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Employment Harm from Disclosure of Investigations of Workplace Misconduct and Sexual Harassment

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Abstract

Internal investigations into allegations of workplace misconduct are undertaken on a confidential basis. But confidentiality cannot be assured. Investigated employees may be revealed by the investigation, including by word of mouth and by disclosure requirements to future potential employers. Based on an experiment fielded on a large nationally representative sample, this study provides the first evidence of direct employment harm to an employee from disclosure of an investigation for workplace misconduct or sexual harassment. Subjects express considerable opposition to a callback of applicants who were investigated for workplace misconduct, even when the investigation did not find misconduct. The findings add to the evidence documenting that any association with stigma harms employment prospects.

JEL classification

J01, J08, K00

Keywords

internal investigations, workplace misconduct, sexual harassment, pre-employment disclosures, hiring outcomes, allegations, stigma

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Employers routinely undertake internal investigations in response to allegations of workplace misconduct. Data from large employers show that internal investigations of misconduct are common, with firms averaging 124.6 cases per 1,000 employees in 2024 (HR Acuity 2024). There is substantial media coverage of internal investigations for misconduct, such as that of former Federal Reserve Board chair Jerome Powell for cost overruns on renovations of the central bank's headquarters and of former Harvard University president Claudine Gay for plagiarism, as well as extensive coverage of investigations of sexual misconduct following the #MeToo movement (e.g., Carlsen et al. 2018).

We use an experimental design to explore whether employees who are investigated for workplace misconduct experience potential employment harm, even if the outcome of the investigation shows no misconduct. As one example, a JPMorgan banker who was cleared of allegations of sexual misconduct through an internal investigation sued her accuser for defamation, claiming lasting damage to her career (Saeedy 2026). Courts have recognized that investigated employees may experience reputational harm that might be damaging to future employment prospects (Hassenpflug and Riggs 1996; *Nelson v. University of Maine System* 1996).

But even without public exposure, the existence of an investigation may be revealed when the worker seeks another job. Employers are generally free to ask questions about applicants' or employees' backgrounds and to require background checks, and in some cases have introduced a requirement to disclose investigations into their job ads. Even if disclosure of an investigation is not required or identified in a background check, word of an investigation may reach potential future employers through informal means, as witnesses who are interviewed may share information with coworkers, potential future employers, and on social media.

In this paper, we provide the first direct experimental evidence that investigated employees potentially suffer employment harm from disclosure of workplace investigations, even when the investigation did not find misconduct. The findings are consistent with broader research on the impact of scandal and stigma in the employment context as well as the importance of negativity bias in influencing moral judgments.

We examine whether there is a direct impact of disclosure of a misconduct investigation on employment prospects in the context of hiring. In our experiment, we tell subjects that qualified applicants are required to report to the prospective employer if they have been investigated for workplace misconduct in the previous three years and the outcome of any investigation. Subjects are then asked to indicate their opposition to a callback offer to the applicant. We analyze two categories of workplace misconduct: general misconduct and sexual harassment. For each type of misconduct, we provide four possible investigation categories: no allegations reported; applicant was investigated but cleared; applicant was investigated, resulting in an insufficient evidence determination; and applicant was investigated and suspended for misconduct but not fired. Our findings indicate that those investigated for misconduct potentially experience employment harm, regardless of the outcome of the investigation.

Investigations into workplace misconduct serve multiple purposes, including to maintain a positive and productive workplace culture, to ensure legal compliance, and to protect the organization from litigation. But as our findings demonstrate, information that an applicant has been investigated may influence hiring decisions by potential future employers. We discuss potential biases, including negativity bias, in how employers assess information indicating an applicant had been investigated for workplace misconduct investigation. We suggest strategies for how organizations can use disclosures to promote organizational justice.

Workplace Misconduct Investigations

Workplace misconduct includes a wide range of activities. In general, workplace misconduct is any behavior or action that violates company policies, ethical standards, or the law. Workplace misconduct includes behaviors or actions such as theft, bullying, discrimination, harassment, substance abuse, chronic tardiness or absenteeism, safety violations, and violations of the employer's policy on interpersonal relationships. Employees who engage in workplace misconduct can be subject to sanctions including dismissal (U.S. Department of Labor, n.d).

Some information on the nature and frequency of workplace investigations is reported in benchmark studies conducted by HR Acuity (2024). The broad categories of misconduct issues investigated and average number of issues per 1,000 employees reported in 2024 include the following: performance issues (39.4), policy violations (38.2), time and attendance (31.8), behavioral issues (22.4), discrimination, harassment, or retaliation (14.7), and EEOC/federal/state/local agency charges (1.7). Overall, 43 percent of the investigated issues were substantiated.

Organizations undertake internal investigations for various reasons. In addition to the benefit of investigations in improving workplace productivity by curbing or correcting behavior or actions that conflict with the employer's interests, organizations may have legal incentives to investigate allegations of workplace misconduct. Standard legal guidance recommends that firms undertake an internal investigation of allegations of misconduct and that investigations should be carried out promptly (Skaistis, Hilfers, and Zhang 2024). Evidence gathered from internal investigations may protect the employer from liability for sanctioning an employee if the employee claims the sanction was imposed unlawfully. Internal investigations have particular value if a complainant alleges illegal harassment. Under the liability regime established by the

U.S. Supreme Court in *Faragher v. City of Boca Raton* (1998), injured employees are generally required to report harassment to their employer before pursuing a legal claim, and employers may escape liability if the injured employee does not report harassment internally to allow the employer to correct the behavior.

Our focus here is on the consequences of an internal investigation of workplace misconduct on the employment prospects of a worker who has been investigated. Except for restrictions related to medical history and genetic information, background checks that are required of all applicants and employees would not be illegal, although many employers have a policy of limiting the information they provide in a reference check to report only dates of employment.

Employers may have formal requirements for disclosure. For example, a January 2026 posting for a faculty position at the University of Iowa College of Law states that: "Successful candidates will be required to self-disclose any misconduct history or pending research misconduct investigation including but not limited to sexual misconduct in prior employment and provide a related release and will be subject to a criminal background and credential check." (https://perma.cc/3SWQ-QBZG) A February 2026 posting for a dean position at University of California, Santa Barbara lists an extensive disclosure requirement for finalists, including whether the applicant is currently being investigated for misconduct, left a position during an investigation for alleged misconduct, or has filed an appeal with a previous employer. (https://perma.cc/7JU5-8WY7) Disclosure requirements of investigations for misconduct may also arise in employment situations other than in the hiring process.[1]

[1] For instance, the American Economic Association (AEA) requires the following disclosure for all potential officers, editors, committee members, and honorees: "Has there ever been any formal complaint made against you through an employer, an administrative agency, a regulatory body, a professional association, a professional organization, or an ethics body, including accusations of sexual harassment or workplace misconduct?"

Although our experimental focus is limited to formal channels of disclosure, we note that potential employers may learn of investigations through informal sources. The existence of an investigation may become known because those who are interviewed as witnesses will obviously know there is an investigation. Investigators are free to cast a wide net in choosing which witnesses to interview. Indeed, some investigative practices may even seem coercive, as coworkers can be disciplined or terminated for refusing to cooperate, even if their reporting would incriminate them. Witnesses may discuss and exchange information about the existence of an investigation with coworkers or other contacts, and reports of an investigation may be disseminated through social networks. Investigated employees may be suspended or reassigned during an investigation. If an investigated employee is suspended, reassigned, demoted, or leaves the firm, other employees may assume there is a connection between an investigation and the employee's subsequent employment status.

