



The business costs of violence against women in Ecuador

Executive Summary

The invisible impact on large and medium-sized private companies of violence against women in intimate partner relationships (VAW)

Dr. Arístides A. Vara-Horna

Programa PreViMujer, GIZ / Universidad de San Martín de Porres



Published by the

Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH
PreViMujer Program
Whymper N28-39 y Orellana
Quito, Ecuador
T + 593 2 3815810
F + 593 2 381810 Ext.200

School of Administrative Sciences and
Human Resources
Universidad de San Martín de Porres
Jr. Las Calandrias 151, Santa Anita, Lima, Perú
T + 51 1 3620065
F + 51 1 3625474
I www.usmp.edu.pe

Supervision

Dr. Christine Brendel
PreViMujer Program Director
christine.brendel@giz.de

Dr. Daniel Valera Loza
Dean
School of Administrative Sciences and
Human Resources
dvaleral@usmp.pe

M.S. Viviana Maldonado Posso
PreViMujer Program Coordinator
viviana.maldonado@giz.de

Prepared by

Mónica De las Casas Alegre

Summary based on the study “Los costos empresariales de la violencia contra las mujeres en Ecuador. El impacto invisible en las grandes y medianas empresas privadas de la violencia contra las mujeres en relaciones de pareja (VcM): 2018”.

Arístides Vara-Horna.

Design

Erika Valeria Hidrovo Sánchez

Statistical review

Daniel Rea Constante

Cover photo (Image)

Javi_indy / Freepik

Imprint

First edition: October 2019

ISBN

978-9942-9925-2-9

All rights reserved

No part of this document may be reproduced in any form or by any means without the permission of the publisher(s). The ideas, opinions, and criteria expressed in this publication are the sole responsibility of the author(s) and do not necessarily reflect the views of the GIZ or its partners.

Follow us

Facebook: <https://www.facebook.com/MujeressinV/>

www.mujereslibresdeviolencia.usmp.edu.pe

http://info.comvomujer.org.pe/catalogocomvo/catalogo_comvomujer_web.pdf

Index

<i>Foreword</i>	<i>04</i>
<i>Introduction</i>	<i>05</i>
<i>Methodology</i>	<i>06</i>
<i>Main results</i>	<i>08</i>
<i>Recommendations</i>	<i>14</i>
<i>References and notes</i>	<i>15</i>

► Foreword

Violence against women is one of the most serious and widespread violations of human rights and a chronic social problem that creates harmful effects at all levels. In Ecuador, 6 out of 10 women have experienced some type of gender violence (INEC 2011). As it is present in all spaces in which we participate and interact, it is unquestionable that it is also present in companies, affecting the business world.

12,101 employees from 35 large and medium-sized companies located in different cities of the country participated in this research. It improves and adapts, for the Ecuadorian context, a methodology previously used by the GIZ and the Universidad de San Martín de Porres. It determines the economic impact that violence against women in intimate partner relationships (VAW) has on large and medium-sized Ecuadorian companies, which results in a loss of productivity of almost US\$1.8 billion dollars per year, equivalent to 1.65% of the gross domestic product (GDP), seriously undermining the possibilities of full development of individuals, companies, and the country.

This research would not have been possible without the active participation of many people, companies, and institutions committed to the eradication of VAW. I would especially like to thank the Chamber of Industries and Production of Ecuador (CIP) and the Ecuadorian Consortium for Social Responsibility (CERES), with whom we have established a valuable collaboration whose fruits we are beginning to see and with whom we will continue to work towards an Ecuador free of violence against women. I would also like to thank Dr. Arístides Vara-Horna, director of the Research Center of the Faculty of Administrative Sciences and Human Resources of the Universidad de San Martín de Porres, who has pushed forward this endeavor as part of a long-standing commitment to the prevention of VAW, through which he continues to contribute to this cause with research aimed at contributing to committed and decisive corporate action.

