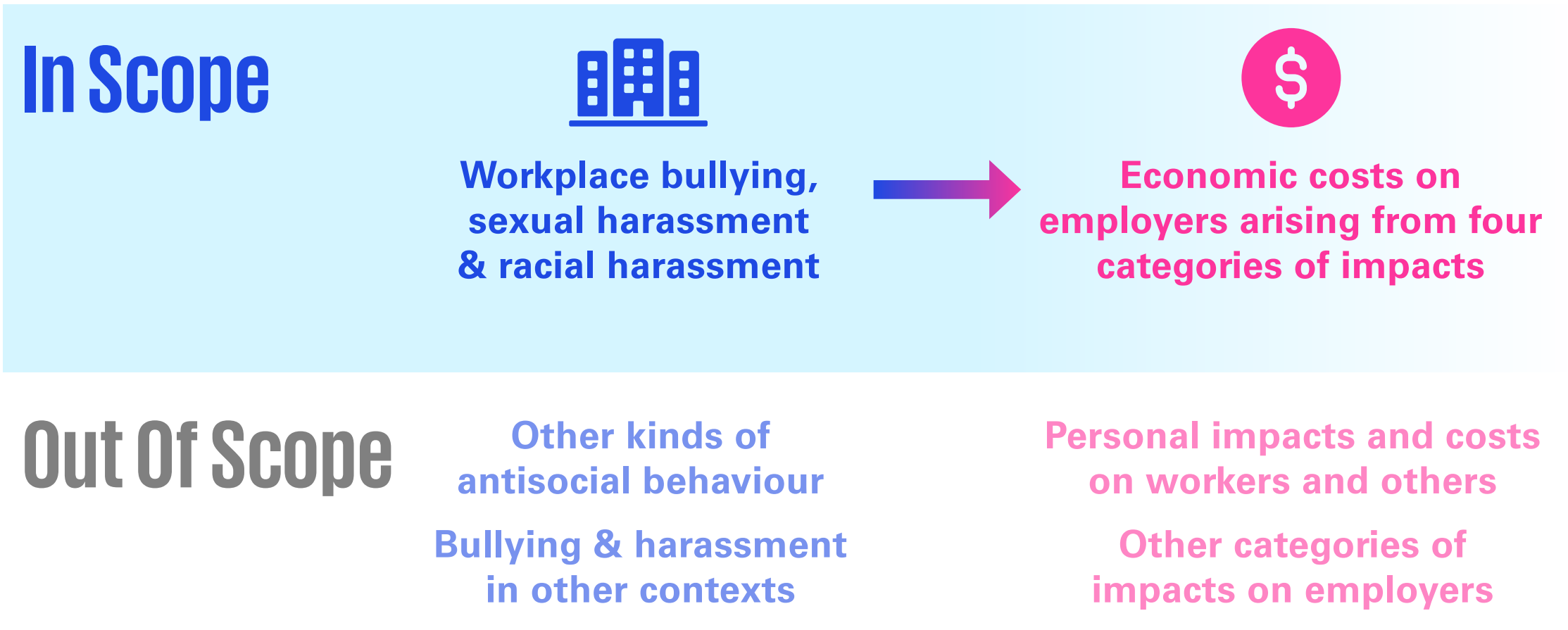
Impact Category	Description
Absenteeism	The estimated costs of affected workers taking extra sick leave because of workplace bullying or harassment.
Presenteeism	The estimated costs of lowered affected worker productivity at work because of workplace bullying or harassment.
Turnover & replacement	The estimated costs associated with losing a trained worker because of workplace bullying or harassment and hiring a replacement.
Internal procedures	The estimated opportunity cost of time taken (by Human Resources personnel, managers, affected workers and others) to address incidents of workplace bullying or harassment.

One significant area of interest not covered in scope, due to a lack of available data, is the impact of external mediations and employment tribunals for cases that escalate beyond an internal complaint. External proceedings may significantly increase the total economic impact of workplace bullying and harassment in New Zealand.

Costs

Cost estimates are provided for each impact category, with a full methodological breakdown found in **Appendix B**. Cost estimates are given both as a range and a single figure. The range estimates reflect variations in the literature sources and, in some cases, different interpretations of the Survey results. The central scenario represents the best-evidenced estimate of the key variables.

Cost estimates are also broken down by the gender profile of the affected workers. Observations are made about other demographic elements such as ethnicity and migrant status, but these findings remain tentative as the limited sample size generally do not support statistically significant findings. The estimates relate to the costs borne by New Zealand employers during the year preceding the Commission’s Survey. A 2023 estimate would be substantially higher due to inflation, increases in nominal wages, and the New Zealand working population since 2021/22.



2. Key Findings

\$1.34 billion	= The overall cost to New Zealand employers over a 12mth period during June 2021 to June 2022.
\$1,618	= The average cost for every worker impacted by bullying and harassment.
\$1.5 billion	= An estimate of the total cost for 2023, which is likely around 15% higher due to inflation, increases in nominal wages and the working population.
29.1%	= The proportion of workers who experienced at least one bullying or harassment behaviour in the year preceding the survey.

2.1 Prevalence

Using the definitions outlined in Section 3, it was found that 29.1% of workers experienced at least one bullying or harassment behaviour in the year preceding the Survey. A statistically significant difference was observed between females and males, with 33% of sampled females being impacted by workplace bullying or harassment compared with 26% for males.

A higher proportion of Māori respondents experienced bullying or harassment in the relevant period compared with other respondents, though smaller sub-samples and some respondents belonging to multiple ethnicity groups makes statistically significant conclusions more difficult to make.

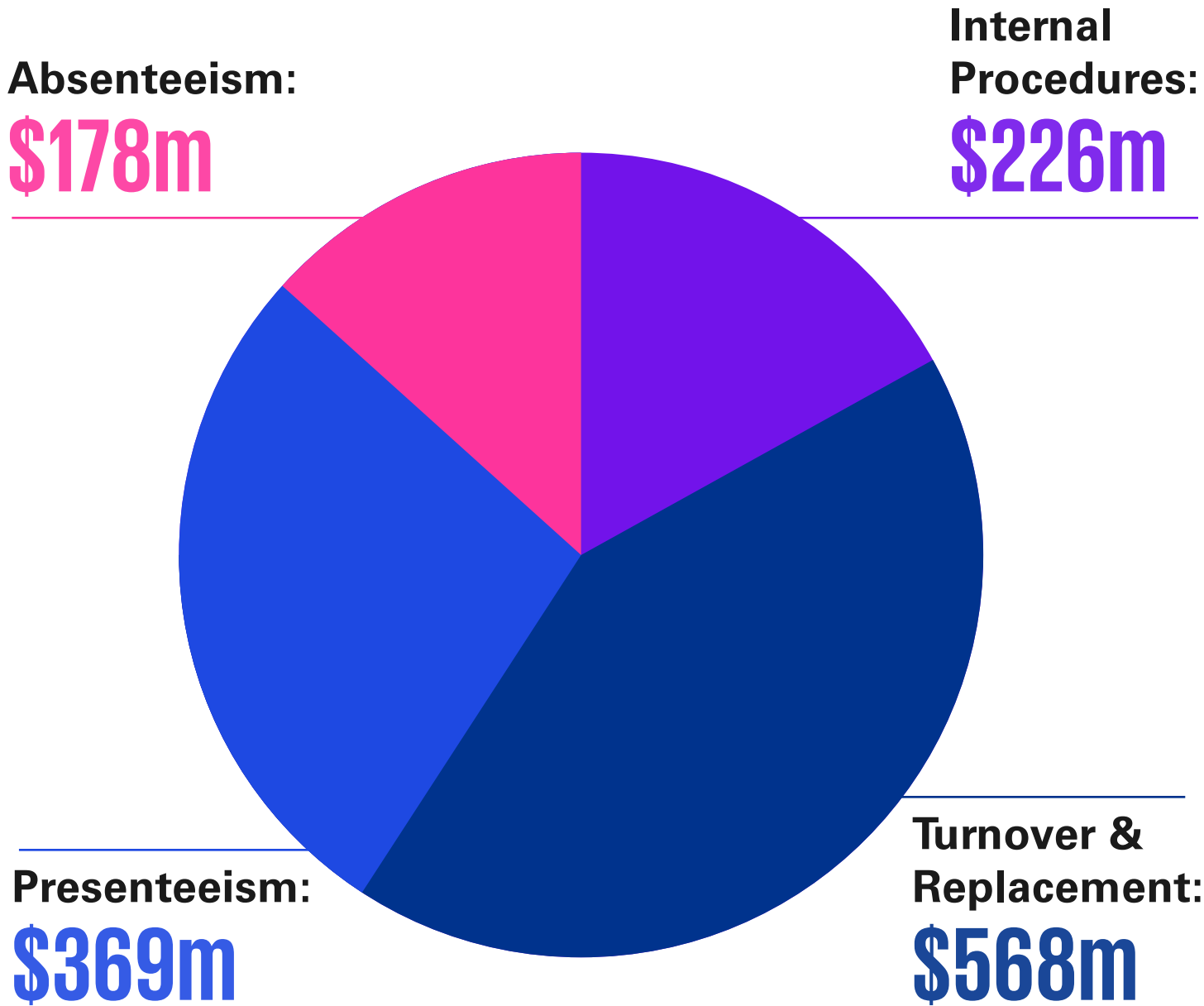
Differences in workplace bullying and harassment prevalence between those born in New Zealand and migrants were limited.

2.2 Cost estimates

We conservatively estimate that workplace bullying and harassment in the relevant period **cost New Zealand employers \$1.34 billion** in the central scenario.

- 42% of this total is driven by the turnover and replacement of affected workers; nearly one in six affected workers chose to resign at the time of their negative experience, bringing costs upon employers in the form of termination and recruitment costs as well as the reduced productivity of the replacement employee in the short term.
- The per-occasion cost of employee presenteeism (employees working with reduced productivity) is lower than for other impact categories, but its high prevalence among affected workers means that presenteeism is a major contributor to the overall estimate. In the central scenario, 57% of affected workers suffer from reduced productivity at the time of the incident, dropping to 32% on an ongoing basis.

- Various staff members must spend time resolving any internal complaints that are made by an estimated 12.1% of affected workers. This time is estimated to be worth \$226 million to New Zealand’s employer’s for the year examined. If workplace bullying and harassment were to be reduced, employees could spend this time on productive work.
- 13.3% of affected workers took sick leave as a result of being bullied or harassed, with an estimated cost of \$178 million on New Zealand employers. 42% of those who took sick leave following the incident were absent from work for over two weeks, bringing considerable costs upon their employer.



