

# Reputational repercussions of problematic behaviour

Exploring the reputational impact toxic workplace culture has on organisations

A research report by Culture Shift



# Contents



## A word from Culture Shift CEO, Gemma McCall



As the 'great resignation' impacts organisations nationwide, combined with skills shortages which are affecting most if not all sectors, there has never been more pressure on organisations to truly understand what is important to their people. From work-life balance, to trusting their employers and colleagues, positive workplace experiences are more important than ever before. Not only does this impact an organisation from an employer brand point of view, but it can also impact investor appeal and result in challenges when looking to attract new talent.

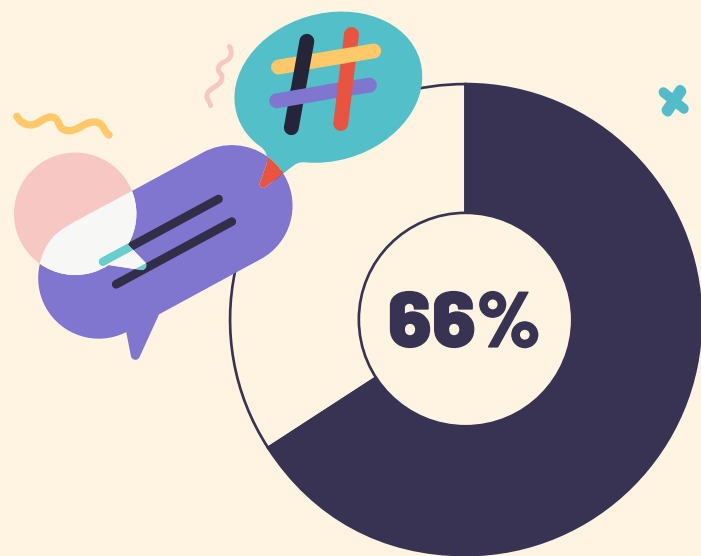
For this reason, leaders need to be aware of how toxic workplace culture can truly impact the reputation of their organisation – both internally and externally. From negative Glassdoor reviews and poor word of mouth, to an 'internal' scandal hitting the news agenda, resulting in plunging stock prices and declining sales, this report shines a light on the real repercussions of having a reputation for poor workplace culture.

To form this report, we asked 1,000 employees, with more than 100 respondents from each of the banking/finance, healthcare, insurance, legal and public sectors, to delve into workplace culture within their organisation and whether or not they've experienced/witnessed problematic behaviour at work throughout their careers. In addition, we surveyed 100 respondents who have experienced problematic behaviour, such as bullying or harassment, at work and have received a payout as a result, to uncover the true extent experiencing incidents of this nature had on other areas of their lives. Lastly, 20 investors who have at least £100K in investments, who aren't angel investors and invest in FTSE100 companies, were surveyed to uncover what impact incidents of this nature have on their investment decisions.

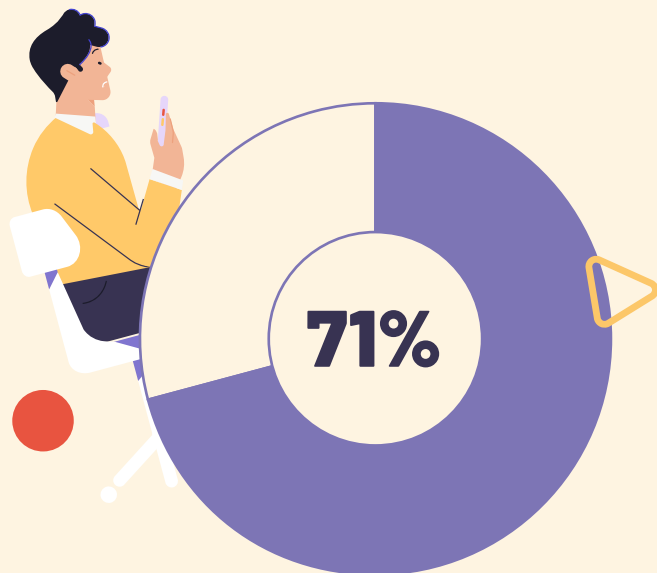
We hope you find the content useful!

