Below the surface: the real costs of sex-based harassment

The wave of public accusations of sexual harassment and assault fostered by the #MeToo movement has rolled across workplaces in the United States and around the world, shattering the prevailing silence on sex-based harassment and revealing how sexual harassment negatively affects workers, particularly women, personally and professionally. In light of its mission to advance gender equity, the International Center for Research on Women (ICRW) entered the discourse with the intent of going beyond the polemic and adding concrete context and new evidence that sex-based harassment is costing companies far more than they may realize.

What is sex-based harassment?

Sex-based harassment encapsulates a wide range of behaviors that degrade or humiliate an individual based on their sex and/or gender. Three different categories of behavior define sex-based harassment: (1) "gender harassment," referring to verbal and nonverbal behaviors that demean women and/or femininity or create a hostile work environment, but which do not have the goal of sexual cooperation; (2) "unwanted sexual attention," referring to behaviors such as pressure for dates and unwanted touching which express a romantic or sexual interest but are unreciprocated and unwelcome; and (3) "sexual coercion," pertaining to behaviors that threaten loss of job, unfavorable work assignments, or loss of pay or promised promotion, raises, or better assignments in return for sexual cooperation.

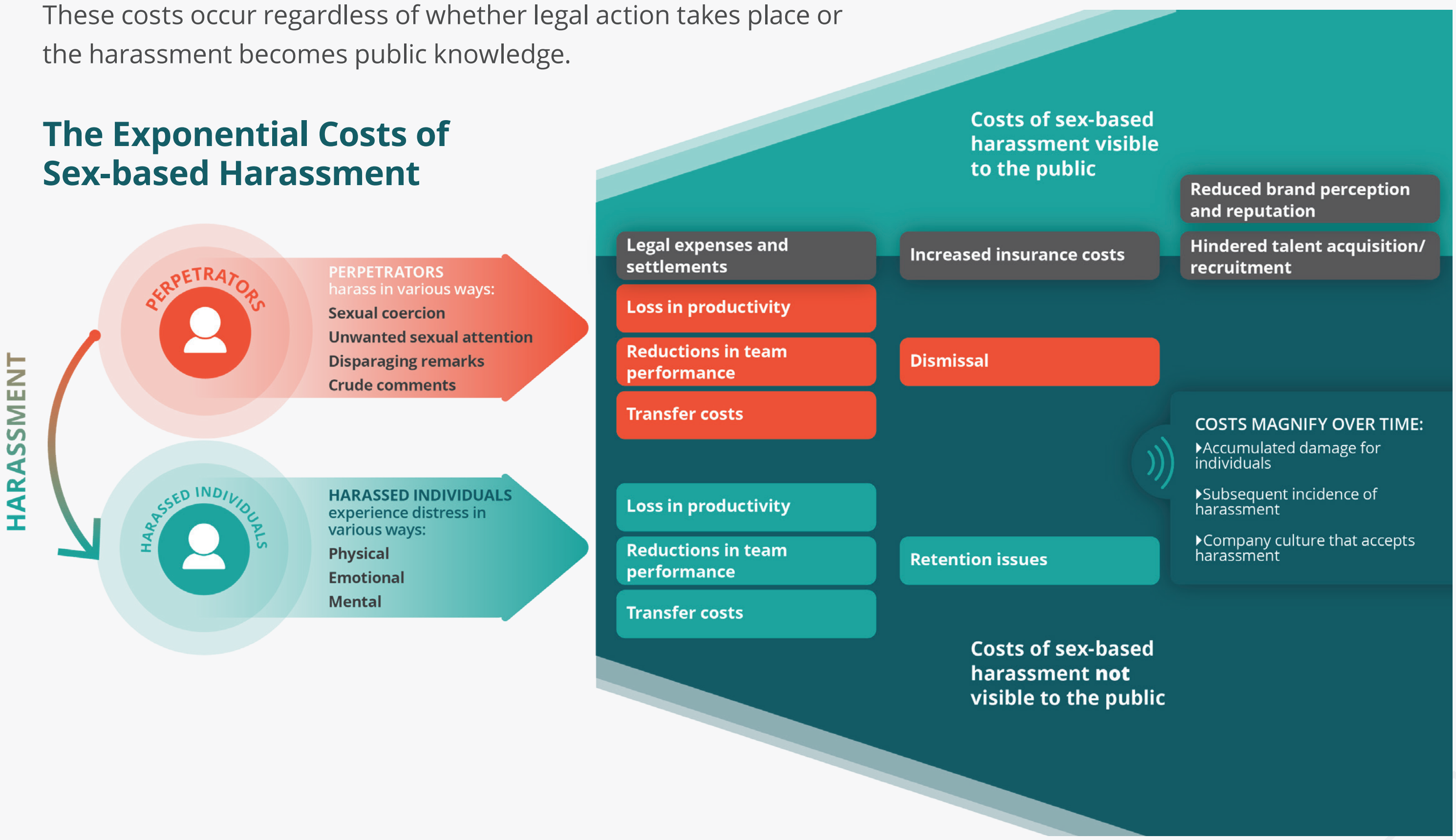
Despite frequent discussions of these visible costs of harassment, particularly settlements, the bulk of the costs of sex-based harassment derive from costs that are largely invisible to the public.

Costs visible to the public can include **legal expenses and settlements**, including court awards for damages. (While settlement values are meant to be invisible to the public, they sometimes are released.) **Insurance costs**, particularly Employment Practices Liability Insurance (EPLI), may increase based on a company's fear of potential legal risk associated with sex-based harassment. Finally, the company may experience **reputational costs and the perception of its brand value can decline** if it is known to tolerate sex-based harassment, which can further result in hindered talent acquisition.

What about those *invisible* costs?

Less visible costs are those associated with a **loss of productivity**; **reduced performance of the team(s)** to which the harassed individual belongs; **transfer costs** of moving the harassed individual to another team and/or department and **retention issues** (i.e., the harassed individual quitting or being fired by the perpetrator and having to re-hire for the position). These costs occur regardless of whether legal action takes place or the harassment becomes public knowledge.

The Exponential Costs of Sex-based Harassment



What can companies do?

Sex-based harassment is not just the case of one "bad apple," it's a culture. It is both a symptom and a driver of male dominance in an industry. Sex-based harassment is most common in industries dominated by men, particularly those where men concentrate in the highest job ranks in businesses. Even in industries where lower level workers are predominantly women, such as in education or service industries, sex-based harassment still occurs.

Discrete training programs and company policies have limited effectiveness within a corporate culture that tolerates sex-based harassment. Indeed, there is very limited evidence to point to which programs and policies are most effective at addressing sex-based harassment.

To reduce the incidence, and thereby the costs, of sex-based harassment, companies need to understand and address aspects of their corporate cultures that support and perpetuate it.

Research indicates that companies and workgroups with the lowest prevalence of sex-based harassment are those with the greatest gender balance in terms of workplace composition. Importantly, **companies with more diverse leadership in terms of both gender and racial composition also tend to outperform others** in their industry, a phenomenon called the **diversity dividend**.