2.3 Gender-based differences

Significant differences in the cost of workplace bullying and harassment are observed when comparing between female and male affected workers.

Despite females making up 47% of the working population in the relevant period, costs faced by New Zealand employers as a result of the bullying or harassment of female workers is 58% of the total cost. This difference between genders is primarily driven by turnover and replacement; 19.5% of female affected workers resigned at the time of their incident, substantially higher than the 12.5% of males who resigned. Meaningful gender-based differences are also seen in the estimate for internal procedures, with 14.5% of female affected workers raising a formal internal complaint following an incident, compared with 9.6% of male affected workers.

Impact Categories	Annual Cost Estimate – Central Scenario	Range Estimate	Females	Males
Absenteeism	\$178m	\$147m - \$415m	\$89m	\$89m
Presenteeism	\$369m	\$54m - \$1,124m	\$182m	\$187m
Turnover & Replacement	\$568m	\$195m - \$1,290m	\$366m	\$202m
Internal Procedures	\$226m	\$64m - \$608m	\$142m	\$84m
Total	\$1,341m (1.34b)	\$461m - \$3,436m (0.46-3.43b)	\$780m	\$562m

Totals may not add due to rounding.

3. Methodology and Data

A bottom-up approach is taken for cost estimation, whereby the Survey data was combined with estimates of other impacts and costs from international literature and public data sources. This approach was preferred because of the detail on case prevalence and impact contained within the Survey.

This approach contrasts with what might be called a top-down approach, which begins with broader estimates (such as figures from the literature on workplace stress or health and safety) and then apportions some of that total to costs associated specifically with bullying or harassment.¹²

The Model uses the general formula:

Prevalence	The number of New Zealand workers who experienced and were impacted by workplace bullying or harassment over the year studied - affected workers .
X impact	An estimate of the impact (for example, lost workdays) of each averaged case of bullying or harassment broken down into four impact categories.
X cost	An estimate of the economic cost of each impact category to the employer.
= TOTAL	The cost to New Zealand employers of workplace bullying and harassment during the relevant period.

3.1 Data sources

3.1.1 Human Rights Commission Survey

The primary data source is the Survey. Undertaken by Kantar Public in May and June 2022, 2,512 workers were sampled on a wide range of questions. Respondents detailed the extent of their experiences of workplace bullying and harassment, including the types of behaviour they encountered, when it occurred and the impact it had on them. This data provides inputs for estimating the prevalence of the harmful behaviours and the frequency, severity and range of impacts on affected workers.

3.1.2 Statistics New Zealand data

To quantify the impact of workplace bullying and harassment and scale it to the national level, Statistics New Zealand data on median wages and working population size is used. A mix of 2021 and 2022 data is employed to best reflect the cost of workplace bullying and harassment in the year preceding the Survey (see Section 3.2.3).

The number of people employed in the labour force for the one-year period was around 2.8 million, and the assumed median weekly wage for those in paid employment (receiving wages/salary or self-employed) is \$1,117 (pre-income tax).

3.1.3 International literature

As this area has not been previously researched in New Zealand, international literature is used to inform some of the Model assumptions.

There are multiple challenges with the use of this research, including:

- **Inconsistent definitions:** different research studies use different definitions for specific behaviours or use other terms such as ‘workplace violence’.
- **Gaps in research on harassment:** in general, workplace bullying has been more extensively researched than workplace harassment. This is especially true of racial harassment. For this Report, assumptions or data points have sometimes been drawn from the bullying literature and applied more generally to bullying and harassment together.

3.2 Prevalence

In estimating the prevalence of workplace bullying and harassment, this Report relies on the data from the Survey. The formula for calculating prevalence is:

	The proportion of the sample who experienced and were impacted by at least one kind of workplace bullying or harassment behaviour over the relevant period.
X	The number of workers in New Zealand during the relevant period.
=	The estimated number of affected workers in New Zealand during the relevant period.

3.2.1 Aggregating the three harmful behaviours

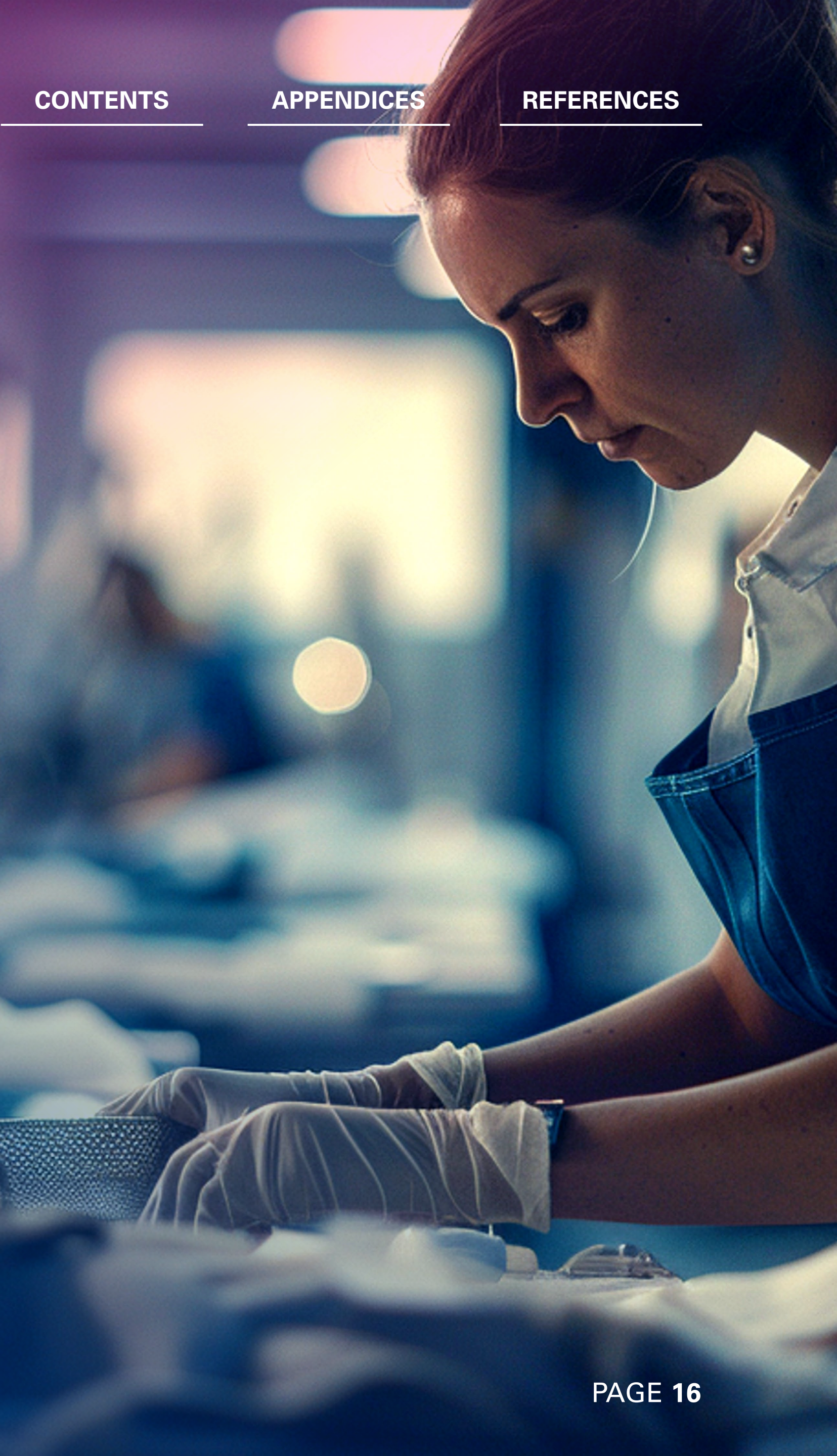
The Commission’s Report identified three kinds of harmful behaviours: sexual harassment, racial harassment and bullying. It was common in the sample for affected workers to have experienced two or more types of harassment/bullying; 58% of victims experienced more than one kind.

The Model estimates the overall cost of workplace bullying and harassment from the various harmful behaviours, rather than for each behaviour individually. This approach was taken for two main reasons:

1. The Survey data on impacts is not attributable to specific cases of bullying or harassment. This means that for those affected workers who experienced multiple types of bullying or harassment, the impacts they experienced cannot be linked to a specific kind of behaviour. Aggregating the three behaviours, therefore, is the most reliable means of utilising the Survey data.

2. Removing the 58% of affected workers who experienced multiple types of harmful behaviours from the data sample would undermine the explanatory potential of the dataset and the statistical significance of the findings. The 58% figure captures the reality that many people do in fact experience multiple types of harassment or bullying, and it is useful for the cost estimates to reflect this reality.

There are some limitations to this approach. Sexual harassment, racial harassment and bullying affect different demographics differently, and the impacts on affected workers and others will not always be equivalent. It is also feasible that some respondents experienced multiple types of bullying or harassment at different times during the relevant period, and experienced negative consequential impacts each time. Nonetheless, for the reasons discussed, the Model assumes that data points relevant to a specific behaviour are applicable for all three kinds of behaviour considered in aggregate.



3.2.2 “Bullying and harassment”: behavioural definitions

The Survey utilised multiple approaches to measuring prevalence: as well as asking directly whether or not respondents had “personally ever been sexually harassed/racially harassed/bullied in a work environment (e.g., at work or a work-related event?)”, the Survey also asked if respondents had experienced one or more relevant behaviours related to each of sexual harassment, racial harassment and bullying.

The Model uses prevalence figures based on answers to the behavioural, rather than direct, questions. Critically, the words ‘bullying’ or ‘harassment’ were deliberately not used in the Survey’s behavioural questions. Using this approach provides a more accurate picture of the prevalence of workplace bullying and harassment, as many people do not recognise that they have been bullied/harassed, even if it is clear from the referenced behaviours that they have been.

Almost three times as many respondents reported experiencing at least one racial harassment behaviour compared with responses to the direct question. The multiple is over two for sexual harassment, and the difference is notable for bullying as well.¹³ As the Commission’s Report observes,¹⁴ “differences in prevalence rates using the labels of sexual harassment and racial harassment versus the behavioural definitions points to a gap in worker understanding of what constitutes these types of harassment”

The Behaviours

The full list of behaviours shown to the Survey respondents can be found in **Appendix A**. In brief:

- **Sexual harassment** was linked to a list of 11 behaviours including various kinds of: crude/offensive behaviour (such as unwanted sexual remarks/jokes or explicit emails), unwanted sexual attention (such as sexually directed remarks/questions or sexual staring or glances), sexual assault (such as unwanted touching), and sexual coercion (such as unwanted requests or pressure for sex).