**Gemma McCall, CEO at Culture Shift**

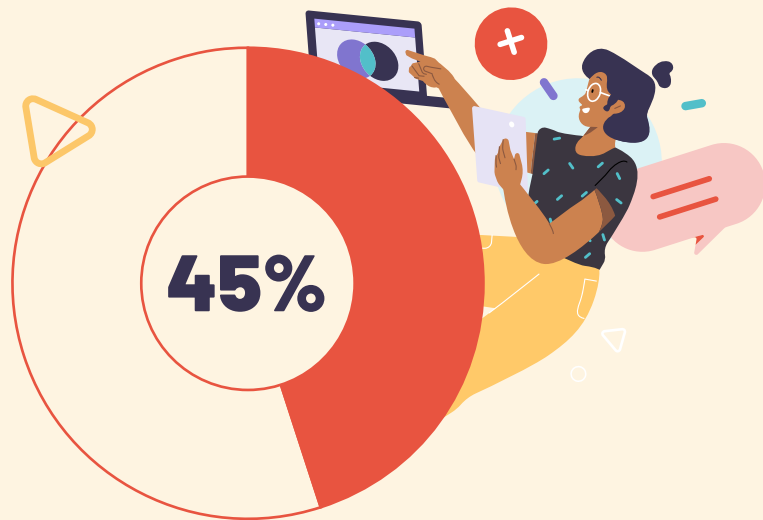
# Key insights



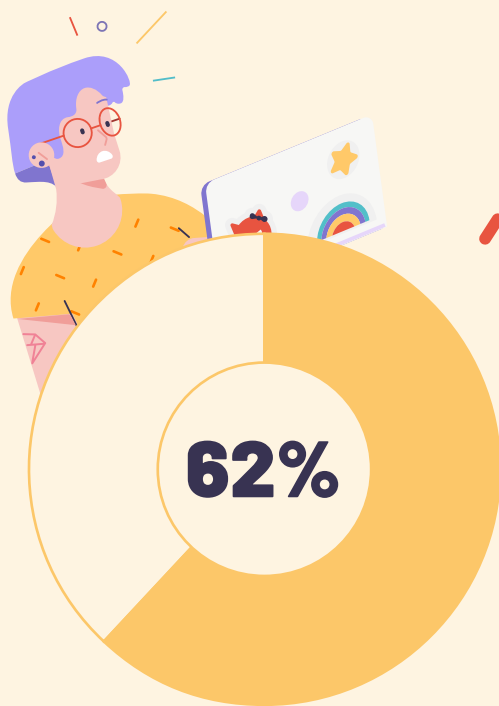
Wouldn't accept a job with a company known for having a bad culture



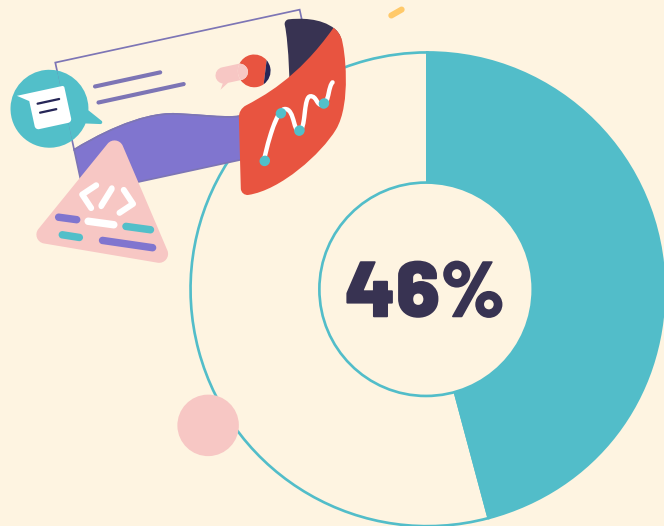
Of investors wouldn't invest in a company that had a poor reputation



Of employees say they would leave a bad Glassdoor review or warn people about applying for a job with a company, because of a bad culture



Wouldn't buy a product or service from a company with a reputation for treating employees poorly



Of employees say they wouldn't apply for a job with a company that had poor Glassdoor reviews

## Part one

### The reputational impact of problematic workplace behaviour



Our research shows that two in five employees have experienced problematic behaviour, such as bullying, harassment or discrimination, at work, but what impact does this have on an organisation's reputation?

In the past, it has been easy for organisations to keep scandals and reports of toxic workplace culture out of the public domain, but thanks to the growing power of social media and the internet, employees are feeling more empowered than ever before to talk about their workplace experiences – and we've seen countless times, scandals of this nature can be amplified in seconds online. Just look at Brewdog. To solidify this our research revealed, almost half (45%) would leave a bad Glassdoor review or warn people about applying for a job with a company, because of a bad workplace culture.

