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Economic Impacts of Sexual Harassment: Combating Sexual Harassment Can Further Gender Equality

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Introduction

Sexual harassment is pervasive. Anywhere between 25 to 85 percent of all women (depending on sampling strategies and definitions) experience sexual harassment in the workplace.[1] The #metoo movement in particular has given voice to these statistics and has shown that sexual harassment cuts across all industries and levels: it happens in academia, Hollywood, corporate America, government, construction sites, hospitals, human services, law enforcement, logistics, retail, and hospitality. It occurs in both small and large businesses. Sexual harassment can come from supervisors and managers, but also from co-workers and third parties like clients and customers and patients. While both men and women are victims, available evidence indicates that the incidence of sexual harassment is higher among women than men, just as it is higher among minorities and individuals who identify as lesbian, gay, bisexual, or transgender.

There are large numbers of workers who are not protected by existing laws and have few avenues for reporting harassment. And those who do have avenues to report often do not for fear of retaliation or other negative consequences. These problems and ways to address them are the focus of this issue brief. We aim to highlight the extent to which sexual harassment permeates the workplace, how it impacts the professional and personal lives of workers, and what strategies employers are using to effectively combat sexual harassment. The bottom line is that key labor market goals such as closing the gender pay gap cannot be achieved without mitigating sexual harassment in the workplace.

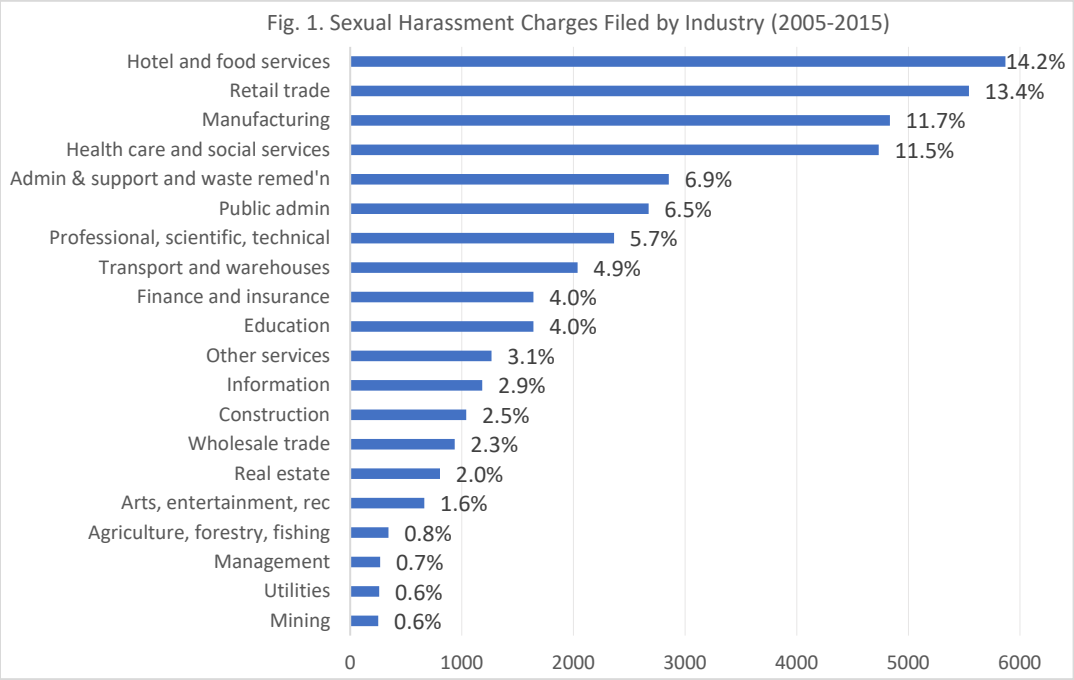
Prevalence of Sexual Harassment in the U.S.

According to a special task force of the Equal Employment Opportunity Commission (EEOC), the prevalence of sexual harassment varies widely, from one quarter of workers (in studies using random samples when the term sexual harassment is not defined) to approximately 75 to 85 percent of all workers (in studies using non-random samples asking about specific sexually-based behaviors). [2]

These numbers are confirmed in other sources, which indicate that women experience disproportionately more sexual harassment than men.[3] Individuals belonging to a minority racial or ethnic group and LGBT individuals also experience greater rates of harassment. National-level data in Lee (2017) show that 10 percent of men and 27 percent of women have been sexually harassed at work.[4] Reporting somewhat higher rates, the non-profit group Stop Street Harassment found that 38 percent of women and 13 percent of men in a national survey have been the victims of sexual harassment at work.[5] At the other end of the spectrum, close to 80 percent of women (predominantly Latina) participating in a survey in a southwestern university reported that they were victims of sexual harassment in the past two years.[6]