- **Racial harassment** was linked to a list of 12 behaviours such as: someone telling jokes about your race, racial slurs, making you feel as if you have to give up your ethnic identity to get along or do well at work, insisting you speak only English at work, or someone excluding you socially or failing to give you information you need because of your race.
- **Bullying** was linked to 10 bullying behaviours including: being set up to fail in your role, reminders of your errors or mistakes, the spreading of gossip and rumours about you, practical jokes carried out by people you don’t get along with, or persistent criticism of your work and effort. The bullying question set used a frequency scale (e.g. never, seldom, sometimes, etc.) for response options as opposed to the yes / no response options used in the sexual and racial harassment questions.¹⁵ The bullying behavioural prevalence figures captures the proportion of affected workers who experienced at least one of the 10 negative acts ‘often’ or ‘always’ in the 12 months preceding the Survey (i.e. the relevant period).

3.2.3 Relevant period

For the behavioural definition questions, Survey respondents who said they had experienced at least one form of bullying or harassment were asked when their most recent experience occurred. The possible answers were:

- ‘it is currently happening’
- ‘1 to 12 months ago’
- ‘between 1 to 2 years ago’
- ‘between 2 to 3 years ago’
- ‘between 3 to 4 years ago’
- ‘between 4 to 5 years ago’
- ‘more than 5 years ago’ or
- ‘don’t recall’

In presenting the prevalence data for racial and sexual harassment in the Commission’s Report, the Commission used a ‘last five years’ prevalence, which includes all answers except for ‘more than 5 years ago’ and ‘don’t recall’. Five years was considered a long enough period of time to capture behaviours that could be fairly rare, but short enough a period of time to maintain decent recall from respondents. A five-year period also helped to capture the experiences of people who may have had to exit the workplace due to their bullying and harassment.¹⁶

The Model, however, is limited to cases where the harassment or bullying ‘is currently happening’ or happened ‘1 to 12 months ago’. This approach is preferred for two reasons:

1. It provides an effective baseline for estimating prevalence and costs on an annual basis.
2. Because respondents were often asked about the impacts of their *most recent* experience. This means the data for experiences that happened longer ago is likely to be unreliable.

The Survey was conducted largely in June 2022 - so the relevant period is taken to be the year preceding this. The relevant period provides the temporal limits for the *incidents* of bullying and harassment. For the impacts of those incidents, a duration of impact is built into the cost calculations for each impact category; assumptions are explained in later sections and can be found in more detail in **Appendix B**.

3.2.4 Working status

The Commission’s Report defined a ‘worker’ as a person “either currently being in paid employment or having been in paid employment in the last five years”.¹⁷ This means that some respondents may have had substantial time off work, and only worked for some time in the five-year period. This definition doesn’t exactly align with the Statistics New Zealand working population data, which only concerns those currently employed in the labour force. To better align with the data used, the Model only includes information supplied by Survey respondents who stated they are currently working as either employees working for wages/salary or self-employed/contractors. One limitation of this definition is that some people may have exited the workforce *because of* their experience of bullying or harassment. The loss of these workers also represents a cost to their employers not captured in the Model.

This Report uses the language of ‘employers’ and ‘employees’ throughout, while recognising this does not accurately describe every work situation. It is beyond the scope of this Report to distinguish impacts and costs based on different kinds of work arrangements.

3.2.5 Demographic breakdown

The Survey asked respondents for demographic information relating to gender, ethnicity, disability, age, sexual identity, industry, and period of settlement in New Zealand. This allowed the Commission’s Report to make observations on the prevalence and impact of bullying and harassment from different demographic and identity perspectives.

This Report has likewise sought to provide a demographic perspective to its findings as far as possible in relation to gender, ethnicity, and migrant status.

- **Gender:** this Report has broken down the results by ‘male’ and ‘female’. There were 1,255 females and 1,243 males in the full sample; there were also 10 respondents who stated that they were another gender and four who preferred not to disclose their gender. The Model has not incorporated either of the latter two categories into its core estimates due to the small sample sizes.¹⁸
- **Ethnicity status:** respondents were asked for information on their ethnicity. This Report makes some general observations in this respect, though the sample size from the Survey does not lend itself to drawing statistically significant conclusions based on observed differences between ethnicities.

- **Migrant status:** respondents were asked if they were born in New Zealand, had migrated in the last five years or migrated over five years ago. Due to the low number of Survey respondents who said they migrated in the last five years (65), any further reported prevalence or cost relating to migrants in this Report will pertain to all migrants unless stated. Only tentative observations can be made due to the small size of the migrant sub-sample.

3.2.6 Weighting

Kantar Public, in collating the Survey results, weighted each respondent according to their age, ethnicity, and gender within industry. These weightings correct for certain variables being over- or under-represented in the sample compared with the working population. The Model uses these weights to produce the best possible estimate of both the prevalence of workplace bullying and harassment and the impacts it has on affected workers nationally.



3.3 Impacts

The second stage in the formula is estimating the impact of each ‘averaged case’ of bullying or harassment, broken down into various categories. The impacts of workplace bullying and harassment are wide-ranging. **Section 8** discusses costs on employers that fall outside of the scope of the Model because there is a lack of reliable data to support credible cost estimates. In particular, the Model is largely limited to costs arising from impacts on affected workers, whereas there are also significant costs from impacts on other workers in the workplace or on the employer’s external relationships, such as with clients or potential future staff. The final figures, therefore, are a conservative estimate of the actual likely costs on employers.

3.3.1 Four impact categories

Four impact categories are included within the Model:

Impact Category	Description
Absenteeism	The estimated costs of affected workers taking extra sick leave because of workplace bullying or harassment.
Presenteeism	The estimated costs of lowered affected worker productivity at work because of workplace bullying or harassment.
Turnover & replacement	The estimated costs associated with losing a trained worker because of workplace bullying or harassment and hiring a replacement.
Internal procedures	The estimated opportunity cost of time taken (by Human Resources personnel, managers, affected workers and others) to address incidents of workplace bullying or harassment.

In calculating impacts on employers, various data points from the Survey are used, as well inputs from academic research. Each category not only showcases the key findings but also breaks down the workings, according to the prevalence-impact-cost framework. While some affected workers in the Survey fall into more than one category, the extent of overlap between these categories is expected to be limited, and KPMG has not sought to quantify this.

Sally’s story gives a hypothetical example of how the impact categories might play out in a workplace:

Sally faces unwanted sexual attention from her manager, including inappropriate personal questions and repeated invitations to go out for drinks. She has been clear with him she is not interested in associating with him outside of work but his advances continue.

Sally feels increasingly uncomfortable and anxious due to his behaviour, and her work performance suffers. She loses concentration more easily, finds it harder to engage with her colleagues, and makes mistakes she would not have made before. Sometimes she simply cannot face work and so calls in sick.

Sally eventually complains to the HR department and several meetings and mediations with Sally and her manager are arranged to address the issue. Unsatisfied with the outcome, she decides to resign. Sally’s story illustrates the costs borne by her employer, including the costs of:

- Her decreased work performance.
- Sally taking additional sick leave.
- The time taken by the HR department, Sally and her manager attempting to resolve the issue.
- The costs of losing and replacing Sally when she decides to leave.

3.4 Cost

After identifying the prevalence and impact information, these need to be translated into economic terms. For absenteeism, presenteeism and internal procedures, the prevalence and impact assumptions result in an assumed number of weeks of work lost. To convert these into cost estimates, median weekly wage data is applied. A drawback of this approach is that it can overemphasise economic factors rather than societal ones such as gender and ethnicity; nevertheless, salaries often capture productivity-influencing variables such as education, years of experience, and skills, so it is KPMG’s preferred approach for the estimation.

For turnover and replacement, Survey data leads to an assumed number of workers who resign because of workplace bullying and harassment. An assumed cost of replacement is then applied to reach a final cost estimate.

Cost estimates are provided in New Zealand dollars and apply to the relevant period. It is expected that if the prevalence statistics used in the estimates were combined with 2023 working population and median wage data, the overall estimate would be around 15% higher than stated in this Report (approximately \$1.5 billion).

For each category, this Report offers cost estimates as a single central figure, a range, a cost per affected worker and a cost per worker.

3.4.1 Range estimates

The use of range estimates reflects the unavoidable uncertainty in several of the assumptions used – they are positioned such that there is confidence that the value lies somewhere within this range, based on the evidence available. For example, with presenteeism, Survey respondents reported experiencing several different impacts following an incident of workplace bullying and harassment, but there is no reliable way to identify who experienced productivity loss and who did not. The Survey-based prevalence figure is not subject to variation, as is the case with the working population and median wage data.

3.4.2 Central estimates

The central estimates for each impact category reflect the best-evidenced figure; this means taking what is believed to be the most accurate value for each uncertain variable in a calculation and multiplying them together to reach a single value. This central estimate is often not in the middle of the wider range, because assumptions on either side are not necessarily symmetrical.

3.4.3 Cost per affected worker

Cost per affected worker provides an estimate of the cost faced by employers for every worker they employ who experiences bullying or harassment and is impacted in some way by that behaviour.

3.4.4 Cost per worker

Cost per worker is the average cost of workplace bullying and harassment across all workers in New Zealand, whether they have been impacted by workplace bullying and harassment or not. It provides a straightforward basis for employers to evaluate the expected economic cost they are paying because of bullying and harassment occurring in their workplace, based on the number of staff they employ.

The full numbers for each category can be found in **Appendix B**. The four categories are aggregated to reach the final total figures.



4. Absenteeism

Absenteeism, in general terms, refers to a pattern of absence from work, for various possible reasons. In the context of this report, absenteeism refers to workers taking extra sick leave due to workplace bullying or harassment. Costs faced by employers because of employee absenteeism can manifest in various ways:

- **Other workers covering:** Co-workers may be taken away from their usual work to cover their absent colleague. In some circumstances, overtime may be required with additional costs accruing to the employer.
- **Work is delayed:** If the absent employee’s work cannot be adequately covered by colleagues, there may be no other choice but to delay progress until they return.

Absenteeism may also have other effects, including damaging the morale of co-workers, covering absent colleagues leading to burnout and the quality of work declining if the work is being completed by less qualified workers.

Hypothetical example of absenteeism in the workplace:

Māia is a young Māori woman working in the hospitality sector. On several occasions, customers have used racial slurs when speaking with her or intentionally made racial jokes in her hearing.