With so many employees now prepared to share their negative experiences, it goes without saying that this will ultimately tarnish the organisation's reputation among potential applicants. When it comes to looking for a new role, candidates often do their research among their network and online before even considering a role, let alone applying. In fact, almost half (46%) say they wouldn't apply for a job with a company that had poor Glassdoor reviews, while two thirds (66%) wouldn't accept a job with a company known to have a bad culture.

## Part one

# The reputational impact of problematic workplace behaviour



### The impact on your bottom line

Having a reputation for toxic workplace culture doesn't just impact recruitment opportunities. It also has a direct impact on an organisation's bottom line from both a consumer and investor point of view.



More and more people are choosing to buy from brands that align with their values and beliefs. In fact, Yopto's annual State of Brand Loyalty survey for 2022 reveals 9 in 10 UK consumers are more inclined to buy from a brand whose values align with their own<sup>1</sup>. With this in mind, it's no surprise that almost two in three (62%) say they wouldn't buy a product or service from a company with a reputation for treating employees poorly.

It's a similar story for investors. Eight in ten (82%) wouldn't invest in a company that had been embroiled in a public scandal, while almost three in four (71%) wouldn't invest in a company with a problematic workplace culture. A further 71% wouldn't invest in a company that had a poor reputation.

The data is clear, if an organisation is looking for funding, a poor reputation will ultimately deter investors from considering pledging to support the organisation.

From potential employees and customers to investors and stakeholders, a negative reputation can have a truly detrimental impact on organisations and shouldn't ever be underestimated.

<sup>1</sup> [www.yotpo.com/the-state-of-brand-loyalty-2022](https://www.yotpo.com/the-state-of-brand-loyalty-2022)

# Part one

## The reputational impact of problematic workplace behaviour



Ranking the most important non-financial factors investors take into consideration



## Part one

# The reputational impact of problematic workplace behaviour

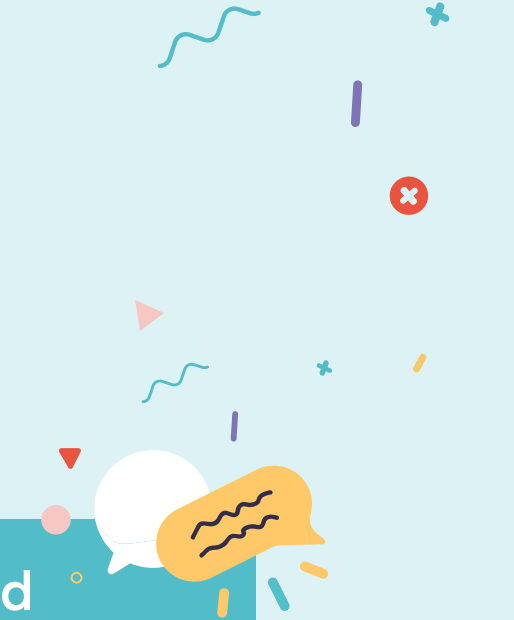


### The expert view

"If you're looking to scale your business and achieve your long term goals, creating and maintaining a positive culture for employees is essential. When we're looking to invest in organisations, we love seeing leadership teams attracting and retaining employees by creating happy, healthy workplaces.

"While workplace issues can arise, it's up to leadership teams to manage and resolve the issues effectively to ensure problematic behaviour doesn't become a systemic issue – this can often be a real test of leadership skills! For me, management is the most important filter when looking into new investment opportunities as, after all, they're the ones who are often responsible for building a great culture and positive workplace environment."

David Foreman,  
Managing Director at Praetura Ventures



"Creating and maintaining a positive culture for employees is essential."





## Part two

### Spotlighting the sectors: reputational repercussions

In this section of the report, we explore the similarities and differences when it comes to the impact toxic workplace culture has on organisations in the banking, healthcare, insurance, law and public sectors.

It's clear from our research that organisations with a reputation for having poor workplace culture, will ultimately face repercussions. However, there are some differences across the sectors when it comes to the extent of the impact. One cross-sector example being that almost three in four (73%) employees in the legal sector wouldn't accept a job with a company known for having a bad culture, compared to just over half (57%) of those in banking.