Thus, word of the investigation may spread, including to potential future employers. But the available information is not symmetrical. Witnesses and others aware of the investigation will know who was investigated and the purpose of the investigation, but, critically, will not be informed of what conclusion was reached, even if the accused was entirely cleared of the allegations.

Unlike legal findings that have public outcomes and an appeals process, the investigated party has no mechanism for challenging the investigation outcome or publicizing the outcome if they had been cleared. Internal investigations have been criticized for this imbalance of power between the investigated worker and the employer. Ballard and Easteal (2018) term these internal investigations "a necessary evil," and Kuldova and Nordrik (2024) find that they "are by default

https://www.aeaweb.org/about-aea/disclosure-questionnaire (https://perma.cc/45CP-GEC9) (accessed January 22, 2026).

inquisitorial processes: the employer funds the investigation, creates the mandate, and acts as prosecutor, police and judge in one." Adverse employment actions that result from an investigation may be challenged in court, giving the target of the investigation the opportunity to clear their name. But without an adverse employment action, even employees cleared of misconduct after an investigation may remain under a cloud of suspicion. The possibility that an investigation of misconduct may cause harm, regardless of the outcome of the investigation, motivates our study.

Foundational Analyses of Scandal and Stigma in the Employment Context

Although we are not aware of any previous empirical studies of the effect of misconduct investigations on targets of an investigation, drawing on related research, we predict that there may be adverse effects on their employment prospects. Seminal work by Goffman (1963) identifies how stigma harms the stigmatized individual and also may harm those associated with stigma. Publicity transforms transgressions into scandals which have adverse effects on those associated with scandal (Adut 2005, 2008). Because misconduct investigations are likely to be associated with stigma and scandal, investigations for misconduct may be harmful to the investigated employee.

In an analysis of employment prospects during the Red Scare of the 1950s, Pontikes, Negro, and Rao (2010) find that not only was there an adverse employment impact on blacklisted writers, actors, and directors, but there also were adverse employment outcomes among their non-blacklisted associates. Harm by association with stigma led to turnover and altered employment prospects of Congressional staff members who worked for members of Congress who had been involved in a scandal (Kim, Byun, and Raffiee 2025). Even brief association with

individuals from a stigmatized group can have an adverse employment effect on those in proximity (Negro, Williams, Pontikes, and Lopiano 2021).

Based on this literature, we predict that an investigative finding of misconduct that resulted in sanctions would harm the worker's employment prospects. It is less clear whether there would be harm from less consequential findings from an investigation, such as being cleared of the misconduct accusations, or from a finding that there was insufficient evidence to indicate that there had been misconduct. But such findings may have an adverse impact as well. Negativity bias will influence the moral judgments that people make (Skowronski and Carlston 1989; Rozin and Royzman 2001). Negativity dominance leads people to place greater weight on negative aspects when making moral judgments. Rozin and Royzman (2001) note the parallel of negativity bias with Kahneman and Tversky's (1979) concept of loss aversion.

The parallel between negativity bias and how losses are viewed in probabilistic contexts is especially pertinent for misconduct investigation findings that fall short of concluding that there definitely was misconduct. Because of loss aversion coupled with negativity bias, there is likely to be an aversion to hiring an applicant whose misconduct investigation record might suggest a higher probability of misconduct than is the norm for other applicants even when there is no conclusory evidence of misconduct.

Similar concerns over adverse employment consequences from inclusion of background history in job applications motivate ban-the-box policies and limitations on pre-employment credit checks. Based on a resume experiment, Agan and Starr (2018) find that records of criminal history have an adverse effect on callbacks for employment. However, there is an adverse effect of ban-the-box policies on employment of Black candidates (Agan and Starr 2018; Doleac and Hansen 2020). Employers' use of background credit checks may have adverse employment

consequences for financially distressed individuals, with bans on credit checks improving their employment outcomes (Friedberg, Hynes, and Pattison 2021). Experimental evidence found that applicants who voluntarily reported the family reason for a gap in their employment history had better hiring outcomes (Hersch and Shinall 2016).

Hypotheses

We test four hypotheses derived from research on stigma, scandals, and negativity bias. Underlying each hypothesis is the expectation that any investigation may be viewed with suspicion and lead to opposition to applicants based on loss aversion coupled with negativity bias (Kahneman and Tversky 1979; Skowronski and Carlston 1989; Rozin and Royzman 2001). Thus, even if there is no finding of workplace misconduct, people may make a moral judgment about the applicant, leading to some level of opposition to applicants who have been the subject of an investigation. This leads to our first hypothesis:

Hypothesis 1. *Any investigation for misconduct will lead to opposition to a callback.*

Furthermore, any outcome of an investigation that falls short of clearing the investigated worker might suggest that there is a higher probability that there was misconduct than if the evidence was exculpatory. The impact of negativity bias consequently will be greater after an investigation reaches a finding of insufficient evidence rather than clearing the worker of the allegations (Skowronski and Carlston 1989; Rozin and Royzman 2001). Our second hypothesis is:

Hypothesis 2. *A finding of insufficient evidence after an investigation will lead to more opposition to a callback than being explicitly cleared.*

If the investigation leads to a finding of misconduct and subsequent suspension, then this investigative process will stigmatize the worker (Goffman 1963; Pontikes et al. 2010; Negro et

al. 2021; Kim et al. 2025). The more serious gradation of the misconduct investigation finding consequently provides more basis to oppose the applicant than if the investigation cleared the worker or led to a finding of insufficient evidence. This leads to our third hypothesis:

Hypothesis 3. *Suspension for misconduct will lead to the greatest level of opposition to a callback.*

There are two variants of the misconduct addressed in our experiment: general workplace misconduct and sexual harassment. As highlighted by the vast publicity and job losses of men in high-profile positions in light of the #MeToo movement, sex-related transgressions are particularly likely to generate a scandal (Adut 2008), indicating there should be greater opposition to sexual harassment. In addition, because sexual harassment is recognized to be underreported, subjects may consider any investigation for sexual harassment to indicate at least some malfeasance and therefore is stigmatizing, regardless of the outcome of the investigation. Sexual harassment is also known to be harmful to the harassed individuals and to the workplace generally (Feldman and Lipnic 2016). Applicants accused of sexual harassment may appear riskier to potential employers than applicants accused of other forms of misconduct. This leads to our fourth hypothesis:

Hypothesis 4. *Within the same investigation category, opposition to a callback will be greater for sexual harassment than for general misconduct*.

Methods

Experimental Design

We are interested in whether disclosures of investigations of workplace misconduct have downstream employment consequences. Correspondence studies are frequently used to identify the impact of different worker characteristics (such as race or ethnicity) on the probability of an

applicant receiving a callback. But because it would be unlikely that job applicants would report in their resume or other application material that they had been investigated for allegations of workplace misconduct, we did not consider this approach to be feasible. Instead, and in line with prior research on stigma in an employment context, we use an experimental design (Kim et al. 2025; Negro et al. 2021). The study received our university's IRB approval and was pre-registered.[2]

We provided subjects with descriptions of hypothetical applicants' misconduct investigation situations and asked them to rate their opposition to a callback based on the outcome of any investigation. We provided subjects with the investigation situation for two variants of workplace misconduct: general misconduct and sexual harassment. General misconduct covers a broad range of activities that are in opposition to the employer's interests. While sexual harassment is a category of workplace misconduct, we analyze it separately because the legal treatment is distinctive, and because it became especially publicly salient following the #MeToo movement. The sample was stratified so that subjects responded only to either the general misconduct variant or the sexual harassment variant.