Sexual harassment is more prevalent in some industries than others, with the hotel and food services industry along with the retail trade industry accounting for over one quarter of all EEOC sexual harassment claims from 2005 to 2015 (Fig. 1).[7] The restaurant industry in particular is known for its high rates of sexual harassment, not just by customers but also by co-workers and

supervisors. A survey of restaurant workers found that 60 percent of women and 46 percent of men reported that sexual harassment is a part of their regular work environment.[8] Rates are particularly high for workers in states with a sub-minimum wage for tipped workers of $2.13 per hour, largely because workers feel that they need to put up with harassment in order to earn higher tips.



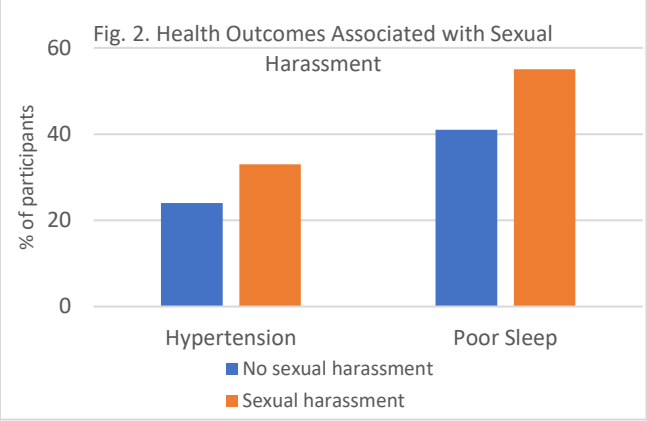
Source: Frye (2016)

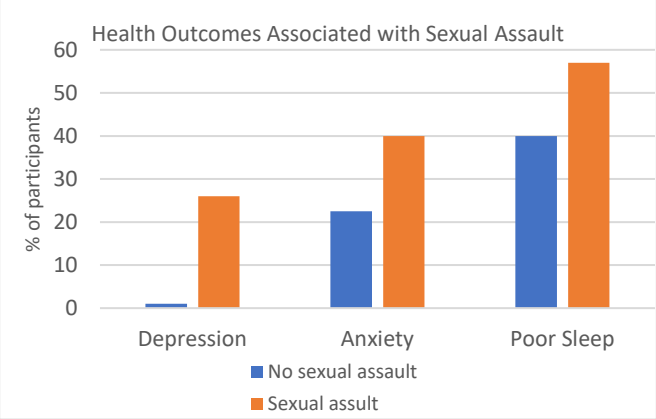
The next two biggest offenders among all industries – manufacturing and health care & social services – account for another 23 percent of all sexual harassment charges filed with the EEOC (Fig. 1). Even though the construction industry accounts for a smaller share of sexual harassment charges (2.5 percent), the low number is misleading because this industry is a traditionally male industry employing relatively few women. Of the women who are employed in construction, sexual harassment is disturbingly prevalent. About one third (31 percent) of all women working in construction report that they frequently or constantly experience sexual harassment on the job.[9]

Besides working for tips or working in male-dominated industries, other job-related characteristics associated with high rates of sexual harassment include employment in isolated settings, employment as an undocumented worker (many such workers fear deportation if they report their employer), and working in institutions such as universities and government agencies with entrenched power differentials.[10] Domestic workers (nannies, housecleaners, and care providers) are particularly vulnerable to sexual harassment, sexual abuse, and other forms of physical abuse not only because a fairly high proportion of domestic workers are undocumented, but also because their work takes place in private homes where the behaviors of employers are difficult to control, witness, and document.

Health and Economic Impacts

Sexual harassment has negative effects on health. A growing body of research demonstrates that sexual harassment causes harm to mental and physical health and overall wellbeing. Poor health outcomes include anxiety, depression, inadequate sleep, obesity, increased smoking, pain disorders, and high blood pressure.[11] For example, a survey of over 300 women found that women who had experienced sexual harassment had a statistically significant higher incidence of hypertension as well as poor sleep compared to women who had not experienced sexual harassment. [12] Similar results were found for sexual assault (Figure 2).