Companies, as part of their commitment to the Sustainable Development Goals, particularly SDG 5.2, must get involved in the solution of this scourge, applying a comprehensive and proactive strategy, not only because it is the right thing to do, but also because it has a negative impact on their business outcomes. To do so, they must establish corporate policies of zero tolerance, creating preventive, compliance, and protective measures that also contribute to the occupational safety of their personnel.

We would like to invite Ecuadorian companies to place the prevention of violence against women at the center of their corporate and social responsibility policies. This will contribute to the building of an Ecuador free of violence against women.

*Christine Brendel
Prevention of Violence against Women Program - PreViMujer
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH*

► Introduction

In Ecuador, at least 6 out of every 10 women are affected by violence against women in intimate partner relationships (VAW), experiencing psychological, economic, physical, or sexual assault by their partners or ex-partners¹. This is a very serious and widespread violation of human rights with effects at all levels (individual, relational, community, and state).

Ecuadorian companies are no exception. Although VAW occurs mostly in the private sphere, its impact transcends the personal and affects the business world, generating invisible costs, unidentified and considered outside the work context, but which have an impact on companies' economic results.

The objective of the study is to determine the costs of VAW on labor productivity in medium and large-sized Ecuadorian companies. To this end, it is proposed:

- To determine the prevalence of VAW in Ecuadorian companies, as reported by their personnel, identifying the existing types and their magnitude.
- To estimate work days lost due to tardiness, absenteeism, and presenteeism of assaulted women, aggressors, and personnel who are witnesses.
- To determine the monetary cost of lost productivity to the business sector, based on wages as well as loss of value added.

So far, companies have shown significant progress in their contribution to eradicating violence in which outsiders may harm personnel that is mining resources (type 1); in which clients attack personnel and claim bad service (type 2); and in which personnel attack each other, either by abusing their power or in peer relationships (type 3). In the last decade, they have allocated resources to educate their personnel, train their management, and modify their codes of conduct in order to control and sanction these types of abuse. However, the same is not true for when personnel is assaulted by (or assaults) a member of their family (type 4) or when personnel is assaulted or their safety is violated as a result of the organizational model their company has adopted (type 5).

VAW is found in type 4 violence, which has remained invisible to companies because it was considered a private and very personal matter that did not concern them. It was also assumed it was infrequent and had no impact on productivity. Additionally, the company assumes a position of social indifference because it does not know how to deal with the problem or believes that its prevention is outside of its business interests. These ideas are wrong and more the product of social prejudices than of scientific knowledge.

Women are violated for gender-based reasons, meaning because men feel superior to them and have the power to exercise “discipline” or “punishment” or because they transgress their “roles” or question male power. Thus, VAW is used to establish and maintain a subordination that has been constructed, justified, and reinforced by a patriarchal (machista) belief system. This historical unequal power relationship and the low value attributed to women is easily verifiable. In all the countries where it has been measured, women: 1. are always assaulted more than men; 2. are considered less valuable socially; 3. earn less than men for the same work; 4. spend more than twice as much time on unpaid domestic work; 5. are almost absent from leadership positions in organizations.

Violence against women in intimate partner relationships implies in operational terms: (1) Acts or lack of them with the intent or probability of harm; (2) With the purpose of forcing them to act against their will; (3) Within an intimate relationship² based on power. It cannot be understood without also analyzing gender-based subordination relationships, since it is instrumental to the goal of obtaining women's obedience. We are not talking about simple attacks resulting from fights or arguments, but about coercive means, from the most subtle to the most serious, which can escalate depending on how much women resist acting against their will.

It is a mistake to believe that VAW is only beatings or overt insults. It can take very subtle forms, such as humiliation, threats, economic control, or extreme forms, such as rape, attacks with sharp or pointed objects, fire, acid, firearms, or hanging. It is crucial that it be fully measured, recording all its manifestations, thus preventing its more subtle forms from going unnoticed for many years and only being taken into account when they reach such serious levels as femicide.