We provided the same positive information in all variants that all applicants were qualified for the position and eligible for employment. The only dimension on which applicants differed was whether they had been the subject of an internal investigation and, if so, the outcome of the investigation. Based on this information, the subjects' only task was to indicate their opposition to a callback. They did not make any choices between applicants. Subjects

[2] Our Workplace Behavior Hiring Survey was approved by Vanderbilt University on June 18, 2024. IRB # 240951. The "Hiring Survey" was pre-registered at the American Economic Association registry for randomized control trials, socialscienceregistry.org, AEARCTR-0014032, on July 16, 2024. Registration citation: https://doi.org/10.1257/rct.14032-1.0.

would expect that hiring decisions would be made by managers and human resource professionals who would have far more information about applicants.

We stated that the employing firm requires applicants to report whether they had been investigated for workplace misconduct. Employers are not prohibited from requiring such disclosures, but we recognize that requiring disclosure is not currently the norm. We adopted this experimental construct to be able to elicit subjects' attitudes toward different misconduct investigation outcomes. Background checks are common and would reveal criminal records but would not identify internal investigations. For example, violations of the employer's policy on interpersonal relationships and chronic absenteeism may lead to investigations but are not criminal behavior that would be identified in a background check. Workplace sexual harassment that is stopped following an internal investigation likewise would not be identified by a background check unless the victim filed a lawsuit.

We did not provide information on the applicant's underlying behavior that led to any investigation so that subjects would focus on the investigation and its outcome instead of making an assessment of whether they viewed the underlying behavior as misconduct meriting an investigation or the outcome of the investigation as fair. What is considered misconduct that would be subject to an internal investigation is likely to vary by organization. For example, actions that would be misconduct in most contexts but that align with the employer's interests may not be considered to be misconduct, such as the behavior of enforcers who engage in fights against the opposing team in professional hockey games (Umphress, Bingham, and Mitchell 2010; Stuart and Moore 2017). Stray comments and jokes may be investigated as potentially illegal harassment by some organizations but may be treated informally in other organizations.

The opening text in the experiment for both misconduct variants is presented below, with the term "sexual harassment" replacing "workplace misconduct" in the sexual harassment variant:

> Assume you work for a medium-sized organization. There is a vacancy in your workgroup. You have been asked for your opinion on which applicants should be invited for a callback. There are many qualified applicants, so your opinion will not influence whether the position is filled, but it may influence who is hired.
>
> Applicants must agree to allow a background check of their employment records which will be shared with others involved in the hiring process.
>
> Your organization requires all applicants to report whether they have been investigated by previous employers for allegations of workplace misconduct that occurred in the previous 3 years. The organization grouped the applicants' reports into the four categories below:
>
> A. No allegations of workplace misconduct
> B. Allegations of workplace misconduct, applicant was fully cleared after internal investigation
> C. Allegations of workplace misconduct, internal investigation found "insufficient" evidence of misconduct, applicant was not disciplined
> D. Allegations of workplace misconduct, internal investigation found evidence of misconduct, applicant was suspended for a period without pay
>
> You are asked for your opinion only on applicants who are qualified for the vacant position and who are eligible for employment by your organization.

The sexual harassment variant of the experiment provided further explanation of what behavior is considered sexual harassment, defined as:

> Sexual harassment refers to the following behaviors:
> Unwelcome sexual advances
> Requests for sexual favors
> Other verbal or physical conduct of a sexual nature
> These behaviors constitute sexual harassment when this conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.

After reading the opening text, subjects were asked how likely they are to oppose a callback for the applicant based on their investigation record. To indicate their opposition to a callback, subjects moved a slider to a point on a continuous linear scale that ranged from 0 to 100, where

the endpoints were labeled “definitely not oppose = 0” and “definitely oppose = 100.” Other experimental research considers support for hiring (Negro et al. 2021; Kim et al. 2025). We chose to consider opposition to a callback because adverse employment records are often disqualifying.

Sample Characteristics

In addition to the workplace misconduct and sexual harassment questions, subjects were asked about their employment situation, misconduct experiences, and their personal characteristics. Subjects reported the employment type of their main job (government, private sector, self-employed, other) and the average hours per week that they worked in this job. They indicated the gender composition of their work group using five categories ranging from all men to all women, as well as their role with respect to personnel matters at their workplace by whether they give performance ratings and had a role in hiring decisions (primary responsibility, some input, or no role). Subjects were asked whether they had been sexually harassed at work, accused of workplace sexual harassment, bullied, accused of workplace bullying, or accused of workplace misconduct. They also reported their age, gender, race, education, household income, marital status, and the candidate they voted for in the 2020 presidential election.

Our sample consists of 3,568 adult members ages 18 and older of the Prolific online panel. Previous research has found that members of the Prolific panel have higher rates of attention, comprehension, and reliability than participants in other panels such as Mechanical Turk (Peer et al. 2022). Prolific excludes participants who have had low quality responses in previous studies. Our study, which was fielded in July 2024, drew on the Prolific panel, which provided a sample for this study that is nationally representative of the adult U.S. population in terms of gender, age, and race. We imposed an additional sample screen that participants had to

be employed. Just over one percent of the sample was employed at the time they enrolled in the panel but were not employed when they took the survey. Participants had to pass two attention checks, which served primarily to ensure that respondents were human, to be included in our sample. The attention check asked for agreement on the number of days in a week and to correctly select the specified level of education from a list. Each subject received $3 in payment for completing the task, which the instructions indicated would take under 15 minutes.

Sample characteristics are provided in Table A1 of the Appendix. The average age of subjects is 39, with 51 percent women and 59 percent non-Hispanic/Latino, single-race white. A substantial portion of the sample has a role in employee assessments, with 41 percent giving performance ratings. Over half of the sample have some role in hiring decisions, with 20 percent having primary responsibility for hiring and an additional 36 percent having some input on hiring. Seven percent of the sample reported being sexually harassed in the past three years, and 12 percent reported that they had been bullied.

Random Assignment to Investigation Variant

Half of the subjects were randomly assigned to the general misconduct variant, and the other half were assigned to the sexual harassment variant. Within variants, we again stratified the samples so that half of the subjects in each variant rated opposition to all four investigation categories (which we refer to as the "Rated Four" group) and the other half of the subjects in each group rated opposition to only one randomly assigned investigation category (the "Rated One" group). This experimental design allows us to conduct both a "within-subjects" analysis using the Rated Four group and a "between-subjects" analysis using the Rated One group, as described below. All other questions were the same for all subjects. The sample stratification design is provided as Figure A1 in the Appendix.