Her work colleagues laugh at the jokes. This distresses Māia and she takes a day of sick leave. On her return, she raises the matter with her boss.

She is advised that it was just ‘jokes’ and that she should get over it. She is told the ‘real issue’ was her speaking te reo Māori with another colleague at work because this made customers feel uncomfortable.

Following the conversation, Māia begins to feel anxious and physically sick at work when dealing with customers, her colleagues, and her boss. She eventually takes another week of sick leave to try to regain her composure at work.

4.1 Survey data

The nature of the Survey data enables a link between bullying and harassment and time taken off work. Sick leave was a possible answer to Survey questions asking which ‘at the time’ and ‘ongoing’ impacts respondents had experienced. 13.3% of affected workers reported taking sick leave of any length because of their experience, with ‘up to 10 days’ sick leave being a slightly more common response than taking over 10 days off (7.7% vs 5.6%).

Notable differences were observed between genders in the results. The proportion of females who reported taking up to 10 days off work was almost triple the equivalent male proportion (11.2% vs 3.9%), yet more males than females reported taking over 10 days off work (7.2% vs 4.0%). Some differences in sick leave rates across ethnic groups and migrant status can be observed, but the small sub-sample sizes limit their statistical significance.¹⁹

The Model focusses on the costs of lost employee time due to sick leave. The leave-related costs faced by businesses as a result of bullying and harassment likely go further than this, though these are harder to estimate. Overtime for other employees may be required to cover the absentee. Affected workers may use annual leave in cases where their sick leave has been exhausted, the unplanned nature of which may cause workload inefficiency, even if it does not have an impact on the number of days an employee works in the long-term.

4.2 Absenteeism estimate

The Model focusses on the taking of sick leave. This approach follows the Survey design, where respondents were able to state whether or not they took sick leave as a result of their bullying or harassment experience. The central estimate of \$178 million is based on separate estimates for different lengths of sick leave. Respondents in the Survey could differentiate between taking up to 10 days of sick leave or over 10 days of sick leave.



As is the case with most economic assessments, the absenteeism estimate is subject to considerable uncertainty, with a range estimate placed between \$147m and \$415m. This variation across the different scenarios is driven by the assumed duration of sick leave taken:

Low

It is assumed that those who took up to 10 days off tended to take closer to one day off than 10. However, the fact that 42% of affected workers who took sick leave stated that they took over 10 days off means that the cost estimate in this scenario is still substantial.

Central

Two weeks was conservatively used as the amount of time taken off by affected workers who reported taking over 10 days off. 10 days is the minimum sick leave entitlement in New Zealand workplaces as of July 2021. It was assumed that those who took up to 10 days off were, on average, taking 5.5 days off (halfway between one and ten).

High

This scenario reflects the likely possibility that some employers will offer more sick leave than the minimum two-week requirement, and affected workers may require a longer time off work to recover from their experience. In this scenario it was assumed that those who took up to 10 days off averaged closer to 10 days’ leave than 1 day.

Absenteeism Costs

	Overall cost	Female	Male	Cost per affected worker	Cost per worker employed
Central estimate	\$178m	\$89m	\$89m	\$219	\$63
Range	\$147m - \$415m	\$67m - \$181m	\$80m - \$234m	\$184 - \$519	\$52 - \$147

Using the central scenario assumptions, an estimated 0.3 days of work are lost for every incident of workplace bullying and harassment. A lower incidence of workplace bullying and harassment would increase the number of days spent at work in a given year, and thereby increasing the productive output of New Zealand on a per-employee basis.

5. Presenteeism

Presenteeism occurs when an employee remains present at work but operates with reduced productivity. There are various types of impact an affected worker could experience which may be connected (directly or indirectly) to a reduction in their productivity:

- **Their job becomes harder to perform:** affected workers may feel a direct impact on the difficulty of their job because of their experience.
- **Worsened mental or physical health:** experiencing negative mental effects, such as suffering from increased anxiety or depression and physical effects (such as having trouble sleeping), may affect productivity.
- **Strained work relationships:** difficulty interacting with colleagues, or a feeling of resentment towards others for how the events unfolded or have been handled may cause decreased employee or team productivity.

Hypothetical example of presenteeism in the workplace:

Abdul works as an accountant in a small firm. He loves the work, yet almost as soon as he joins, one of his colleagues starts picking on him. The colleague repeatedly makes insulting remarks about his personal life and plays practical jokes on Abdul, even though Abdul has said he does not appreciate them.

This treatment increasingly undermines Abdul’s confidence and enthusiasm at work. He begins to make more mistakes, and his colleague also teases him about these.

Abdul becomes more withdrawn, takes less initiative, and has less energy to give to his work. His supervisor needs to spend more time monitoring and reviewing his work than before.

Presenteeism Costs

	Overall cost	Female	Male	Cost per affected worker	Cost per worker employed
Central estimate	\$369m	\$182m	\$187m	\$450	\$131
Range	\$54m - \$1,124m	\$26m - \$557m	\$28m - \$567m	\$66 - \$1,369	\$19 - \$399

5.1 Presenteeism estimate

It is estimated that presenteeism cost New Zealand employers approximately \$369 million during the relevant period. The estimates range widely between the low and high scenarios, caused by uncertainty in:

- **The proportion of affected workers who experience decreased productivity:** various impacts were reported, with certain impacts having a clear link to reduced productivity and some having a weaker link.
- **The extent of productivity reduction:** international literature informs this assumption, with an assumed range of 4 - 7% between low and high scenarios.
- **The duration of productivity reduction:** limited evidence is available for how long productivity reductions may last.

Conservative assumptions were made in these areas of uncertainty, and so the \$369 million is unlikely to capture the full extent of presenteeism-related costs.

5.2 Discussion

5.2.1 Prevalence of presenteeism

The Model relies on the Survey data in estimating the number of affected workers who experienced a drop in productivity at work because of workplace bullying or harassment. Survey respondents were asked about the various impacts they experienced resulting from their bullying or harassment, with a question each for ‘at the time’ compared with ‘ongoing’ impacts. For both questions, 36 possible impacts were listed, and respondents could select any number of them.

One of the possible responses has a clear link to reduced productivity, namely respondents could identify that they ‘found it harder to perform my job’ (at the time) or

‘continued to find it harder to perform my job’ (ongoing). The low scenario assumes that the proportion of affected workers who experience reduced productivity is equal to the proportion of the affected workers sampled who found it harder to perform their job.

Other noted impacts are also plausibly connected to reduced productivity. As with absenteeism, the causal link between the workplace bullying or harassment and reduced productivity is often complex and indirect. The bullying or harassment might impact affected workers’ physical or mental health, their relationships with colleagues, or their morale and motivation. These impacts, in turn, could plausibly lead to reduced output or quality of work, an increase in mistakes, or the need for additional training and manager supervision time.²⁰ On this basis, 22 at-the-time impacts and 18 ongoing impacts were identified that could plausibly be correlated with a fall in productivity. These impacts are noted in **Appendix D**.

The assumption employed for each scenario and the associated proportion of affected workers in the Survey who were part of this group are as follows:

Scenario	Assumption	At-the-time	Ongoing
Low	Only includes respondents who indicated that they ‘found it harder to perform my job’ either at the time or on an ongoing basis.	33.0%	10.4%
Central	Midpoint between Low and High scenarios.	56.5%	31.9%
High	Includes respondents who experienced at least one of the impacts that are plausibly correlated with reduced productivity.	80.1%	53.4%

Generally, females were slightly more likely to suffer productivity impacts, though more males reported finding it harder to perform their job at the time of the incident. There were no statistically significant differences when comparing across ethnicity groups and migration status.

These prevalence figures are in the ballpark of estimates from other research studies overseas.²¹ One study from 2009, for instance, found evidence for a range of productivity impacts for bullied staff, reporting that 78% reduced their commitment, 66% reported declined performance, and approximately 50% decreased their work effort and time spent at work.²²

5.2.2 The extent and duration of lowered productivity

As the Survey data does not provide strong indications about the extent and duration of lowered productivity at work, these inputs must be found from other research. Several studies have attempted to estimate the percentage decrease in productivity experienced by workers who have been bullied or harassed.²³

The Model uses the results of a UK survey, published in 2000, of 5,288 individuals who were asked to report on their own current performance.²⁴ The results ranged from a 4% productivity reduction for those ‘bullied in the past’

to a 7% drop for those who are ‘currently bullied’. 4% and 7% figures were used in this Report as the lower and upper bounds for the extent of productivity reduction.

Further assumptions are necessary with respect to the duration of the lowered productivity. One study relying on the same figures from the 2000 UK study assumes the lowered productivity lasts for an entire year.²⁵ A more conservative approach has been taken for this Report, making use of the Survey’s distinction between at-the-time and ongoing impacts. In the high scenario, the Model assumes that impacts experienced at the time of the incident may contribute to productivity declines for up to six weeks, while ongoing effects may impact productivity for up to 24 weeks. In the low scenario, the durations range from two weeks (at the time impacts) and eight weeks (ongoing impacts).

Extrapolating from the Survey data, 9.6% of workers found their job harder to perform as a result of being bullied or harassed in the workplace. A decrease in workplace bullying and harassment would lead to, on average, an increase in the productivity of employees, with positive outcomes for New Zealand as a whole.

6. Turnover & Replacement

Employees may feel that they have little choice other than to resign following a workplace bullying or harassment incident. When an affected worker decides to resign, the employer faces various kinds of costs:

- **Time spent on the exit process:** exit interviews may be required and administrative time must be spent on the contract termination process.
- **Time and money spent on the recruitment process:** the employer needs to advertise, interview and negotiate/offer an employment contract.
- **Lower short-term productivity of replacement:** replacement staff will most likely have reduced productivity in the short term; training and orientation will also be required for the new employee.

Hypothetical example of turnover and replacement in the workplace:

Sarah is a junior developer working in a large company. Her job is busy and stressful at times, but Sarah is prepared for this and coping with the long hours.

An older colleague begins to touch her in ways she finds deeply uncomfortable – patting her hair, putting a hand on her back, and trying to hug her. She has told him to stop on a number of occasions, but he continues to actively find ways to touch her.

Sarah decides to seek work elsewhere. Sarah was a good developer, and her company feels her loss in the reduced output and quality from the team that she has worked in. It also needs to spend additional time and money processing Sarah’s departure and recruiting a new applicant. The new applicant is promising, but it will take at least 6 months before they understand their particular role well enough to perform at Sarah’s level.