As will be visible through the results of this study, it is essential to differentiate the levels of VAW because it helps to understand what we are talking about, which can be especially enlightening in cases where violence is "normalized" and often goes unnoticed. It also favors the value of prevention, which will undoubtedly be more effective before VAW has occurred or when it is in its initial stages, since the damage is still emerging and the curbing of the escalation of violence may be more timely.

Finally, it clarifies the need for the provision of differentiated services.

► Methodology

Design

Descriptive-comparative analysis of data collected from surveys of personnel of 35 medium and large-sized private Ecuadorian type A and B companies. To measure productivity, we used the accounting method of indirect human capital costs, which captures the value of labor time lost through tardiness, absenteeism, and presenteeism as a consequence of VAW.

Sample

Composed of 12,101 employees from these companies, which are the ones with the largest number of adequately-employed personnel. The companies were mainly from the manufacturing, commerce, and services sectors, as well as construction, among others; located in the main cities of the country: Quito, Guayaquil, Manta, Ambato, Cuenca, among others. A total of 431 surveys were eliminated, leaving a final sample of 11,670 employees (3,929 women and 7,741 men).

Instrument

Structured questionnaire in a self-report format, with two equivalent versions for women and men, with demographic and labor information questions, as well as five measurement scales. The instruments are designed to obtain information on experiences of VAW from the assaulted women, aggressors, and personnel who are witnesses, as well as its effects on labor productivity. These instruments have been continually improved since their design in Peru in 2012, have been used in countries such as Paraguay, Bolivia, Pakistan, Ghana, or South Sudan, and have repeatedly demonstrated their validity and reliability. This contributes to obtaining more reliable data, especially

in men's reports. The scale uses a bidirectional format to encourage honest responses, since VAW is a complex and difficult variable to measure, because the information is sensitive, resistible, and distorted by social desirability.

Calculations

For the calculation of days lost due to VAW and indirect productivity costs, the estimation algorithms for annual costs of tardiness, absenteeism, and presenteeism designed by the author and validated internationally were used, measuring:

Presenteeism costs

Defined as the sum calculated by the amount of time employees attended work but were not productive in a four-week period (last month).

Absenteeism and tardiness costs

The sum calculated by the amount of work lost per day absent based on work productivity.

Personnel witnessing violence against women in intimate partner relationships (VAW)

Measures the prevalence of personnel who are assaulted women or aggressors in their current and past intimate partner relationships, as reported by their coworkers. It includes three levels of reporting: a) suspicions or mentions from third parties, b) knowledge from testimony, c) knowledge from on-site observation of incidents. It also inquires about the perceived effects on the performance of the assaulted coworker. The effects are scaled according to hours of work lost, decrease in productivity, losses, and layoffs. It should be noted that only female employees who are not assaulted by their partners or ex-partners or male employees who have not assaulted their partners or ex-partners are considered as personnel witnessing VAW.

Psychological and physical morbidity

Defined as physical or emotional damage suffered by female employees at four levels: mild psychological, severe psychological, mild physical, and severe physical in the last 12 months, not precisely linked to VAW, but to any cause.

For the projections at the national level, the size of the adequately-employed working population of medium and large-sized private companies in 2018 was used (1,107,161 women and 2,310,322 men). The formula to obtain the total number of days lost consists of multiplying - separately - the number of days lost per assaulted woman, aggressor, and witness of VAW by the number of people affected in each case (corresponding to the prevalence percentage).

The national costs of VAW were calculated by converting the number of days lost into labor force lost (Total days lost / 288 days = Labor force) and then multiplying by Ecuador's national value added³ (equivalent to US\$28,345 per capita). To calculate the percentage equivalent to the Gross Domestic Product affected by VAW, the 2018 GDP of Ecuador (US\$108,398,000,000,000.00) has been used.

Non-equivalent groups

The calculation of days lost due to VAW is obtained by calculating the difference between the group of aggressors or assaulted women and the group of employees who do not report VAW.