The within-subjects sample allows us to test for subjects' comprehension of the task. Subjects clearly should not be more opposed to an applicant who reported no allegations than to an applicant who had been suspended after an investigation, although they could be equally opposed to all applicants in all investigation categories. A review of the distribution of responses suggests that, despite being asked to report how likely they were to oppose a callback for the applicant and that the endpoints of the scale being marked as zero for "definitely not oppose" and 100 for "definitely oppose," some subjects appeared to reverse their responses. We are able to separately consider those subjects in the Rated Four group who indicated less or equal opposition to a callback of applicants with no allegations compared to those applicants who had been suspended. Most of the subjects met this regularity condition, with 83 percent meeting the condition in the general misconduct variant and 87 percent in the sexual misconduct variant.

Providing information on the four investigation categories in order of severity may have induced a within-task anchoring effect and may influence opposition ratings in all variants, especially in the Rated Four group who may have assigned ratings in comparison to their other ratings. Appendix Table A2 reports opposition ratings and t-tests for significant differences between the full Rated Four group and the Rated One group. In five of the comparisons, there are no statistically significant differences in opposition ratings in the same investigation category between the Rated Four and Rated One group, and in the three comparisons that show significant differences, the ratings are higher for the Rated One group. The general similarity between the Rated Four and Rated One groups suggests that the subjects in the Rated Four group were not additionally influenced by within-task anchoring relative to those in the Rated One group.

Another possible experimental design concern is that although we specified that applicants could report "no allegations," by providing any information about investigations, we

are priming subjects to assume that there is some problem affecting all applicants. However, as we show below, when we restrict the sample to those in the Rated Four group who met the regularity condition, the average opposition rating is reasonably close to zero, and the majority of subjects assigned zero opposition to those with no allegations. Specifically, 80 percent of subjects in the general misconduct variant and 83 percent in the sexual harassment variant assigned a zero opposition rating in the no allegation category.

Results

Based on the Rated Four group that met the regularity condition, Table 1 and Figure 1 present the average opposition rating to job applicants that differ by investigation category and misconduct variant. Column 1 of Table 1 reports opposition values for general misconduct and column 2 reports the values for sexual harassment. Figure 1 shows the opposition ratings with bars indicating 95 percent confidence intervals. The opposition ratings for general misconduct range from 4.1 opposing a callback for no allegations to 82.7 opposing a callback if the applicant had been suspended, and from 3.2 for no allegations to 90.3 if suspended for sexual harassment. Table A2 and Figure A2 report the corresponding ratings for the Rated Four group without the regularity condition restriction and for the Rate One group. We note that there is less of a spread between the suspended for misconduct category and the no allegations category in the unrestricted Rated Four sample relative to the restricted Rated Four sample. However, the pattern of opposition ratings are the same as that reported in Table 1 and Figure 1.

[Table 1 and Figure 1 near here]

Consistent with Hypothesis 1, any record of being investigated, including being cleared, is harmful relative to the baseline of no allegations. Specifically, the opposition rating for those cleared is 12.1 in the general misconduct variant and 16.3 in the sexual harassment variant,

where the difference between those with no allegations is statistically significant ($p<0.01$). The larger opposition ratings for the investigation categories of insufficient evidence and suspended are also significantly different from the no allegations category with $p<0.01$ for both general misconduct and sexual harassment.

Consistent with Hypothesis 2, a finding of insufficient evidence is more harmful than being cleared. Opposition ratings are substantially higher in this investigation category relative to no allegations or to being cleared, with ratings of 40.0 in the general misconduct variant and 49.9 in the sexual harassment variant, and the opposition ratings for the insufficient evidence category are significantly different from the cleared category with $p<0.01$ for both variants.

Consistent with Hypothesis 3, the investigation category with the greatest level of opposition is that of being suspended for misconduct, with ratings of 82.7 for the general misconduct variant and 90.3 for the sexual harassment variant, and the opposition ratings for the suspended category are significantly different from the insufficient evidence category with $p<0.01$ for both variants.

To investigate Hypothesis 4, we compare opposition ratings within the same investigation category between the general misconduct variant and the sexual harassment variant. T-tests show significantly greater opposition rating in the sexual harassment variant than in the general misconduct variant for the investigation categories of cleared, insufficient evidence, and suspended, with $p< 0.01$ in these three comparisons, as predicted by Hypothesis 4. Of interest is that the difference between general misconduct and sexual harassment opposition ratings is not significantly different if there are no allegations, with $p=0.16$. If providing information about all four investigation categories primed subjects to believe there is a problem, we would expect to see greater opposition in all sexual harassment categories, not only in the categories in which

there was an investigation. This absence of a difference suggests that subjects were not unduly primed to assume a problem.

Alternative Samples

The results in Table 1 indicate a consistent pattern. The degree of opposition to callbacks increases across categories A through D. Particularly striking is that the opposition rating for a finding of insufficient evidence falls about midway between being cleared and suspended. Here we consider two possible factors that may contribute to these results, hiring experience and being a victim of bullying or harassment.

The first factor is whether the subject has a role in hiring decisions, as they may have a better understanding of the implications of the various misconduct categories. Examining whether the results differ by involvement in hiring decisions also helps identify whether the experimental results may have practical consequences for employment outcomes.

Table 2 stratifies the Rated Four group that met the regularity condition by whether the subject has either primary responsibility or some input into hiring decisions. Columns 1 and 2 report the opposition ratings for general misconduct, and columns 3 and 4 report the ratings for sexual misconduct. The corresponding ratings for the Rated Four group without the regularity condition restriction are reported in Table A4.

[Table 2 near here]

For the general misconduct variant in Table 2, subjects with and without hiring experience give similar ratings for the suspended investigation category, but opposition was significantly higher among those with hiring experience in the three other categories, including the no allegations category, with opposition ratings of 5.1 for subjects with a hiring role and 2.7 for those without a hiring role. Those with a hiring role have greater opposition to those cleared

for general misconduct than those without a hiring role, with ratings of 14.1 relative to 9.3. For the insufficient evidence category, those with a hiring role have an opposition rating of 42.4, relative to 36.9 for those without a hiring role.

Turning to the sexual harassment variant, the only investigation category with a statistically significant difference between those with and without a hiring role is for the no allegations category.

While the ratings are generally similar whether or not the subject has a hiring role, to the extent that there are differences those with a hiring role do not perform in a manner that reflects a better understanding of the investigation outcome categories. The higher degree of opposition in the general misconduct variant to applicants who had been cleared or for whom an investigation concluded with an insufficient evidence finding cannot be attributed to a lack of experience with hiring. Overall, the general findings of the study do not stem from a lack of involvement in hiring.

A second possible factor that may contribute to the responses is whether the subject has been bullied or has been a victim of sexual harassment at work. For instance, the subjects' own experience with bullying or harassment may heighten their opposition to any applicant with that allegation in their record. Table 3 stratifies the Rated Four group that met the regularity condition by whether the subject had been bullied or harassed. Columns 1 and 2 report the opposition ratings for general misconduct, and columns 3 and 4 report the ratings for sexual misconduct. The corresponding ratings for the Rated Four group without the regularity condition restriction are reported in Table A5.

[Table 3 near here]

Opposition to the applicant is significantly higher among those bullied or harassed in the general misconduct variants for those applicants who had been cleared, with opposition ratings of 15.7 relative to 11.5, but otherwise there are no statistically significant differences between those who had or had not been bullied or harassed. However, in the sexual harassment variant, opposition is significantly higher among those who had been bullied or harassed in all investigation categories except suspended, in which subjects gave opposition ratings of around 90. Of interest is that despite being cleared of sexual harassment, the opposition rating is substantially greater among those bullied or harassed, with a rating of 22.8 compared to 15.1.