6.1 Turnover and replacement estimate

It is estimated that the turnover and replacement of workers due to workplace bullying and harassment cost New Zealand employers \$568m in the relevant period. However, the true cost of replacement is not directly observable and as such is subject to considerable uncertainty.

6.2 Discussion

6.2.1 Prevalence

The Survey data was used to estimate the percentage of affected workers who resign from their job. “Resigned from my job” was a possible answer to two questions in the Survey that asked about the respondent’s experience of at-the-time and ongoing impacts. It is assumed that resigning at the time of the incident has a stronger causal link to a bullying or harassment incident than a resignation on an ‘ongoing basis’. Though the negative workplace experience likely remained a key motivator for workers who resigned later as well, the Model conservatively omits those who stated that they resigned as an ongoing impact of their experience. 16.2% of Survey respondents who had experienced and been impacted by bullying or harassment stated that they resigned at the time of the incident, with a large gap observed between females (19.5%) and males (12.5%). The small samples involved mean that limited conclusions can be drawn from the resignation data by ethnic group or migration status.²⁶

Turnover & Replacement Costs

	Overall cost	Females	Males	Cost per affected worker	Cost per worker employed
Central estimate	\$568m	\$366m	\$202m	\$674	\$202
Range	\$195m-\$1,290m	\$126m-\$831m	\$69m-\$459m	\$232-\$1,531	\$69-\$458

6.2.2 Impact and cost

To estimate the cost of replacement that employers pay because of workplace bullying and harassment, these costs need to be compared with a scenario where no turnover and replacement occurs due to bullying and harassment. In such a scenario, staff turnover would still occur at some point. Along with the cost of replacing an employee, an assumption is needed on the amount of time by which bullying and harassment brings forward staff replacement.

The Deloitte Access Economics’ approach to estimating the costs of hiring and training new staff is used.²⁷ It conservatively estimates those costs at 26 weeks of time. This converts to an estimated NZD \$29,000 per person during the relevant period.

Bullying and harassment results in the costs of replacement being brought forward. Deloitte Access Economics cited

data from the Household, Income and Labour Dynamics Australia (HILDA) survey, showing that the average job tenure in Australia is 6.5 years. The replacement of an employee leaving because of bullying and harassment is brought forward by 3.25 years.²⁸ The aforementioned costs of replacement are discounted to obtain an estimate of the extra costs faced by employers if the replacement happens now compared with in 3.25 years.

The Survey data demonstrates that there is a clear link between workplace bullying and harassment and staff turnover, and therefore that New Zealand’s employers are paying substantial costs as a result of bullying and harassment. A reduction in workplace bullying and harassment would lead to reduced staff attrition, with employees performing at a higher level for longer before moving on. In turn, this is likely to foster a more positive working environment, with higher employee morale and productivity as potential ancillary benefits.

7. Internal Procedures

A worker affected by workplace bullying and harassment may choose to raise a complaint about their experience. When this happens, employers face a variety of costs depending on the channel through which the complaint was made.



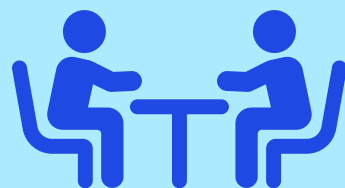
External complaints:

Where affected workers raise a personal grievance, the issue may be taken to mediation, to the Human Rights Commission, or possibly before the Employee Relations Authority, the Human Rights Tribunal or the Courts.



Formal internal complaints:

Where affected workers make a formal complaint through their workplace’s dispute resolution procedures, administrative time must be spent by the affected worker, their manager, the HR department, and the perpetrator in addressing the complaint.



Informal internal complaints:

The complaint may be raised with another colleague, or potentially with the person bullying or harassing them; this is likely to bring costs to employers in the form of reduced productive time.

With all of these complaint types, employers face opportunity costs, whereby multiple employees spend some of their time addressing these complaints that could have otherwise been spent on productive work. External complaints will involve significant further costs such as legal fees, mediation costs, and settlements. A lack of reliable supporting data means that external procedures were omitted in the Model. However, it is noted that those additional costs are likely to be substantial.

The Survey data contains information regarding the number of affected workers who raised complaints through their workplaces’ dispute resolution procedures. The estimate concerns the opportunity cost of staff time addressing the complaint – focussing on human resources personnel, managers, perpetrators and the affected workers themselves. Because of the absence of reliable data, the Model excludes additional costs such as the costs of hiring any external professionals (such as investigators or lawyers), the costs of any settlements/exit packages, or the costs of supporting affected workers through employment assistance programmes and/or counselling.

Hypothetical example of internal procedures in the workplace:

George has recently been hired by a company as an apprentice joiner. He is keen to learn but feels like he is being set up to fail by his supervisors, who withhold information from him and give him conflicting instructions.

He is blamed when things go wrong because of their poor communication. He attempts to talk to his supervisors informally about these issues. Unhappy with the outcome, he raises a formal complaint to the HR department.

HR meets separately with George and his supervisors, and also asks for input from a couple of other colleagues who have observed the relationship. HR then arranges an internal mediation.

7.1 Internal procedures estimate

Affected workers making internal complaints following an incident of workplace bullying or harassment led to an estimated cost of \$226m in the relevant period. Given the number of different employees who may be required to spend time aiding the investigation, and the uncertainty regarding the amount of time that would be required for each, the range between the low and high estimates is large.

7.2 Discussion

7.2.1 Prevalence

Survey respondents could state that they had lodged a complaint through a number of channels. The estimate focusses on those who raised a complaint through their workplace’s dispute resolution procedures. Complaints made through other channels will impose further costs on the employer through mediation processes and possibly legal settlements. However, the scale of the costs resulting from external procedures is very difficult to estimate.

12.1% of affected workers in the Survey raised an internal complaint through their workplace’s internal dispute resolution procedures. These figures are within range of figures from other sources.²⁹ A greater proportion of females (14.3%) raised a complaint than their male counterparts (9.6%). Differences across ethnicity groups and migrant status were very limited.

Internal Procedure Costs

	Overall cost	Females	Males	Cost per affected worker	Cost per worker employed
Central estimate	\$226m	\$142m	\$84m	\$270	\$80
Range	\$64 - \$608m	\$40 - \$382m	\$24 - \$225m	\$76 - \$724	\$23 - \$216

7.2.2 Impact

In calculating the impact, the Model makes range estimates about the numbers of hours that different staff likely spend on addressing an internal formal complaint of workplace bullying or harassment. Four different employee groups whose time will be taken dealing with the complaint were identified: the affected worker, the perpetrator, human resources, and the manager of the affected worker. It is expected that, of these employees, human resources would spend the most time due to their end-to-end involvement including receiving the complaint, gathering and reviewing evidence, interviewing relevant parties and making the decision on resolution or disciplinary procedures. It was assumed for the central scenario that it takes 24 working hours for human resources to work through a complaint, with slightly lower working hour assumptions applied for other roles.

7.2.3 Cost

Using expected salaries of the different employees involved means that these assumptions can be translated into an estimate of cost per dispute. This approach assumes that the time spent dealing with internal procedures could be spent productively if workplace bullying and harassment did not occur, with the productivity equal to the median wage of the employee in question.

Given that over 12% of affected workers in the Survey raised an internal complaint, a reduction in workplace bullying and harassment is very likely to reduce the administrative burden placed on a range of employees who are required to play a role in the dispute resolution process. Employees could be more meaningfully productive, and staffing resources could be more efficiently allocated if bullying and harassment prevalence declined.

8. Other Impacts on Employers

The impacts of workplace bullying and harassment are primarily experienced by workers subjected to the behaviour. But the impacts of workplace bullying and harassment also ripple out from individuals into the workplace, community, and society

There are economic costs at each of these levels. Workers who experience bullying and harassment face considerable economic costs through the negative impacts on their careers and health. This Report spotlights the economic costs on employers.

This Report particularly focusses on costs arising out of four categories of impacts. These are often the most obvious costs recognised by employers, yet many other significant costs may remain hidden. It mostly emphasises costs arising out of impacts on affected workers, but the economic consequences faced by employers go beyond these. Costs also result from impacts on other workers, external stakeholders, and wider society.

- **Impacts on affected workers:** in addition to the four in-scope categories discussed in this Report, there are also costs associated with external disputes procedures. A proportion of bullying or harassment claims will be escalated to MBIE-facilitated mediations, and a small proportion of those will escalate into cases before the Employment Relations Authority (ERA) or the Employment Court.
- **Impacts on perpetrators:** Perpetrators may also experience effects which bring costs upon employers. For example, in one study, perpetrators of workplace bullying reported a drop in their productivity of 1.5-2%.³⁰ Perpetrators may leave the workplace due to the behaviour (through resignation or being fired),³¹ and they may also be caught up in internal procedures, costing time which would otherwise be directed towards their usual work.

- **Impacts on other workers:** It is well documented that “exposure to any form of violence at work has negative implications for individuals [and]... the effects appear to extend to witnesses or bystanders”.³² Impacts on fellow workers have been identified in the bullying and harassment literature, using the same classification of impact categories (in particular absenteeism, presenteeism, and turnover and replacement) that are relevant to affected workers.³³ While some studies attempt to quantify these costs, it is generally recognised that evidence is limited.
- **Impacts on workplace culture:** The MBIE Issues Paper observes that workplace bullying and harassment can also create “a work culture where bullying and harassment is acceptable behaviour”,³⁴ increasing the risk of more bullying and harassment and thus more costs to the employer. Other research has noted the possibility of a negative domino effect, where an affected worker targeted by their supervisor offloads their own aggression onto their subordinates.³⁵ There are other possible knock-on effects on workplace culture which likely carry a cost to the employer.³⁶ These might plausibly include reduced innovation and creativity; increased anti-social and counter-productive behaviours (such as corruption, fraud, sabotage and theft); and decreased organisational gender and ethnic diversity, as the work environment becomes less hospitable for more vulnerable groups.

- **Impacts on external stakeholders:** The impacts may cascade out further to affect relationships with external stakeholders such as customers, suppliers, and investors, as well as potential future staff. The side-effects of bullying and harassment, such as anxiety or impaired concentration for workers, may detrimentally affect external business relationships. Likewise, there are reputational risks for employers associated with bullying and harassment allegations.
- **Impacts on society:** Finally, there are clear costs of workplace bullying and harassment on society generally, such as increased health system usage by affected workers or additional justice system costs as a result of bullying or harassment claims. These impacts on society may incur costs to employers in the form of higher taxes to fund increased public spending.

8.1 Other variables

Multiple variables may affect the true cost of bullying and harassment faced by employers at any given time. Two variables are particularly relevant to the relevant period studied in this Report.