Source: Thurston et al. (2018)

Sexual harassment also has harmful economic effects for individuals, organizations, and society as a whole. For students, sexual harassment is associated with disengagement from classes and poorer school performance.[13] For individuals in the labor market, sexual harassment is associated with reduced job satisfaction, increased absenteeism, deterioration in relationships with colleagues, job changes, and even exits from well-paying careers.[14] Women who experience sexual harassment are more likely to leave their jobs to avoid their harasser or because of frustration with their employer's response. Such exits often result in loss of firm-specific tenure, employment gaps, severed professional networks, and financial insecurity. These outcomes in turn interfere with longer-term career advancement, especially if women have trouble finding comparable work.[15] In academia, women who have experienced sexual harassment are more likely than women who have not done so to give up a tenure-track job, leave a research team, or step down from a leadership position in order to avoid a perpetrator.[16]

Not only does sexual harassment interfere with women's economic status, it also hurts the bottom line of organizations through higher employee turnover, lower productivity, more absenteeism, and greater legal costs. The costs to firms of reduced productivity alone are estimated to be $22,500 per harassed worker.[17] The productivity losses occur not only at the individual level but also at the group level as office working environments become more negative and others in the workgroup who observe the harassment experience more stress and

lower job satisfaction.[18] Employee turnover exerts an enormous cost on firms, with estimates in Mclaughlin *et al.* (2017) indicating that women who have been sexually harassed are 6.5 times more likely to switch jobs than women who were not victims. The cost of replacing these employees can amount to about 16 to 20 percent of the annual salary of a mid-level employee; replacing an executive-level employee can cost more than double her salary.[19]

Sexual harassment is a contributing factor in the gender wage gap. When we compare all men and women who work full time, women typically earn 80 cents for every dollar their male counterpart earns. Women's Equal Pay Day is the symbolic date on which women's earnings nationwide catch up to men's earnings from the previous year. For all women in the U.S., this symbolic date in 2020 will occur on March 31st. For Black women, Equal Pay Day will not be until August 13th. And for Latinas, Equal Pay Day will occur on November 2nd.

In the U.S., African American or Latinas are much more likely than their male counterparts to be struggling in a low wage job in retail, hospitality, or healthcare.[20] Common jobs include working as a domestic worker as a cleaner, nanny or home health aide. Meeting basic needs on the frontlines of these industries is a true struggle.[21] Immigration status often makes these workers even more vulnerable. Workers in these low-wage female-dominated industries also have the highest reported incidents of sexual harassment and assault by sector.[22]

Conclusion

A growing number of states are passing policies to promote economic justice and to support women and working families. Policies such as earned sick time, paid family leave, and pay equity laws are important steps toward encouraging gender equality, and so is preventing and mitigating the impact of sexual harassment.

We need to have a multi-pronged approach to address the wage gap, not only because it is right and fair and will lead to a stronger economy and stronger and healthier communities, but also because strengthening women's economic opportunities and self-sufficiency are important strategies for sexual and domestic violence prevention.[23] One those prongs needs to focus on preventing and addressing workplace sexual harassment.

The Equal Employment Opportunity Commissioner (EEOC) has identified five core principles to that can be effective in preventing and addressing harassment[24]:

- Committed and engaged leadership;
- Consistent and demonstrated accountability;
- Strong and comprehensive harassment policies;
- Trusted and accessible complaint procedures; and,
- Regular, interactive training tailored to the audience and the organization.

This is not a problem that will be solved through check the box compliance training and zero tolerance policies. In fact, research has demonstrated some of those approaches can make the problem even worse.[25] There is no quick fix to preventing sexual and gender-based harassment. It is going to take changing our culture in the workplace and beyond and adapting legal structures that are more inclusive of all workers. At the same time, we know that relying on legal systems alone will not be enough to reduce the prevalence of sexual harassment.[26] It is also going to take developing a better understanding of what prevention strategies work best to protect workers from experiencing sexual harassment. It is going to take meaningful implementation of bystander intervention programs that views everyone as a potential ally in preventing and combating sexual harassment and gives them the tools and skills to address harassment.

Women who have shared their voices and experiences through #metoo as well as those who came earlier have done their job. We need a commitment of resources and investments from a range of stakeholders, including government, employers, and private foundations, to advance not just understanding in this area, but to advance prevention strategies through research and implementation science. We need to harness the evidence that exists on what works and make it accessible and actionable as if this were a public health crisis.

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ABOUT THE CENTER FOR WOMEN AND WORK

The Center for Women and Work (CWW) engages in research, education and programming that promotes economic and social equity for women workers, their families and communities. CWW's work focuses on: addressing women's advancement in the workplace; providing technical assistance and designing programming for educators, industry and government; and, engaging in issues that directly affect the living standards of working families in New Jersey and across the nation. CWW is housed within the School of Management and Labor Relations at Rutgers, The State University of New Jersey and is a member of the Institute for Women's Leadership Consortium.

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