We also consider whether opposition levels are mediated by subjects' individual characteristics. Appendix Table A3 reports regression estimates controlling for detailed characteristics, with estimates for the Rated Four group that met the regularity condition in column 1, the full Rated Four group in column 2, and the Rated One group in column 3. Standard errors are clustered by person in the Rated Four regressions to control for within-subject correlation of errors. The regression estimates for the investigation categories are consistent in statistical significance and relative magnitudes with the mean opposition ratings reported in Table 1 and Table A2. The only control variable that consistently shows a statistically significant relation to opposition ratings is whether the subject is a man, showing lower opposition by 3–4 points on average.

Discussion

Our experimental evidence identifies substantial opposition to a callback for applicants who have been investigated for misconduct, even when the investigation did not find misconduct. It may be unsurprising that there is substantial opposition to hiring someone suspended for general misconduct or sexual harassment. However, those cleared after an

investigation face significantly more opposition than those not investigated, and there is even greater opposition to applicants for which no adverse employment action was taken due to insufficient evidence. The opposition rating for applicants with an insufficient evidence finding is roughly midway between the opposition rating for those cleared and the opposition rating for those suspended for misconduct.

Internal investigations of workplace misconduct are not rare and are conducted for several reasons. In addition to improving workplace productivity by curbing behavior or actions that conflict with the employer's interests, organizations have legal incentives, and in some cases are required, to investigate allegations of workplace misconduct. For example, public firms are audited for compliance with financial laws and regulations and are required to have a process to report potential ethics violations under the Sarbanes-Oxley Act of 2002. In the United States, the default employment doctrine is at-will employment, and employees can be fired for any reason, or no reason, as long as the reason for termination is not prohibited by statute or public policy. If an employee files a legal claim that a sanction was imposed unlawfully, organizations can use evidence gathered from an internal investigation in their legal defense.

But organizations should also be aware that an investigation itself may lead to a legal challenge. If the basis for the investigation itself was discriminatory – for instance, if only workers of one race are investigated for allegations of the same workplace misconduct – the accused worker may have a basis for a Title VII complaint. Although organizations have substantial incentives to conduct internal investigations, they should recognize that investigations are not neutral fact-finding exercises but may have unintentional consequences that put the organization at legal risk.

Merely being investigated for misconduct, absent any adverse employment consequences such as reduction in pay or job loss, would generally not have met the accepted legal standard of substantial harm. However, the 2024 Supreme Court decision in *Muldrow v. City of St. Louis* may point to an avenue for relief. *Muldrow* lowered the legal standard from "significant" harm to "some" harm. Workers subjected to an investigation on a discriminatory basis and experience adverse consequences for future job searches may be able to credibly demonstrate that they have suffered harm from the investigation itself, especially when the outcome of the investigation does not support the allegations.

Because information of investigations may spread informally, employers may consider the procedural justice benefits of offering applicants the opportunity to disclose prior misconduct investigations. Fairness in the selection process will influence an organization's ability to attract and hire qualified applicants (Gilliland 1993). Allowing applicants to disclose that they had been investigated and to explain the allegations and investigative outcome may serve to promote fairness to the investigated worker and enable organizations to recruit the best applicants.

Conclusion

We provide the first-ever experimental evidence that any investigation of workplace misconduct potentially affects one's employment prospects. The findings are consistent with the predictions of adverse employment consequences based on the literature on stigma, scandal, and negativity bias. Our experiment presented subjects with profiles of qualified applicants who differ only by their record of investigation for general workplace misconduct or sexual harassment. Subjects were presented with four possible categories of investigations and outcomes: no allegations; fully cleared after an investigation; insufficient evidence finding after an investigation and applicant was not disciplined; and suspended for a period without pay after

an investigation found evidence of misconduct. Relative to no allegations, there was opposition to a callback for any applicant who had been investigated for misconduct. Unsurprisingly, the strongest opposition is to applicants who had been suspended for this behavior. More surprising is that any investigation may be harmful, even if the accused was cleared or there was a finding of insufficient evidence. Insufficient evidence is a common finding and, in a court, would lead to dismissal of the charge. But these findings show that an insufficient evidence finding may have substantial labor market consequences for applicants who had not been found guilty of misconduct.

Although internal workplace investigations are intended to be confidential, confidentiality is not guaranteed. Reputational harm can occur as witnesses share information with coworkers, with future potential employers of the accused, or on social media. But in contrast to legal proceedings, the investigated employee may have no access to the evidence generated by the internal investigation and often has no way to correct any errors in the record or to restore their reputation if word of an investigation leaks out.

The adverse consequences on future employment prospects have implications both for organizations considering applicants who have a misconduct investigation record as well as for organizations undertaking the misconduct investigation. Organizations considering outside applicants and internal promotion candidates should be cognizant of the potential biases in the interpretation of investigation history, whether the source of information is through applicant disclosure or informally through word of mouth. Opposition to a callback was largely similar among those with and without a role in hiring, indicating that better understanding of employment practices among those with hiring experience did not mitigate biases in interpreting investigation outcomes. Our experiment specified that all applicants were qualified and eligible

for employment, yet misunderstanding or biased understanding of investigations may result in failure to hire qualified candidates.

In addition to any harm to the investigated employee, employers who have investigated and cleared employees of misconduct may also experience diminished workplace morale and productivity. Labor mobility of investigated workers may be impeded, and investigated employees may stay with an employer when they may have preferred to leave, especially if the investigation showed no misconduct and the employee views the investigation as unfair. A large literature examines organization justice aspects of the employment relationship (Feldman and Tyler 2012). Workplace productivity may be directly adversely affected if the investigated employee is suspended or reassigned during an investigation and other employees are required to pick up the slack, or if employees consider the investigation to be unfair.

There are substantial legal incentives for organizations to undertake internal investigations into workplace misconduct. A prominent reason is to protect the employer from liability for sanctioning an employee if the employee claims the sanction was imposed unlawfully. But given the potential harm to the investigating organization, human resources departments and general counsel's offices should be cognizant that any investigation is likely to impose costs on the investigated worker, associated workers, and workplace productivity in general. Recognizing this cost component along with the direct costs of carrying out the investigation should incentivize organizations to rigorously prescreen allegations for reasonable evidence that misconduct is likely to be identified before launching a formal investigation.

Because information and misinformation about investigations can be spread through informal means, there may be adverse effects even if there is no requirement that applicants disclose any record of allegations or investigations. But investigated employees are limited in

their opportunity to clear their name after an internal investigation. Employers may choose to offer applicants the option to disclose and explain any investigation history without requiring that they do so. Allowing such voluntary disclosures would contribute to procedural justice in the recruitment and selection process from the applicant's perspective. Hiring managers should also understand how to interpret categories of workplace investigations so as to overcome the possible negativity bias toward those whose investigation did not conclude with a finding of misconduct.