After linguistic adaptation and pilot testing, the data collection procedure followed a validated protocol to comply with international ethical requirements, i.e. requesting the informed consent of each employee, ensuring the anonymity and confidentiality of the information without the companies having access to individual information, and providing each participating company with a confidential report on the status of VAW and its impact on their productivity, presenting the main results and prevention strategies to management and supervisors.

The results of the study were presented, discussed, and validated at a meeting with representatives of unions, companies, and other interested parties.

► Main results

The main results of the research on the economic impacts of violence against women in intimate partner relationships on large and medium-sized private Ecuadorian companies are presented below, highlighting that none of them were free of VAW.

Prevalence

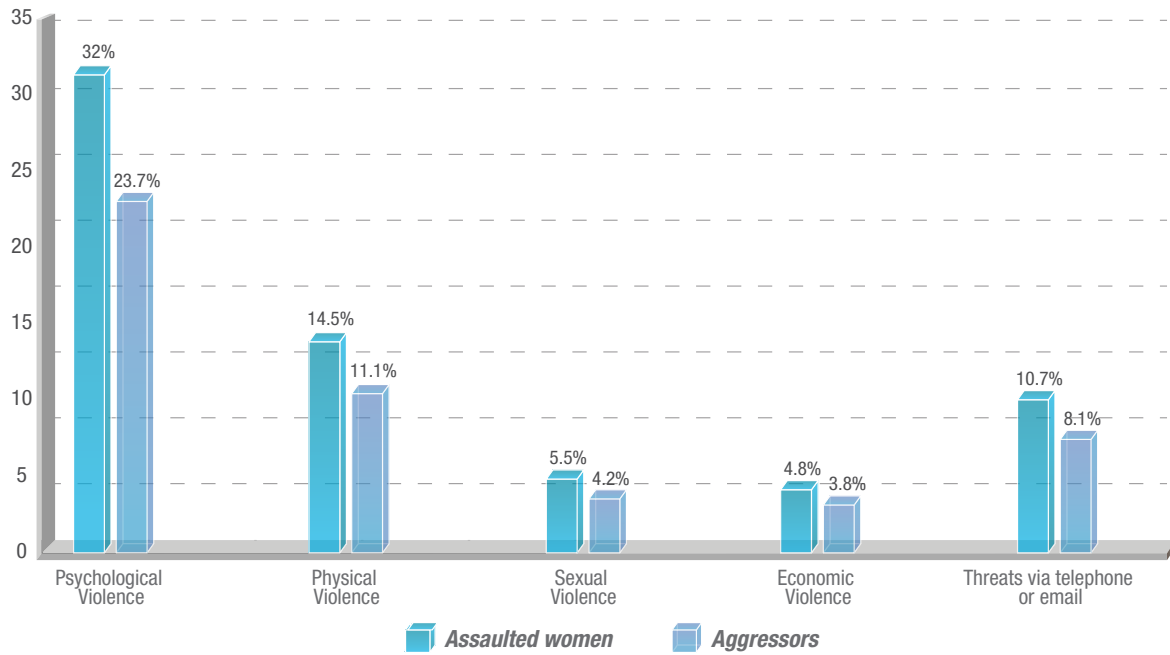
31 out of every 100 employees in large and medium-sized Ecuadorian companies were directly involved in situations of VAW, either as assaulted women or as aggressors, at some point in their intimate partner relationship.

Compared to the national percentages, the VAW reported by the personnel is practically half. This makes sense because in large and medium-sized companies there are security, control, and protection measures in place for their personnel, which unknowingly provide safe spaces for the women.

Type and frequency of attacks

In the case of assaulted women, psychological violence was most frequently reported (32%), followed by physical (14.5%), sexual (5.5%), and economic (4.8%). In the work context, the most frequent were threats via telephone or email (10.7%). In the case of men, the trend in reported attacks is similar, although the percentages vary.

Personnel involved in violence against women, by type of attacks during their intimate partner relationship (%).