Employee wellbeing has always been important, however over the last two years we've seen more and more organisations across all sectors realising just how important

fostering a positive workplace culture is. What's more, candidates are now actively considering the work life balance and wellbeing offered by employers. In fact, recent research from Gallup found that 61% of employees say work-life balance and well-being is very important to them – up from 53% in 2015<sup>2</sup>.

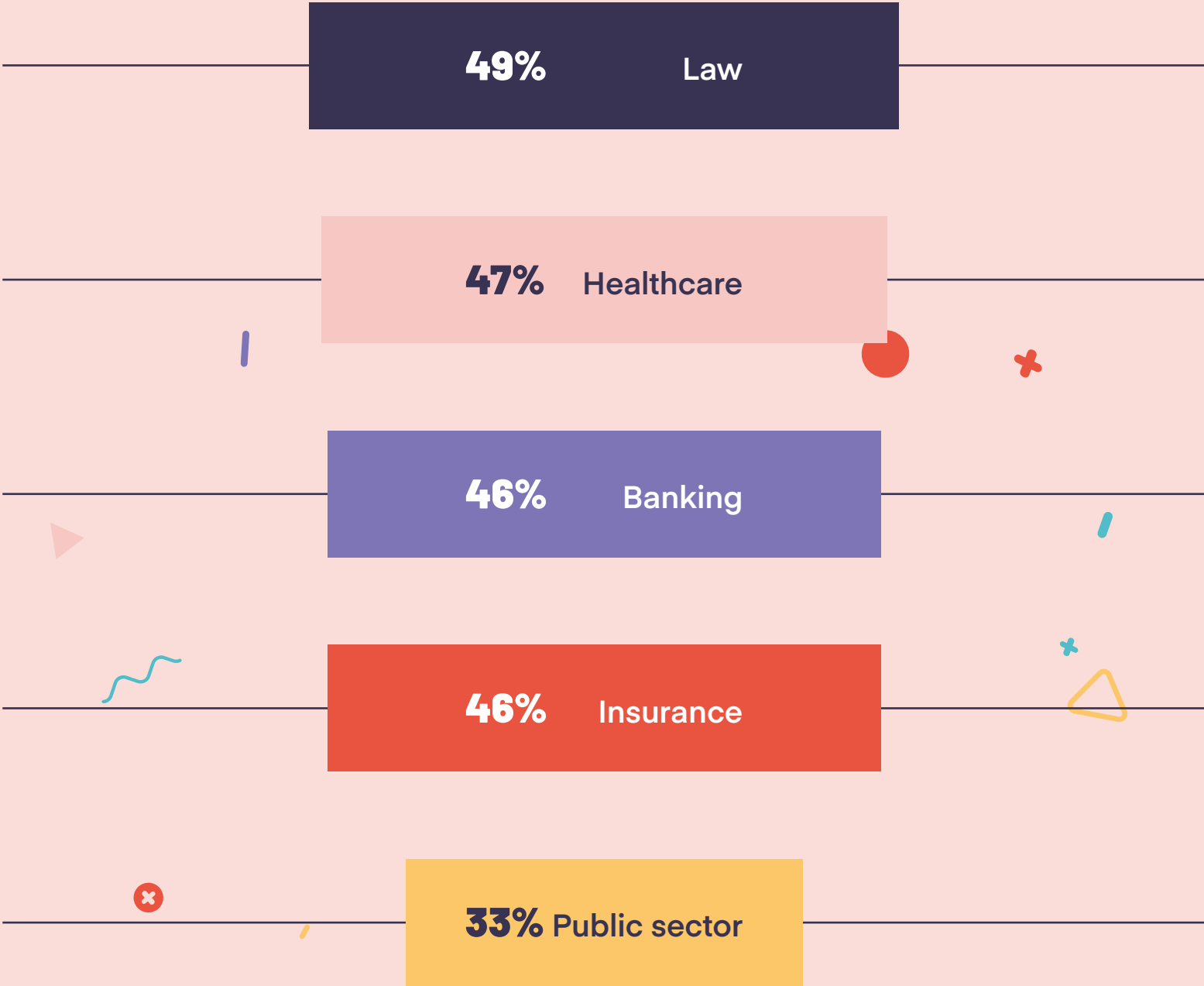
<sup>2</sup> [www.gallup.com/workplace/389807/top-things-employees-next-job.aspx](https://www.gallup.com/workplace/389807/top-things-employees-next-job.aspx)