Figure A1: Assignment to Investigation Variant

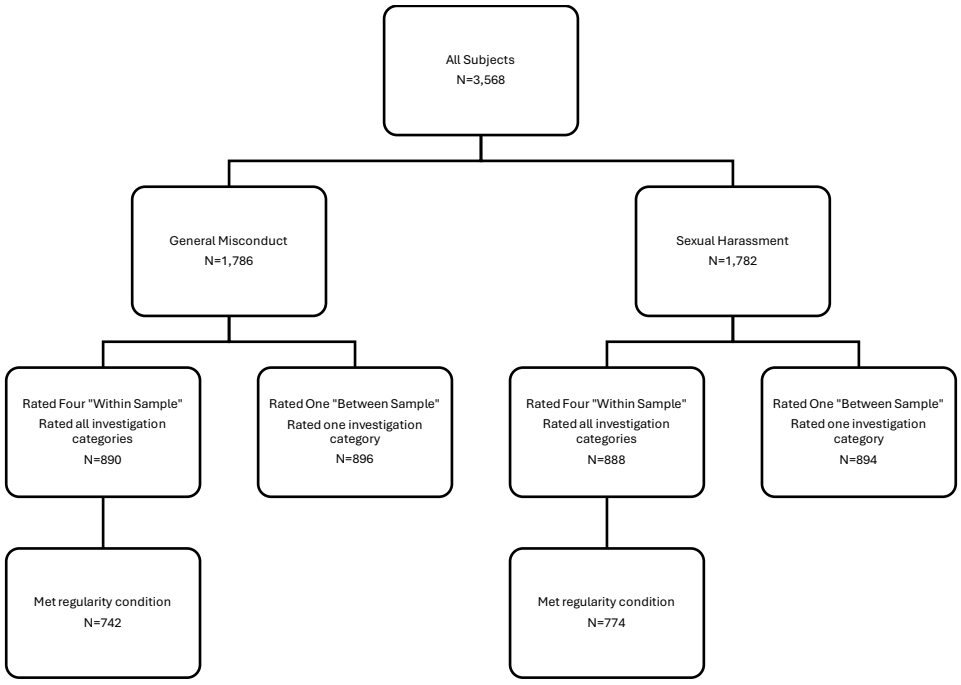
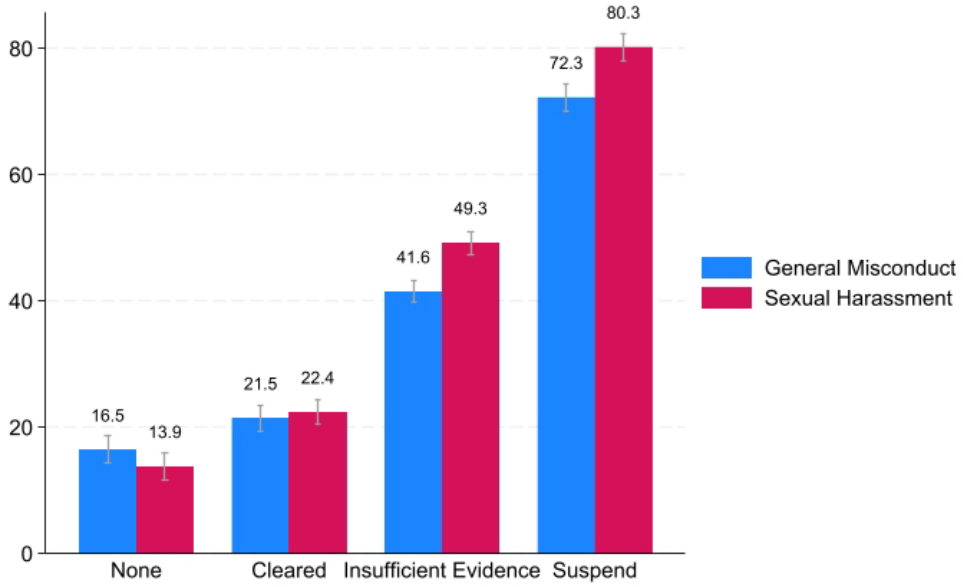
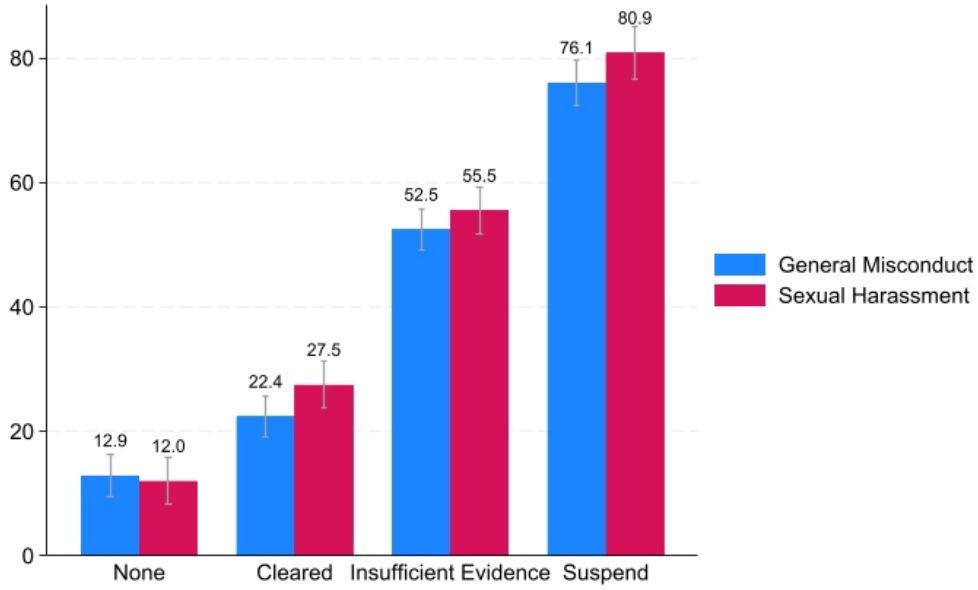


Figure A2: Opposition to Callback by Investigation Variant and Category, 0–100 Scale

Panel A: Full Rated Four Group



Panel B: Rated One Group



Note: Panel A reports opposition ratings for subjects in the Rated Four group without restriction to subjects meeting the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Panel B reports opposition ratings for subjects in the Rated One group. Bars represent 95% confidence intervals.

Table A1. Sample Characteristics

	Percentage or Mean (Std. Deviation)
Demographic Characteristics	
Gender	
Male	47.00
Female	51.37
Other gender	1.63
Race/Ethnicity	
Hispanic/Latino, any race	8.21
Non-Hispanic, single race Asian	7.96
Non-Hispanic, single race Black	18.92
Non-Hispanic, single race White	59.16
All other non-Hispanic	5.75
Age	
Age	38.76 (11.66)
Education (highest grade)	
Less than high school degree	0.25
High school graduate	9.22
Some college or technical education	24.64
Bachelor's degree	43.81
Post-bachelor's degree	22.09
Current marital status	
Married	54.15
Never married	37.50
Previously married	8.35
Household income	
Less than $100,000	63.28
$100,000 to $250,000	32.88
Greater than $250,000	2.63
Not reported	1.21
Workplace characteristics	
Employed	98.54
Government employer	11.38
Private employer	75.81
Self-employed	11.24
Other	1.57
Hours worked per week	38.38 (10.19)

Gender composition of work group	
All men	3.87
More men than women	30.47
About equal numbers of men and women	34.53
More women than men	27.61
All women	3.53
Role in workplace assessments and hiring	
Give performance ratings	41.45
No role in hiring decisions	44.31
Some role in hiring decisions	36.01
Primary responsibility in hiring decisions	19.67
Misconduct history at work in past 3 years	
Sexually harassed	6.75
Accused of sexual harassment	0.98
Bullied	12.00
Accused of bullying	1.77
Accused of misconduct	1.99
Bullied or sexually harassed	14.77
Vote in 2020 presidential election	
Biden	52.91
Trump	24.89
Other	7.34
Did not vote or did not answer	14.85
Met regularity condition, Rated Four group	
General misconduct variant (N=890)	83.37
Sexual harassment variant (N=888)	87.16
N	3,568

Note: Other than age and hours worked, all values are percentages.