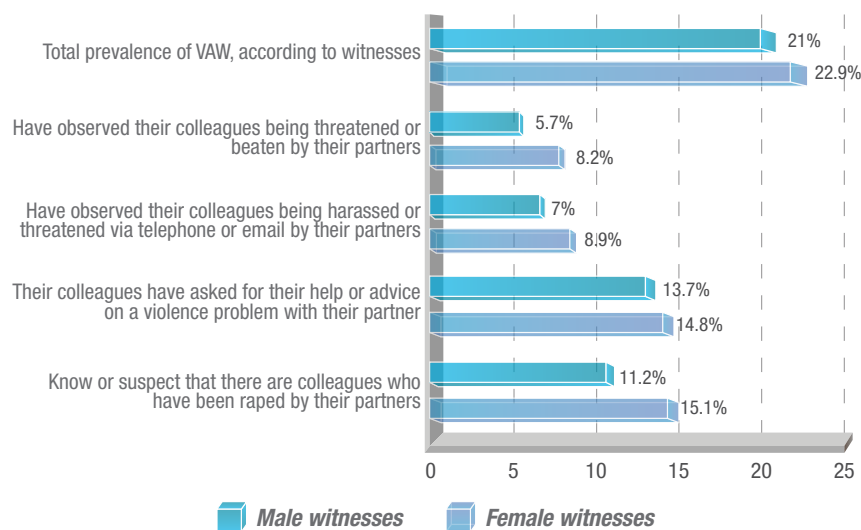


Source: Surveys of 11,670 employees, where 3,929 were women and 7,741 men.

Witnessing personnel

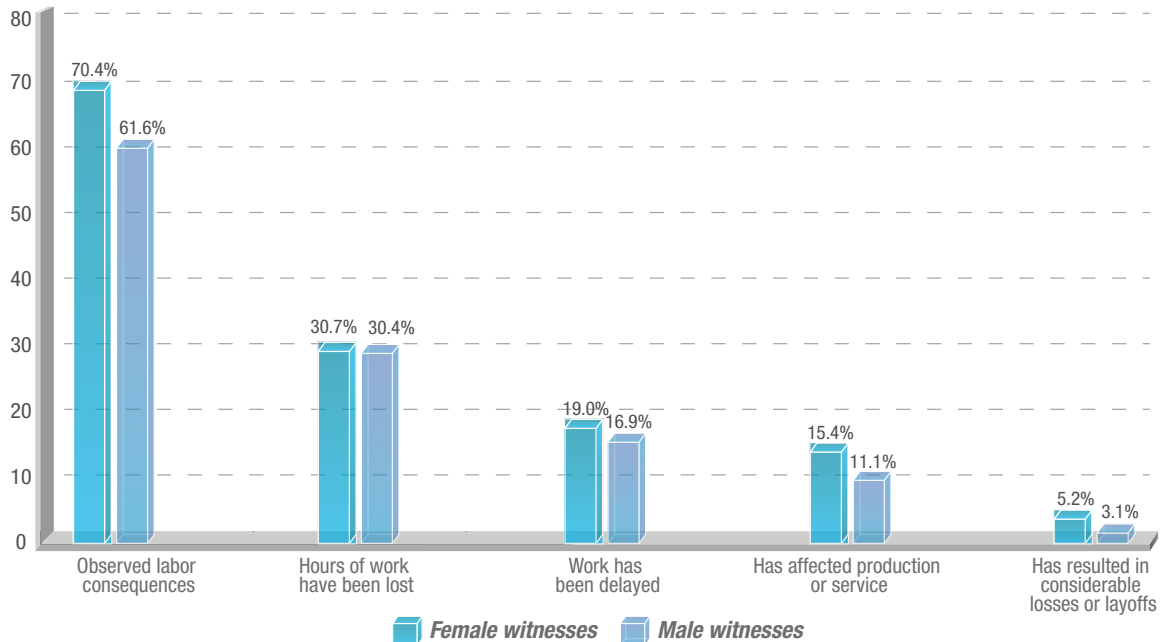
22.9% of female employees and 21.0% of male employees have witnessed an episode of VAW. 70.4% of women and 61.6% of men state that these cases have affected their work performance.