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sectors:reputational  
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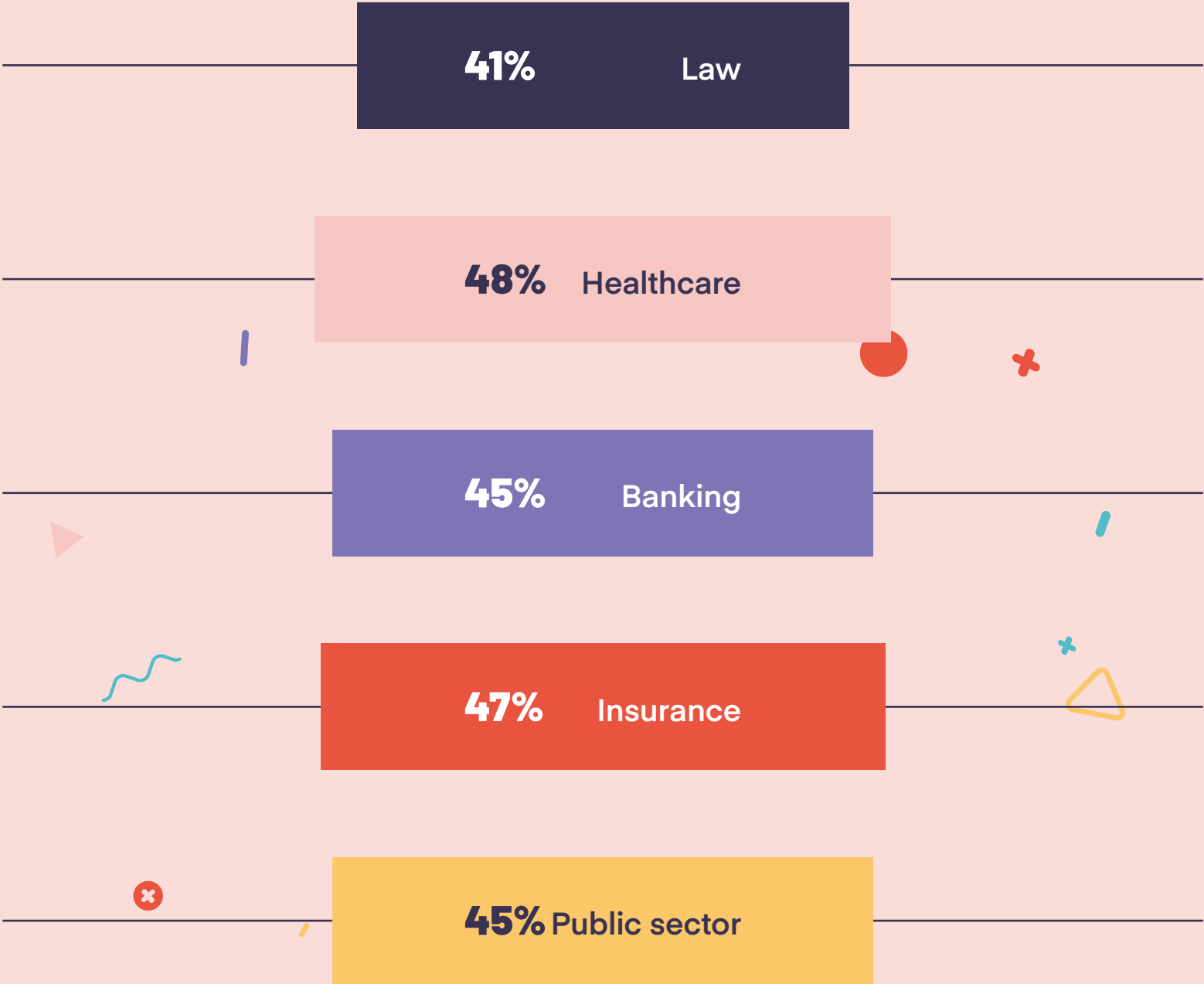
Employees who would leave a bad Glassdoor review or warn people about applying for a job with a company because of bad culture