- **Covid-19 pandemic:** During the relevant period, the Covid-19 pandemic was affecting workplaces and workers across New Zealand. This has likely impacted the data on prevalence and impacts, though it is unclear exactly how. The pandemic period is connected with exceptional stressors, but also a slower pace of life for some, as well as higher rates of working from home. These factors no doubt affected different sectors, regions, and individual workers differently. It is beyond the scope of this study to make judgments on the particular influence of Covid-19 on workplace bullying and harassment.

- **Tight labour market:** The labour market was tight during the relevant period, with the unemployment rate under 3.5%. The impact of workplace bullying and harassment is likely to be more acute when the labour market is tight. In a tight labour market, employees have choice over where they work, so employee turnover following bullying and harassment may be elevated if employees feel that they can switch to another job with relative ease. The employer may also see an increase in their costs of recruitment and training, with strong candidates for vacant roles being more difficult to find.

Given the conservative approach taken and practical assumptions used in this Report, the final figures likely remain a reliable estimate of the costs of workplace bullying and harassment to New Zealand employers.



9. Implications

In tandem with the Commission’s Report, this Report underlines the profound impact that workplace bullying and harassment can have on workers and the resulting economic impact felt by New Zealand employers. Not only does workplace bullying and harassment foster a poor work culture and reduced employee morale, it also creates direct economic impacts such as increased sick leave, greater staff turnover and reduced productivity.

The costs estimated in this Report likely comprise only a fraction of the total costs faced by employers. These include costs flowing from impacts on workplace culture, reputational damage, and even possible legal costs. These wider costs merit further attention by researchers and employers.

Impacts on workers and employers can also be considered from a demographic perspective. The Survey data suggests that female workers are disproportionately affected by workplace bullying and harassment. They are both more likely to experience the harmful behaviours and are also impacted more strongly than male workers. The data relied upon in this Report did not support statistically significant findings on migrant status or ethnicity. But the Commission’s Report demonstrated the disproportionate impact that bullying and harassment also has on various groups including women, Tangata Whenua, Pacific Peoples, and Asian workers, as well as disabled workers, and bisexual workers. The examination of intersectional differences should form a critical component of any future work in this area to develop targeted approaches to addressing workplace bullying and harassment.

The Commission’s Report shows that many affected workers are not being adequately supported by their workplaces. 42% of workers impacted by bullying or harassment felt that they needed more support than what they received at the time; 65% when the impacts were large or extreme.³⁷ This Report details the frequency and severity of impacts experienced by affected workers, demonstrating the need for employers to invest in strategies to better prevent and respond to bullying and harassment in their workplaces.



9.1 What employers can do

Survey respondents detailed the kinds of support that they would have found helpful. These are all measures which employers can support, invest in or help facilitate for workers.

The top five are:

31%	Someone independent looking into the workplace culture/policies.
29%	Anti-bullying and harassment training for the workplace.
20%	Support to make an internal complaint.
17%	Independent, free service to resolve the situation.
15%	Counselling/mental health support services.

The MBIE Issues Paper also identified key actions that employers can take in preventing and responding to bullying.

On prevention:³⁸

A healthy and respectful workplace culture where bullying and harassment are not tolerated.

Capable management – in particular, managers and human resources being trained to spot behaviour, and deal with it, early.

Strong leadership – role modelling positive behaviours and setting the ‘tone from the top’.

Recognise and value diversity and inclusion in workplace culture.

Develop and communicate clear policies and procedures relating to bullying and harassment.

Proper resourcing levels and support, including appropriate staffing levels and clearly defined roles.

On responding:³⁹

Evidence-based policies and procedures in place to manage bullying and harassment.

Managers and human resources appropriately trained to use these policies.

Ensuring all staff are aware of the policies and procedures and what to do if they experience or witness bullying or harassment.

Enough flexibility in response options to appropriately deal with different circumstances or kinds of bullying and harassment.

Provide support to individuals who are experiencing bullying and harassment or who have been accused of bullying and harassment.

Processes in place to spot bullying or harassment.

The costs of taking these actions may seem expensive, yet this Report shows the costs of not acting are likely much higher, even if they do not show up as obviously on the balance sheet.

9.2 Conclusion

The findings of this Report highlight the significant economic impact of workplace bullying and harassment on New Zealand’s employers. The Report also underscores that the mistreatment of female workers forms a disproportionately large part of the overall cost, emphasising the need for further investigation into gender-based differences. It is important to acknowledge that there are unequal experiences among other population groups as highlighted in the Commission’s report. Their experiences warrant further investigation and visibility.

We hope this Report will serve as a platform for further research on workplace bullying and harassment. We urge workplaces to take action to mitigate bullying and harassment and invest in strategies to better manage the incidents that do occur.

Appendix A - Behaviourial Definitions

Sexual harassment	<p>Survey respondents were shown a list of 11 sexual harassment behaviours and then asked if they had experienced any of them. These include:</p> <ul style="list-style-type: none"><i>Various kinds of crude/offensive behaviour</i> (unwanted sexual remarks/jokes; unwanted sexually explicit emails, texts, social media comments, videos, or other content; or unwanted pictures, objects, or other materials with a sexual content)<i>Unwanted sexual attention</i> (sexually directed remarks/questions about clothing, body, or sexual activities; sexual staring or glances; repeated or inappropriate invitations to go out on dates)<i>Sexual assault</i> (unwanted touching, hugging, cornering or kissing, or other unwanted physical contact; actual or attempted rape or sexual assault)<i>Sexual coercion</i> (unwanted requests or pressure for sex, or other sexual acts; worse treatment/threats of punishment if pressure for dates or sexual activities turned down)<i>Other unwelcome behaviour of a sexual nature</i> <p>Workers were most likely to be subject to non-physical types of sexual harassment, particularly crude or offensive behaviour (25%) or unwanted sexual attention (20%).⁴⁰</p>
Racial harassment	<p>Survey respondents were shown 12 racial harassment behaviours and then asked if they had experienced any of them. These include:</p> <ul style="list-style-type: none">Someone telling jokes about your race,Someone making derogatory comments about your raceSomeone mocking your accent or making fun of/ deliberately mispronouncing your nameBeing treated differently or worse because of your raceSomeone using racial slurs to describe youSomeone making you feel as if you have to give up your ethnic identity to get along or do well at workSomeone wrongly blaming or accusing you of something because of your raceSomeone insisting you speak only English at workSomeone failing to give you information you need to do your job because of your raceUncomfortable staring or attention because of your raceSomeone excluding you from social interactions during or after work because of your raceThreats of violence or physical abuse or actual abuse because of your race <p>The most common kinds were racist jokes, derogatory comments, and accent or name mocking.⁴¹</p>

Bullying	<p>Prevalence of workplace bullying was measured using bullying items taken from the short version of the Negative Acts Questionnaire (SNAQ) developed by Notelaers, Hoel and others (2018). Survey respondents were shown 10 bullying behaviours and then asked how often they had experienced any of them. To be considered a victim of bullying, respondents had to report that they had experienced at least one of the 10 negative acts ‘often’ or ‘always’ in the last 12 months.⁴²</p> <p>These include:</p> <ul style="list-style-type: none">• Being set up to fail in your role (e.g., having information withheld, being given conflicting instructions, or being given too little/too much work)• Repeated reminders of your errors or mistakes• Being ignored or excluded• Persistent criticism of your work and effort• Being ignored or facing a hostile reaction when you approach• Spreading of gossip and rumours about you• Being shouted at or being the target of an angry outburst• Having insulting or offensive remarks made about you, your attitudes, or your private life• Practical jokes carried out by people you don’t get along with• Threats of violence or physical abuse or actual abuse <p>The most commonly experienced bullying behaviours were being set up to fail and repeated reminders of errors or mistakes.</p>
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Appendix B - Cost Estimates

The totals in the tables throughout Appendix B may not add due to rounding.

Absenteeism

	Overall cost	Females	Males	Cost per affected worker
Central estimate	\$178m	\$89m	\$89m	\$219
Range	\$147m - \$415m	\$67m - \$181m	\$80m - \$234m	\$184 - \$519

Central case

			Female	Male	Total
Up to 10 days of sick leave	Prevalence	% of workers harassed or bullied	33%	26%	
		Working population	1,337,000	1,479,000	
		% of affected workers who took up to 10 days of sick leave	11.2%	3.9%	
	Impact	Average length of up to 10-day sick leave (weeks)	1.1	1.1	
	Cost	Median weekly salary	\$997	\$1,253	
		Monetary cost of up to 10-day absenteeism (m)	\$54	\$20	\$75
Over 10 days of sick leave	Prevalence	% of workers harassed or bullied	33%	26%	
		Working population	1,337,000	1,479,000	
		% of affected workers who took over 10 days of sick leave	4%	7%	
	Impact	Average length of over 10-day sick leave (weeks)	2	2	
	Cost	Median weekly salary	\$997	\$1,253	
		Monetary cost of over 10-day absenteeism (m)	\$35	\$68	\$103
		Total monetary cost of absenteeism (m)	\$89	\$89	\$178

Range estimate

		Female	Male	Total
Up to 10 days of sick leave	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who took up to 10 days of sick leave	11.2%	3.9%	
	Average length of up to 10-day sick leave (weeks)	0.55 – 1.65	0.55 – 1.65	
	Median weekly salary	\$997	\$1,253	
	Monetary cost of up to 10-day absenteeism (m)	\$32 – \$77	\$12 - \$28	\$44 - \$105
Over 10 days of sick leave	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who took over 10 days of sick leave	4%	7%	
	Average length of over 10-day sick leave (weeks)	2-6	2-6	
	Median weekly salary	\$997	\$1,253	
	Monetary cost of over 10-day absenteeism (m)	\$35 – \$105	\$68 - \$205	\$103 - \$310
	Total monetary cost of absenteeism (m)	\$67 - \$181	\$80 - \$234	\$147 - \$415

The duration of sick leave taken

The duration of sick leave is difficult to quantify because respondents only indicated whether they took more or less than 10 days off work on sick leave. The Model makes the following assumptions:

- For affected workers who took up to 10 days, the Model assumes the duration of sick leave taken is a uniform distribution between 1 and 10 days. Therefore, the average duration in the central case is 5.5 days (1.1 weeks), while the 25th and 75th percentiles are used in the low and high scenarios respectively.
- For affected workers who take more than 10 days, the Model conservatively assumes a central scenario of 10 days of time off for the low and central estimates, and 30 days for the high estimate.