Table A2. Opposition to Callback by Investigation Variant and Category, 0–100 Scale

	Opposition to Callback Rating			
	General Misconduct		Sexual Harassment	
	(1)	(2)	(3)	(4)
Investigation Category	Rated Four	Rated One	Rated Four	Rated One
A. No allegations	16.48 (32.47)	12.91 (25.69)	13.85 (31.29)	12.04 (28.36)
B. Cleared	21.50 (30.47)	22.38 (24.51)	22.44 (28.32)	27.49* (28.32)
C. Insufficient evidence	41.55 (26.50)	52.45* (25.64)	49.27 (27.52)	55.50* (28.88)
D. Suspended	72.30 (33.13)	76.06 (28.26)	80.28 (32.67)	80.86 (32.54)
N	890	Row A: 224 Row B: 225 Row C: 224 Row D: 223	888	Row A: 226 Row B: 222 Row C: 223 Row D: 223

Notes: Standard deviations are in parentheses. Columns 1 and 3 include the full Rated Four group without restriction to those meeting the regularity condition.

Statistically significant differences between the Rated Four group and the Rated One group in the same investigation variant and category indicated in columns 2 and 4 as: * at the .10 level; ** at the .05 level; *** at the .01 level.

Table A3. Opposition to Callback Regressions, 0–100 Scale

	Restricted Rated Four	Full Rated Four	Rated One
	(1)	(2)	(3)
General Misconduct–Cleared	7.97***	5.02***	10.10***
	(0.69)	(0.71)	(2.38)
General Misconduct–Insufficient evidence	35.93***	25.07***	39.46***
	(1.01)	(1.26)	(2.45)
General Misconduct–Suspended	78.62***	55.82***	63.10***
	(1.05)	(1.99)	(2.54)
Sexual harassment–No allegations	-0.85	-2.53*	-0.46
	(0.68)	(1.51)	(2.55)
Sexual harassment–Cleared	12.24***	6.06***	14.72***
	(0.93)	(1.43)	(2.58)
Sexual harassment–Insufficient evidence	45.93***	32.89***	42.71***
	(1.10)	(1.42)	(2.63)
Sexual harassment–Suspended	86.24***	63.90***	68.25***
	(0.87)	(1.55)	(2.75)
Male	-4.01***	-3.24***	-2.93*
	(0.70)	(0.76)	(1.53)
Hispanic/Latino, any race	-0.93	0.17	0.16
	(1.26)	(1.42)	(2.31)
Non-Hispanic, single race Asian	2.66**	2.46*	0.39
	(1.28)	(1.29)	(2.46)
Non-Hispanic, single race Black	0.15	1.96+	-0.05
	(1.02)	(1.04)	(1.98)
All other non-Hispanic	0.44	1.40	-6.54**
	(1.14)	(1.36)	(2.81)
Age	-0.06*	0.01	-0.08
	(0.03)	(0.04)	(0.07)
Some college or technical education	1.43	0.71	-7.56***
	(1.19)	(1.36)	(2.63)
Bachelor's degree	2.33**	1.80	-3.46
	(1.13)	(1.31)	(2.57)
Post-bachelor's degree	2.24*	1.42	-1.88
	(1.32)	(1.49)	(2.88)
Married	0.83	1.15	-1.11
	(0.77)	(0.81)	(1.60)
Previously married	-0.50	0.35	-0.06
	(1.45)	(1.62)	(2.63)
$100,000 to $250,000	-0.11	0.46	2.08
	(0.83)	(0.88)	(1.58)
Greater than $250,000	-1.43	-2.40	1.76
	(1.87)	(2.02)	(3.52)

Not reported	0.05	-0.56	-7.83
	(3.67)	(3.57)	(5.55)
Government employer	1.27	0.69	1.33
	(1.45)	(1.52)	(2.66)
Private employer	0.05	0.24	1.86
	(1.04)	(1.12)	(2.08)
Hours worked	-0.01	-0.01	-0.03
	(0.03)	(0.04)	(0.06)
All men	0.13	-0.38	1.70
	(1.69)	(2.02)	(3.37)
More men than women	-0.20	-0.55	-2.12
	(0.88)	(0.92)	(1.78)
More women than men	-1.72**	-2.13**	0.80
	(0.85)	(0.92)	(1.64)
All women	0.66	1.00	1.17
	(2.04)	(2.21)	(3.16)
Give performance ratings	1.65**	1.99**	1.11
	(0.84)	(0.90)	(1.84)
Any role in hiring decisions	1.22	0.31	-0.75
	(0.76)	(0.86)	(1.71)
Bullied or sexually harassed	1.55	1.45	1.53
	(1.02)	(1.02)	(2.07)
Trump	-0.74	-1.01	2.17
	(0.86)	(0.88)	(1.64)
Constant	5.08**	14.80***	20.44***
	(2.19)	(2.46)	(4.81)
Adjusted R^2	0.71	0.39	0.46
Number of persons	1,516	1,778	1,790

Note: Column 1: Rated Four group that met the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Column 2: full Rated Four group. Column 3: Rated One group.

Robust standard errors in parentheses. Standard errors are clustered by person in the Rated Four regressions in columns 1 and 2.

Statistical significance indicated as: * at the .10 level; ** at the .05 level; *** at the .01 level.

Table A4: Opposition to Callback by Investigation Variant and Category by Hiring Role, 0–100 Scale

	General Misconduct		Sexual Harassment	
	(1)	(2)	(3)	(4)
Investigation Category	Hiring Role	No Hiring Role	Hiring Role	No Hiring Role
A. No allegations	17.59 (32.50)	14.95 (32.43)	15.93 (13.78)	11.52** (29.64)
B. Cleared	23.31 (30.91)	19.01** (29.71)	24.04 (28.64)	20.51* (27.85)
C. Insufficient evidence	42.94 (26.92)	39.63* (25.80)	49.36 (27.45)	49.17 (27.63)
D. Suspended	72.06 (33.85)	72.62 (32.15)	78.08 (33.58)	82.94 (31.36)
N	516	374	486	402

Notes: Table reports opposition ratings for subjects in Rated Four groups without restriction to meeting the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Those with a hiring role have either primary responsibility or some role in hiring decisions.

Standard deviations are in parentheses. Statistically significant differences between those with and without a hiring role in the same investigation variant and category are indicated in columns 2 and 4 as: * at the .10 level; ** at the .05 level; *** at the .01 level.