Percentage of employees who witnessed VAW in their colleagues



Source: Surveys of 11,670 employees, where 3,929 were women and 7,741 men.

Labor effects by witness declarations of VAW (percentages)



Source: Surveys of 11,670 employees, where 3,929 were women and 7,741 men.

Impact of VAW on productivity

Absenteeism and tardiness:

More assaulted women (+20%) and male aggressors (+24%) are absent from work compared to non-assaulted groups. In terms of tardiness, assaulted women and male aggressors have higher levels of tardiness.

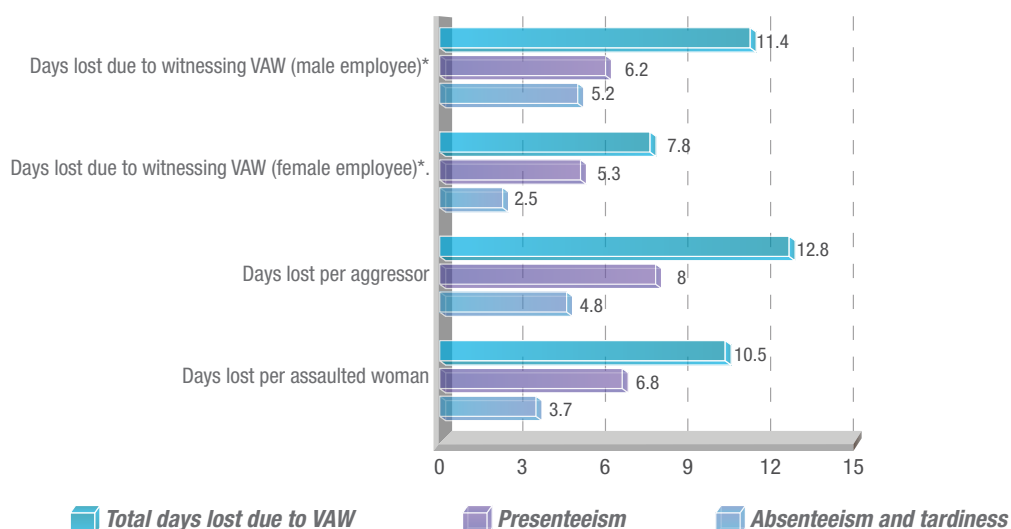
Presenteeism

Comparing assaulted women to non-assaulted ones, more assaulted women showcase presenteeism (+20%). The same is true for aggressors versus non-aggressors (+40%).

Days lost

The total number of working days per year lost by Ecuadorian companies due to VAW is 18,153,892.2 working days for all personnel involved in situations of VAW. On average, 10.5 working days are lost per year per assaulted woman, 12.8 days per aggressor, 7.8 per female witness, and 11.4 days per male witness.

Average days lost because of absenteeism and presenteeism due to VAW in the last 12 months



Note 1: (*) Only female and male witnesses who do not experience or commit VAW, respectively.

Source: Surveys of 11,670 employees, where 3,929 were women and 7,741 men

In assaulted women and aggressors as well as personnel who witness VAW, there is a greater number of days lost due to presenteeism than to absenteeism and tardiness, showing an enormous invisible cost (approximately 60%). It is easy to measure tardiness and absenteeism, but presenteeism represents a challenge for management, going almost unnoticed most of the time.

Personnel affected and workforce lost

VAW has affected 46.88% of the adequately-employed personnel in Ecuador, losing a total of 18,153,892 productive working days, equivalent to the labor force of 63,034 employees working full time with zero productivity for an entire year.