Scenario	Assumed days of sick leave among affected workers who took up to 10 days of sick leave	Assumed days of sick leave among affected workers who took more than 10 days of sick leave
Low	3.25	10
Central	5.5	10
High	7.75	30

Several key assumptions are made in these estimates of sick leave duration:

- *Sick leave entitlement:* The current statutory minimum sick leave entitlement in New Zealand is 10 days, having increased from five in July 2021. Since the relevant period is from May/June 2021 to May/June 2022, the Model assumes the longer statutory entitlement applies for the entire period. In some workplaces, however, workers will be entitled to more than 10 days of sick leave, whether because the contractual entitlements are higher than the statutory minimum or because the employer elects to give the individual additional sick leave discretionarily. The low and central estimates assume that affected workers are not entitled to more than the statutory minimum. The high scenario reflects the possibility that affected workers may be entitled to more. This additional entitlement will vary, but the Model has assumed an increased entitlement of 30 days.
- *Sick leave already taken:* Some affected workers will already have taken sick leave for other reasons during their entitlement period. This may decrease the number of sick leave days available to be taken following bullying or harassment. The Model does not make any adjustments for this factor, however, as it is likely already reflected in the duration estimates. For example, respondents may have indicated they took less than 10 days precisely because they did not have the sick leave allowance remaining to take more.

Cost: the median wage

Cost estimations are done by multiplying the number of days of sick leave taken by the median wage. This approach, sometimes referred to as the human capital method,⁴³ assumes that the loss to the employer when an employee takes sick leave is equivalent to their pro-rated salary for the duration of the sick leave. Median wage assumptions are also used in the presenteeism and internal procedure estimations. Even though this is the most reliable approach available, it is worth highlighting several limitations. This approach assumes that:

- Workplace bullying and harassment is normally distributed among income groups, which the Commission’s Report suggests is unlikely.
- Firms are operating at close to or full capacity, so that while other employees may be able to cover the affected worker’s work for a time, their work in turn will be affected, bringing costs upon the business.
- The median wage is a good proxy for employee productivity and thus value to the employer. For example, if an employee is paid \$1,000 a week and they take a week of sick leave, that is an assumed cost of \$1,000 to the employer. This may risk underestimating the costs, for instance because females or certain minorities are underpaid in a way that does not accurately reflect their productivity. In other cases, employees may be overpaid, compared with their true productive value to the employer.

The human capital method approach is likely to result in a conservative estimate. This is because the actual costs of absenteeism probably extend beyond a worker’s individual salary. These might include costs associated with finding cover, needing to introduce overtime, the administrative time in operating the sick leave payment system, and the productivity loss from unscheduled and inconveniently timed absenteeism (whether sick leave or annual leave).⁴⁴ The Model takes the conservative option of excluding these additional costs.

Presenteeism

	Overall cost	Females	Males	Cost per affected worker
Central estimate	\$369m	\$182m	\$187m	\$450
Range	\$54m - \$1,124m	\$26m - \$557m	\$28m - \$567m	\$66 - \$1,369

Central case

			Female	Male	Total
At-the-time impacts	Prevalence	% of workers harassed or bullied	33%	26%	
		Working population	1,337,000	1,479,000	
		% of affected workers experiencing at-the-time loss in productivity	57%	56%	
	Impact	% loss in productivity	5.5%	5.5%	
		Length of impact (weeks)	4	4	
	Cost	Median weekly salary	\$997	\$1,253	
		Monetary cost of at-the-time presenteeism (m)	\$55	\$58	\$114
Ongoing impacts	Prevalence	% of workers harassed or bullied	33%	26%	
		Working population	1,337,000	1,479,000	
		% of affected workers experiencing ongoing loss in productivity	33%	31%	
	Impact	Loss in productivity	5.5%	5.5%	
		Length of impact (weeks)	16	16	
	Cost	Median weekly salary	\$997	\$1,253	
		Monetary cost of ongoing presenteeism (m)	\$127	\$129	\$256
		Total monetary cost of presenteeism (m)	\$182	\$187	\$369

Range estimate

		Female	Male	Total
At-the-time loss in productivity	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers experiencing at-the-time loss in productivity	31 – 81%	35 – 76%	
	% loss in productivity	4 – 7%	4 – 7 %	
	Length of impact (weeks)	2 - 6	2 - 6	
	Median weekly salary	\$997	\$1,253	
	Monetary cost of at-the-time presenteeism (m)	\$11 – \$155	\$13 – \$151	\$24 - \$306
Ongoing loss in productivity	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers experiencing ongoing loss in productivity	11 – 54%	10 – 52%	
	Loss in productivity	4 – 7%	4 – 7%	
	Length of impact (weeks)	8 – 24	8 – 24	
	Median weekly salary	\$997	\$1,253	
	Monetary cost of ongoing presenteeism (m)	\$15 – 402	\$15 – 416	\$30 - \$818
	Total monetary cost of presenteeism (m)	\$28 – 641	\$34 – 650	\$54 - \$1,124

Duration of productivity loss

The Model assumes that the duration of impact on affected workers’ productivity who experienced impacts on an ongoing basis is longer than those who experienced impacts at the time. These figures represent the average between the at-the-time and the ongoing numbers. As detailed in the Commission’s Report, a wide variety of impacts could be felt by those affected, with an accompanying range in productivity loss-duration to be expected.

	Duration of ‘at the time’ impacts (weeks)	Duration of ‘ongoing’ impacts (weeks)
Low	2	8
Central	4	16
High	6	24

Turnover and Replacement

	Overall cost	Females	Males	Cost per affected worker
Central estimate	\$568m	\$366m	\$202m	\$674
Range	\$195m - \$1,290m	\$126m - \$831m	\$69m - \$459m	\$232 - \$1,531

Central case

		Female	Male	Total
Prevalence	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who resigned from their job	19.5%	12.5%	
Impact / Cost	Average cost of turnover and replacement	\$4,300	\$4,300	
	Monetary cost of turnover and replacement (m)	\$366	\$202	\$568

Range estimates

		Female	Male	Total
Prevalence	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who resigned from their job	19.5%	12.5%	
Impact / Cost	Average cost of turnover and replacement	\$1,500 – \$9,700	\$1,500 – \$9,700	
	Monetary cost of turnover and replacement (m)	\$126 - \$831	\$69 - \$459	\$195 - \$1,290

Central Case

		Female	Male	Total
Prevalence	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who resigned from their job	19.5%	12.5%	
Impact / Cost	Average cost of turnover and replacement	\$4,300	\$4,300	
	Monetary cost of turnover and replacement (m)	\$366	\$202	\$568

Assumptions in estimating cost

The Model utilises the approach used in Deloitte Access Economics (2019). It references the HILDA survey of 2018 (page 36), which showed that the average job tenure was 6.5 years in Australia, thus staff turnover is brought forward by 3.25 years (half of the assumed tenure) in cases where harassment occurs and the worker affected decides to resign.

The cost of replacing an employee now (assumed to be around NZD \$29,000) is compared with that same cost materialising in 3.25 years’ time. The Model assumes that the costs of replacement will remain stable on a real terms basis, and that a 5% real discount rate is appropriate for New Zealand’s employers. These assumptions result in the following costs, which are used in different scenarios in the Model:

	Additional cost of replacement faced by workplaces
Low	\$1,466
Central	\$4,260
High	\$9,677

Internal Procedures

	Overall cost	Females	Males	Cost per affected worker	Cost per worker employed
Central estimate	\$226m	\$142m	\$84m	\$247	\$72
Range	\$64 - \$608m	\$40 – \$382m	\$24 - \$225m	\$76 - \$724	\$23 - \$216

Central case

		Female	Male	Total
Prevalence	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who raised an internal complaint	14%	10%	
Impact / Cost	Average administrative cost of dispute	\$2,300	\$2,300	
	Monetary cost of internal procedures (m)	\$142	\$84	\$226

Range estimates

		Female	Male	Total
Prevalence	% of workers harassed or bullied	33%	26%	
	Working population	1,337,000	1,479,000	
	% of affected workers who raised an internal complaint	14%	10%	
Impact / Cost	Average administrative cost of dispute	\$600 - \$6,100	\$600 - \$6,200	
	Monetary cost of internal procedures (m)	\$40 - \$382	\$24 - \$225	\$64 - \$608

Employee time spent on resolving procedures

After consulting with HR professionals at KPMG, the Model utilises the following assumptions regarding the number of hours a certain employee is expected to spend on resolving an internal complaint:

	Human Resources	Affected Worker’s Manager	Affected Worker	Perpetrator
Low	8	4	2	4
Central	24	16	8	16
High	72	40	20	40

It is beyond the scope of this work to analyse the likely seniority of affected workers and perpetrators. The Model assumes that the affected worker and perpetrator earn the same salary – the median wage used elsewhere in the cost estimations. For gender-based estimates, the median salary for that gender in the relevant period is used, though make no assumptions about the gender of the perpetrator. Salary assumptions used for HR staff and managers are based on a mix of publicly available sources of weekly salaries, adjusted for the relevant period.

Appendix C - Key Terms

TERM	DEFINITION
Commission’s Report	The 2022 Report by Te Kāhui Tika Tangata Human Rights Commission entitled <i>Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand</i> , based on the data from the Commission’s Survey .
Commission’s Survey	The nationwide survey of 2,512 workers in New Zealand, undertaken by Kantar Public in 2022, on which the Commission’s Report relies.
Survey respondents	The 2,512 workers who took part in the Commission’s Survey .
Harmful behaviours	Bullying, Sexual Harassment and Racial Harassment . These are sometimes also referred to as ‘bullying and harassment’.
Bullying	Bullying is defined according to a Behavioural Definition used in the Survey and Commission’s Report . It is linked to 10 behaviours which are taken from the short version of the Negative Acts Questionnaire (SNAQ) developed in 2019. See Appendix A .
Sexual harassment	Sexual Harassment is defined according to a Behavioural Definition used in the Survey and Commission’s Report . It is linked to 11 behaviours drawn from a range of sources. See Appendix A .
Racial harassment	Racial Harassment is defined according to a Behavioural Definition used in the Survey and Commission’s Report . It is linked to 12 behaviours drawn from a range of sources. See Appendix A .
Behavioural definition	Survey respondents indicated they had experienced certain relevant behaviours instead of directly answering whether they had been bullied or harassed. (For example, ‘being ignored or excluded’ is one of the behaviours associated with bullying, and ‘unwanted sexual jokes’ with sexual harassment; the full list of behaviours is found in Appendix A .)
Affected worker	A worker who has been directly impacted by workplace bullying and harassment.
Relevant period	The 12 months prior to the Commission’s Survey, which was conducted largely in June 2022. It therefore captures the incidents of harmful behaviour during the last 12 months before that survey.
Prevalence	The percentage of the New Zealand workforce who have experienced workplace bullying or harassment over the relevant period .
Impact and impact categories	An estimate of the impact of each ‘averaged case’ of bullying or harassment, broken down into four impact categories : absenteeism, presenteeism, turnover and replacement, and internal procedures.
Cost	An estimate of the economic cost of each impact category on the employer.
Absenteeism	The estimated costs of affected workers taking extra sick leave because of workplace bullying or harassment. See Section 4 .