Table A5. Opposition to Callback by Investigation Variant and Category by Bullying or Sexual Harassment Experience, 0–100 Scale

	General Misconduct		Sexual Harassment	
	(1)	(2)	(3)	(4)
Investigation Category	Bullied or Harassed	Not Bullied or Harassed	Bullied or Harassed	Not Bullied or Harassed
A. No allegations	23.49 (28.74)	21.20 (30.73)	16.69 (32.93)	13.35 (30.98)
B. Cleared	23.49 (28.74)	21.20 (30.73)	29.69 (30.89)	21.15*** (27.67)
C. Insufficient evidence	41.44 (26.50)	41.57 (26.51)	52.53 (26.11)	48.69 (27.74)
D. Suspended	69.74 (33.37)	72.69 (33.10)	78.76 (33.30)	80.55 (32.57)
N	118	772	134	774

Notes: Table reports opposition ratings for subjects in Rated Four groups without restriction to meeting the regularity condition of opposition to a callback for “no allegations” as less than or equal to “suspended.”

Standard deviations are in parentheses. Statistically significant differences between those who had or had not been bullied or harassed in the same investigation variant and category are indicated in columns 2 and 4 as: * at the .10 level; ** at the .05 level; *** at the .01 level.

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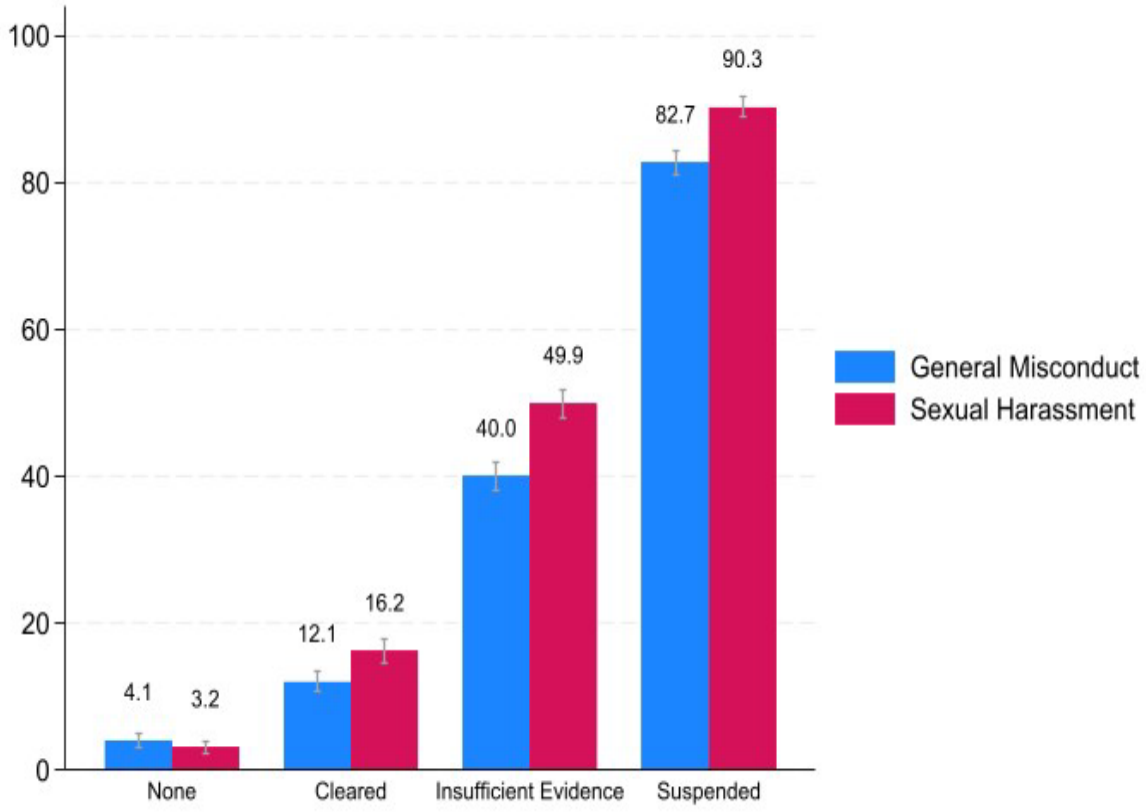
Figure 1. Opposition to Callback by Investigation Variant and Category, 0–100 Scale



Note: This figure reports opposition ratings for subjects in Rated Four groups that met the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Bars represent 95% confidence intervals.

Table 1. Opposition to Callback by Investigation Variant and Category, 0–100 Scale

	General Misconduct	Sexual Harassment
Investigation Category	(1)	(2)
A. No allegations	4.09 (13.77)	3.16 (12.13)
B. Cleared	12.06 (19.73)	16.24 (21.90)
C. Insufficient evidence	40.02 (25.45)	49.94 (27.49)
D. Suspended	82.71 (23.84)	90.25 (19.60)
N	742	774

Note: Table reports opposition ratings for subjects in Rated Four groups that met the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Standard deviations are in parentheses.

The test of the hypothesis of equality of means within and between all pairs shows statistically significant differences with $p<0.01$ except for a comparison of general misconduct to sexual harassment in the "no allegations" category ($p=0.16$).

Table 2. Opposition to Callback by Investigation Variant and Category by Hiring Role, 0–100 Scale

	General Misconduct		Sexual Harassment	
	(1)	(2)	(3)	(4)
Investigation Category	Hiring Role	No Hiring Role	Hiring Role	No Hiring Role
A. No allegations	5.10 (14.99)	2.74** (11.87)	3.93 (13.74)	2.27* (9.92)
B. Cleared	14.11 (21.67)	9.32*** (16.44)	16.86 (21.50)	15.54 (22.37)
C. Insufficient evidence	42.40 (26.03)	36.86*** (24.34)	50.32 (27.71)	49.51 (27.28)
D. Suspended	83.41 (23.85)	81.79 (23.82)	89.27 (20.24)	91.38 (18.81)
N	424	318	413	361

Notes: Table reports opposition ratings for subjects in Rated Four groups that met the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended." Those with a hiring role have either primary responsibility or some role in hiring decisions.

Standard deviations are in parentheses. Statistically significant differences between those with and without a hiring role in the same investigation variant and category are indicated in columns 2 and 4 as: * at the .10 level; ** at the .05 level; *** at the .01 level.

Table 3. Opposition to Callback by Investigation Variant and Category by Bullying or Sexual Harassment Experience, 0–100 Scale

	General Misconduct		Sexual Harassment	
	(1)	(2)	(3)	(4)
Investigation Category	Bullied or Harassed	Not Bullied or Harassed	Bullied or Harassed	Not Bullied or Harassed
A. No allegations	5.80 (15.21)	3.83 (13.55)	5.30 (16.35)	2.78** (11.21)
B. Cleared	15.69 (21.65)	11.51** (19.39)	22.82 (25.18)	15.10*** (21.09)
C. Insufficient evidence	41.58 (26.72)	39.79 (25.26)	53.83 (26.17)	49.26* (27.68)
D. Suspended	79.56 (25.82)	83.19 (23.51)	89.37 (20.54)	90.41 (19.44)
N	97	645	115	659

Notes: Table reports opposition ratings for subjects in Rated Four groups that met the regularity condition of opposition to a callback for "no allegations" as less than or equal to "suspended."

Standard deviations are in parentheses. Statistically significant differences between those who had or had not been bullied or harassed in the same investigation variant and category are indicated in columns 2 and 4 as: * at the .10 level; ** at the .05 level; *** at the .01 level.