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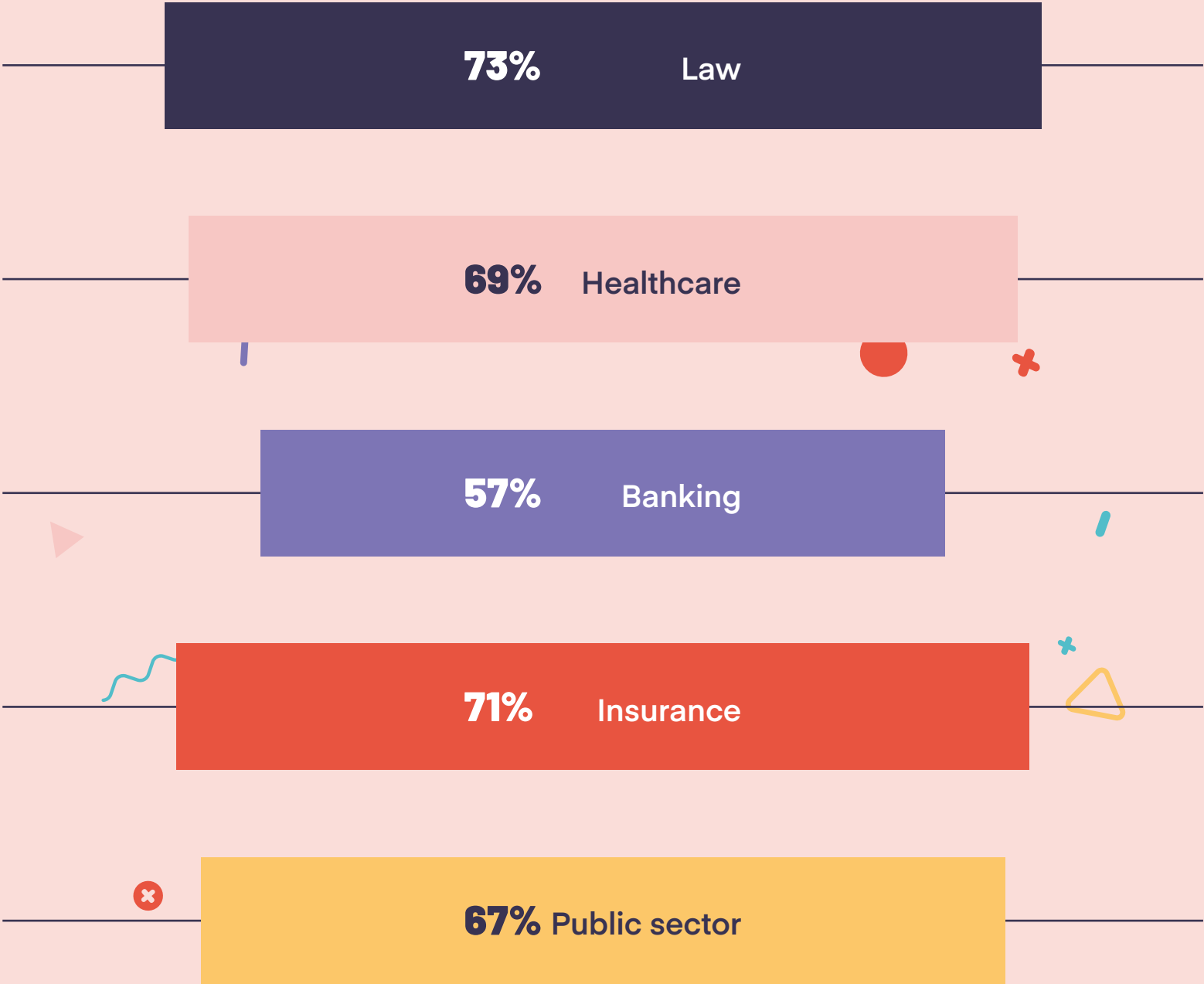


Employees who wouldn't apply for a job with a company that had poor Glassdoor reviews