Presenteeism	The estimated costs of affected workers’ lowered productivity at work because of workplace bullying or harassment. See Section 5 .
Turnover and replacement	The estimated costs associated with losing a trained worker because of workplace bullying or harassment and hiring a replacement. See Section 6 .
Internal procedures	The estimated opportunity cost of time taken (by HR, managers, affected workers and others) to address incidents of workplace bullying or harassment. See Section 7 .
Range estimate	The gap between the low and high scenarios, reflecting variation in assumptions that are uncertain.
Central estimate	The best-evidenced single-point estimate of the cost of workplace bullying and harassment in the relevant period .
Cost per affected worker	The overall economic cost divided by the estimated number of affected workers in the relevant period .
Cost per worker	The overall economic cost divided by the number of people employed in the labour force in the relevant period .

Appendix D - List of Impacts

At the time

At the time, did the difficult situation affect you in any of these ways? Select all that apply	Included in high presenteeism estimate
Lost confidence in myself	Yes
Felt anxious	Yes
Felt depressed	Yes
Took sick leave (up to 10 days)	
Took extended sick leave (over 10 days)	
Resigned from my job	
Left the industry	
Found it difficult to get another job	
It affected my job or career prospects	
My work colleagues ignored me or treated me poorly	Yes
Found it harder to perform my job	Yes
I was labelled a ‘troublemaker’	Yes
I increased my use of alcohol/drugs	Yes
I self-harmed	Yes
I had trouble with sleeping or eating (including overeating)	Yes
It affected my relationships, e.g. with partner/family/whānau/ friends	
Something else (please tell us)	
It did not affect me	

At the time, did the difficult situation affect you in any of these ways? Select all that apply	Included in high presenteeism estimate
Unsure	
Prefer not to answer	
Suicidal	Yes
Looking for a new job/am going to leave my job	
Felt uncomfortable around the person/affected my relationship with them	Yes
Felt angry	Yes
Felt frustrated	Yes
Felt annoyed/irritated	Yes
Felt disappointed	Yes
Didn’t want to go to work/changed shifts	Yes
Moved/left the area	
Have PTSD/panic attacks	Yes
Felt let down/lost trust/faith in the company/my manager	Yes
Felt fearful	Yes
Felt embarrassed	Yes
Affected my health	Yes
Avoided the person/did not want to be around them	Yes

Ongoing

How, if at all, has your experience of the difficult situation affected you in an ongoing way? Select all that apply.	Included in high presenteeism estimate
Continued to have lower confidence in myself	Yes
Continued to feel anxious	Yes
Continued to feel depressed	Yes
Took extended sick leave (over 10 days)	
Resigned from my job	
Left the industry	
Continued to find it difficult to get another job	
It continued to affect my job or career prospects	
My work colleagues continued to ignore me or treat me poorly	Yes
Continued to find it hard to perform my job	Yes
I was continually labelled a ‘troublemaker’	Yes
It affected my home life	
It affected my physical health	Yes
I continued to drink more alcohol or take more drugs	Yes
I continued to self-harm	Yes
I continued to have trouble with sleeping or eating (including overeating)	Yes
It continued to affect my relationships, e.g. with partner/ family/ whānau/ friends	
Something else (please tell us)	

How, if at all, has your experience of the difficult situation affected you in an ongoing way? Select all that apply.	Included in high presenteeism estimate
There were no ongoing effects	
Unsure	
Prefer not to answer	
The perpetrator resigned/fired/was made redundant	
I was made redundant	
Feel more confident/assertive/can stand up for myself	
Continued to ignore/avoid that person	Yes
Continued to feel angry	Yes
Am stronger/more resilient/have got thicker skin	
Am more cautious in certain environments	Yes
I feel negative about my job/less enthusiastic	Yes
Continue to have PTSD	Yes
Always in my mind/that it might happen again	Yes
Continued to feel frustrated	Yes
Feel uncomfortable	Yes
Made me more aware/realise I don’t want this to happen again/to others	
I had support from family/was able to talk it through with others	
Have improved/changed my views with professional help	

References

1. International Labour Organisation, Lloyd’s Register Foundation (LRF) and Gallup *Experiences of violence and harassment at work: A global first survey* (Geneva, ILO, 2022).

2. At 8-9.

3. At 3.

4. Ministry of Business, Innovation and Employment *Bullying and Harassment at Work* (Issues Paper: An In-depth Look, 2022) at [1].

5. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at section 9.

6. Public submissions recognised the value of both qualitative research (based on listening to people with first-hand experience) and quantitative research: Ministry of Business, Innovation and Employment *Bullying and Harassment at work: consultation submissions analysis* (FrankAdvice, November 2021) at 7 and 10.

7. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at section 9.

8. The Survey was commissioned by the Commission but conducted by Kantar Public. Details of the survey are discussed in Section 2.

9. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at 4.

10. Though there are important interconnections of “relationship issues between people in and outside of work”: see Ministry of Business, Innovation and Employment *Bullying and Harassment at Work* (Issues Paper: An In-depth Look, 2022) at 11.

11. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.2.3].

12. At [2.1.5] and [2.3.2]. The authors make this distinction but use the terms ‘inductive’ v ‘deductive’.

13. This is even more striking given the different timeframes used in each question. The direct question asked respondents if they had been bullied / sexually harassed / racially harassed in their working life. The behavioural question asked whether they had experienced certain behaviours in the workplace in the last 5 years.

14. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at 6.

15. In private correspondence, the Commission informed us that, as a result of cognitive testing, a few items in the bullying scale were slightly tweaked to promote understanding among respondents. Further input was obtained from Commission’s frontline staff and Ahi

Kaa team to confirm the question set for the sexual and racial harassment behaviours.

16. Private correspondence with the Commission.

17. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at 4.

18. Of the 10 respondents who identified as another gender and the four who preferred not to disclose, the number who had been sexually harassed, racially harassed, or bullied in the preceding 12 months was six and three, respectively.

19. Among respondents, Pasifika workers were the group with the highest rates of taking sick leave (16.5%), followed by Māori (14.1%), and Asian (11.8%). New Zealand Europeans were the least likely to take sick leave (11.4%). In terms of migrant status, 11.9% of those affected workers born in New Zealand took sick leave of any length, compared with 9.7% of migrants.

20. Brun and Lamarche (2006) cited in Kline and Lewis (2018) ‘The price of fear: Estimating the cost of bullying and harassment to the NHS in England’ *Public Money & Management* 39(3) at 6.

21. The relevant literature is surveyed in Kline and Lewis (2018) ‘The price of fear: Estimating the cost of bullying and harassment to the NHS in England’ *Public Money & Management* 39(3) at 6.

22. At 6 citing Porath and Pearson (2009).

23. At 5-7.

24. Hoel, Sparks and Cooper *The Cost of Violence/Stress at work at the Benefits of a violence/ Stress-free working environment* (Commissioned by the International Labour Organisation, 2001) at 48.

25. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.3.2.2].

26. In the sample, more Māori resigned from their job (17.3%) compared with others, slightly above NZ Europeans (16.1%) and above Pasifika (11.2%) and Asian (10.9%). The proportion of affected workers born in New Zealand who resigned (16.2%) was very similar to those who have immigrated (16.3%).

27. Access Economics *Costs of workplace injury to the Australian economy: reviewing the estimation methodology and estimates of the level and distribution of costs* (Report for the National Occupational Health and Safety Commission, 2004) cited in Deloitte Access Economics *The economic costs of sexual harassment in the workplace: Final Report* (Canberra, 2019) at 36.

28. Deloitte Access Economics *The economic costs of sexual harassment in the workplace: Final Report* (Canberra, 2019).

29. For example, see Australian Human Rights Commission *Everyone's business: fourth national survey on sexual harassment in Australian workplaces* (Australian Government, Canberra, 2018) cited in Deloitte Access Economics *The economic costs of sexual harassment in the workplace: Final Report* (Canberra, 2019) at 4 and 37.

30. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.3.2.2].

31. Deloitte Access Economics *The economic costs of sexual harassment in the workplace: Final Report* (Canberra, 2019) at 47.

32. Hoel, Sparks and Cooper *The Cost of Violence/Stress at work and the Benefits of a violence/ Stress-free working environment* (Commissioned by the International Labour Organisation, 2001) at 4 and 64; and Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.1.3].

33. Hoel, Sparks and Cooper *The Cost of Violence/Stress at work at the Benefits of a violence/ Stress-free working environment* (Commissioned by the International Labour Organisation, 2001) at 48; and Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.2.2.4] citing Rayner, Hoel and Cooper, 2002.

34. Ministry of Business, Innovation and Employment *Bullying and Harassment at Work* (Issues Paper: An In-depth Look, 2022) at [77].

35. Hoel, Sheehan, Cooper and Einarsen 'Organisational Effects of Workplace Bullying – Bullying and harassment in the workplace' (2010) *Developments in theory, research, and practice* at 10 citing Tepper, Duffy, Henle & Labert (2006).

36. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.2.2].

37. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at 59.

38. Ministry of Business, Innovation and Employment *Bullying and Harassment at Work* (Issues Paper: An In-depth Look, 2022) at [83].

39. At [97].

40. New Zealand Human Rights Commission *Experiences of Workplace Bullying and Harassment in Aotearoa New Zealand* (Wellington, 2022) at 15.

41. At 25.

42. The SNAQ timeframe for the bullying questions is six months, a shorter timeframe that allows for more accurate recall in responding to the frequency response options. In private correspondence, the Commission explained that the Commission and Kantar Public decided to lengthen this timeframe to 12 months for their Survey because many workers had been away from their workplaces during the last six months due to Covid lockdowns

43. Giga, Hoel and Lewis *The Costs of Workplace Bullying* (Department for Business, Enterprise and Regulatory Reform, London, 2008) at [2.3.2.2].

44. Hoel, Sparks and Cooper *The Cost of Violence/Stress at work and the Benefits of a violence/ Stress-free working environment* (Commissioned by the International Labour Organisation, 2001) at 43.

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