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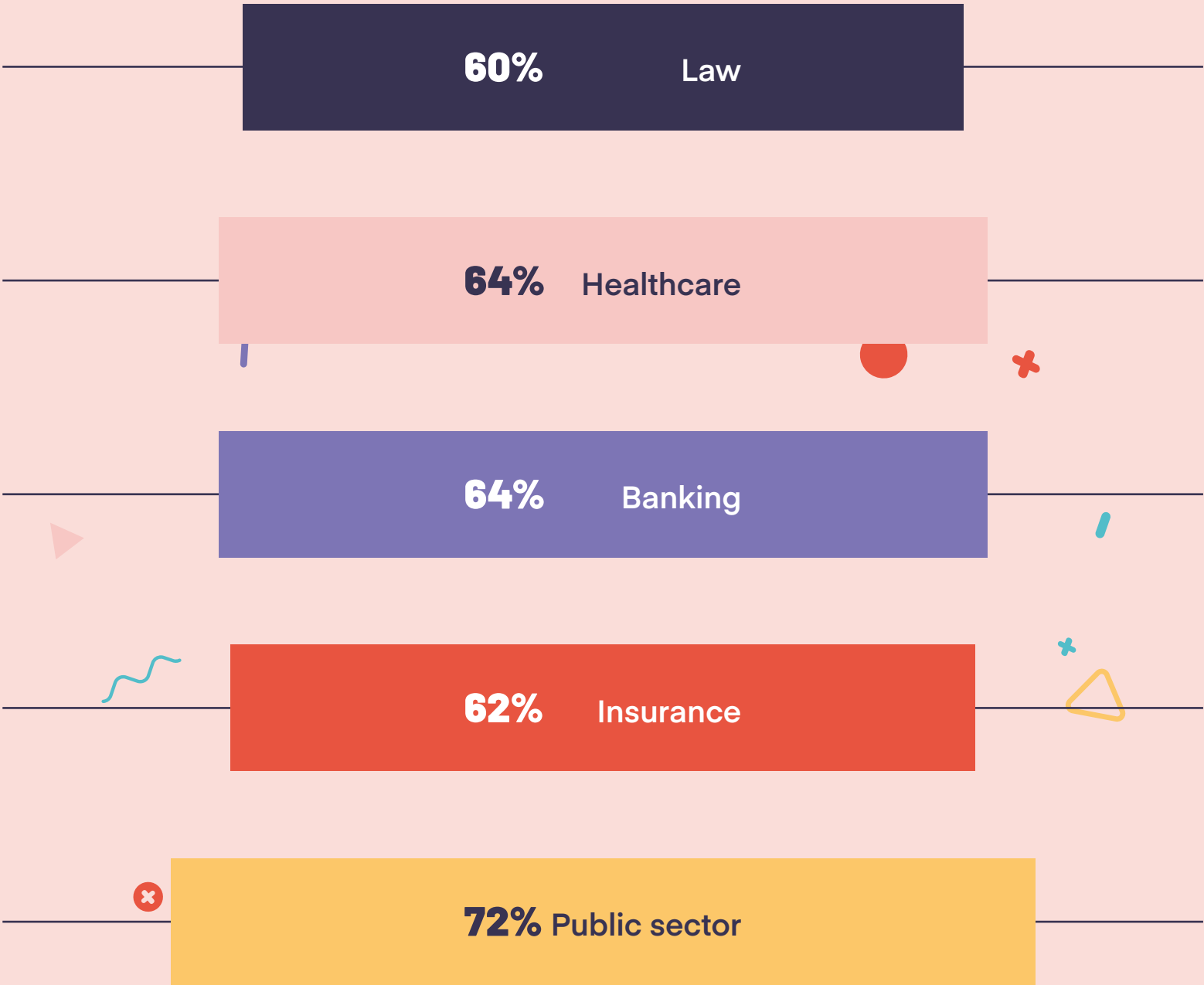


# Part two

## Spotlighting the sectors:reputational repercussions

When it comes to buying products and services, employees in the public sector (72%) are the most likely to avoid purchasing from an organisation with a reputation for treating employees poorly, followed by those in banking and healthcare (64%).

Employees who wouldn't buy a product or service from an organisation with a reputation for treating employees poorly



## Part two

# Spotlighting the sectors: reputational repercussions

### The data is clear.

All sectors face considerable consequences when it comes to poor workplace culture, however the extent of the impact does vary. From widening skills shortages, due to the 'great resignation' and challenges attracting/retaining talent, to declining revenues, the repercussions leaders could face for not taking their culture seriously are endless. The only way organisations can reduce their risk of being impacted is by putting an end to problematic behaviour in the workplace and putting culture to the top of their agenda. There will never be a one size fits all approach for all organisations to adhere to, however there are steps which all leaders can put in place to ensure they're protecting their culture.

"The only way organisations can reduce their risk of being impacted is by putting an end to problematic behaviour."

## **Conclusion and key takeaways for organisations**

We hope you've found the insights highlighted in this report useful. There are clearly reputational risks associated with having a problematic workplace culture – from impacting investment opportunities and revenue, to discouraging candidates to apply for roles – but what can organisations do to reduce risk and create a positive workplace culture?



## Conclusion and key takeaways for organisations



1

Put your people first – after all, what is an organisation without its people?

Take the time to understand what is important to your team and ensure you have the right procedures in place to ensure they're protected. Rolling out anonymous surveys to gauge a true understanding of how your employees feel about the organisation and its culture, as well as focus groups to discuss what's important to them in a workplace, are great starting points for this. Employees who are happy feel valued, supported and are more likely to thrive in the workplace. Not only does this lead to higher productivity and ultimately better financials, but it also helps create and solidify a positive reputation – which our research shows is a key consideration for many stakeholders, including customers, potential candidates and investors.

2

Take a preventative approach to avoid toxic workplace culture becoming a problem. Implementing a reporting structure, such as an anonymous reporting platform, helps give employees the confidence and space they need to

report issues they may be facing in the workplace. This helps organisations to protect their people and in turn, their culture and bottom line.

3

Personalise your approach based on your organisation. From the legal sector to healthcare, toxic workplace culture impacts organisations in different ways. However, there is one similarity across the board – problematic behaviour exists in all sectors, one way or another. Take the time to understand what the problem is and where it originates from – is it a specific team, a single individual or a problem across the whole organisation? Once you have this information, take a step back and explore what you need to do to protect your reputation, your people, your culture and ultimately, your organisation as a whole. Our research shows that employees are less likely to report a problem if it happened in the past, so make sure the solution you put in place allows teams to report problems when and as they happen – to start with, you could explore implementing a new HR procedure or reporting platform.



## The research

To form this report, we surveyed 1,000 employees on the culture within their workplace. We asked about their experiences, incidents they've either witnessed or bore the brunt of, and the impact this had on them. As part of the sample, we had more than 100 respondents from each of the banking/finance, healthcare, insurance, legal and public sectors. In addition, we surveyed 100 respondents who have experienced problematic behaviour, such as bullying or harassment at work, and have received a payout as a result, to uncover the true extent experiencing incidents of this nature has had on other areas of their lives.



Surveyed employees

What's more, we also surveyed 20 investors who have at least £100K in investments, who aren't angel investors and invest in FTSE100 companies to understand what is important to them when investing and what would cause them to cut ties with an organisation.

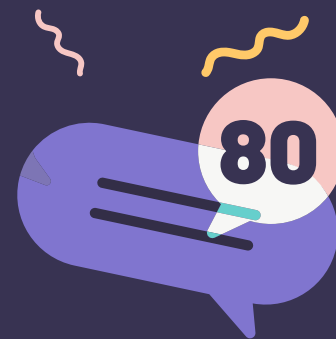
With special thanks to Praetura Ventures for taking part in the research and sharing further insight. Please note that this report does not express the views of each practice. Where individuals are quoted, views represented are those of the individual, not the practice as a whole.



Surveyed respondents who have experienced problematic behaviour

# About Culture Shift

Culture Shift is an impact software business that exists to lead a positive change in organisational culture. Its proprietary online reporting platform gives organisations the insight they need to monitor and prevent bullying and harassment in educational institutions and workplaces. The software allows users to report any incident safely and anonymously and access further support – enabling organisations to take a proactive and preventative approach to protecting their culture.



Already working with over 80 of the UK's biggest universities, as well as a number of corporate businesses and public sector organisations, Culture Shift has a proven track record of activating change for the better and eliminating the stigma around reporting any form of harassment.

Since its inception in 2018, Culture Shift's mission has been to tackle bullying and harassment. Working with organisations to take a preventative approach to tackling all forms of problematic behaviour and to address patterns of negative behaviour before they could escalate, Culture Shift's software provides rich data that has empowered leaders to implement long-term, preventative solutions to harassment and bullying.

While the platform is already providing support to more than one million people across the UK, Culture Shift firmly believes there's still a long way to go in eradicating all toxic cultures from the workplace.

For further information, please visit [www.culture-shift.co.uk](http://www.culture-shift.co.uk)





**Thank you**

We hope you're able to adopt some of the key recommendations within your organisation to create a safe environment for all employees.

To discuss the information contained within it further, or comment on the findings, please reach out to [hello@culture-shift.co.uk](mailto:hello@culture-shift.co.uk).