Salary-based costs

Based solely on salaries, in the most conservative scenario, the cost of VAW for Ecuadorian private companies is US\$574,076,646.40 per year, calculated based on work days lost due to presenteeism, absenteeism, and tardiness, originating from aggressors (45.6%), assaulted women (23%), and personnel who witness violence against their female colleagues (31.4%).

Productivity, labor force lost, and business costs by VAW (annual) in adequately-employed personnel in Ecuador (2018)

	Personnel affected by VAW ^a	Total days lost per year due to VAW ^b	Lost labor force ^c	Annual cost of VAW (based on salaries)	Annual cost of VAW (based on value added)	Equivalence to the 2018 GDP (%)	% cost
Assaulted women	397,471	4,173,443.4	14,491.1	131,811,253.70	410,750,878.04	0.38	23.0%
Aggressors	646,890	8,280,194.0	28,750.7	261,988,789.80	814,937,848.23	0.75	45.6%
Female employees who witness VAW (16.6%)	183,789	1,433,552.1	4,977.6	45,276,352.70	141,090,393.13	0.13	7.9%
Male employees who witness VAW (16.2%)	374,272	4,266,702.7	14,814.9	135,000,250.30	419,929,469.34	0.39	23.5%
Total	1,602,422	18,153,892.2	63,034.3	574,076,646.40	1,786,708,588.74	1.65	100.0%

Source: Surveys of 11,670 employees in large and medium-sized private companies, where 3,929 were women and 7,741 men.

Invisible costs based on value added

Including the productivity factor (value added), the cost of VAW for private Ecuadorian companies increases 3.1 times, reaching the figure of US\$1,786,708,588.74 per year, calculated based on the lost labor force, coming from aggressors, assaulted women, and personnel who witness violence against their female colleagues. This cost is equivalent to 1.65% of the national gross domestic product. It should be noted that these costs only correspond to large and medium-sized companies and adequately-employed personnel.

Costs differentiated by type of violence

Very severe VAW causes the most days of lost productivity at the individual level (32 per year), but only represents 11 out of every 1,000 employees and, therefore, the annual costs in value added are equivalent to 7.3% of the total. On the other hand, VAW considered to be milder (normalized, unnoticed), generates individual losses of between 8 and 13 days per year, but since it affects 247 out of every 1,000 employees, it accounts for 49.9% of total costs. If we add to this figure the cost of 164 out of every 1,000 employees who witness VAW, we are talking about 81.3% of total costs.

In other words, in human and ethical terms, but also in technical and economic terms, it is much more convenient for organizations to focus on prevention to avoid VAW from occurring, as well as to recognize it in its initial stages, guiding the personnel who witness it so that they can refer cases in a timely manner, rather than handling serious cases when the personal damage may be irreparable and financially significant. In these serious cases, there is very little that the company can do beyond containing and ensuring the integrity of the assaulted women, in addition to making an urgent referral for them to receive specialized health and justice services.

Business costs according to the severity of VAW (annual) in adequately-employed personnel in medium and large-sized private companies in Ecuador (2018)

	Personnel affected (%)	Days lost due to VAW (average)	Annual cost of VAW (value added)	% cost	Equivalence to the 2018 GDP (%)
Very serious VAW ^a	1.1%	32.0	131,026,124.84	7.3%	0.12
Growing VAW ^b	2.9%	19.3	203,219,190.82	11.4%	0.19
Normalized VAW ^c	24.7%	8.3 – 12.8	891,565,979.49	49.9%	0.82
Witnesses of VAW	16.4%	9.6	561,019,862.46	31.4%	0.52
Total	45.1%		1,786,831,157.61	100.0%	1.65

Notes: ^aNational value added per capita = US\$28,345 (INEC3, 2018, based on ENESEM, 2016). GDP 2018 = US\$108,398 million. Annual cost of VAW based on value added is equal to the multiplication of the lost labor force by the value added per capita. ^{a,b,c} Very serious VAW is equal to the combination of at least 4 types of violence. Growing VAW is the combination of at least 3 types of violence. Normalized VAW is at least the presence of 1 or 2 types of violence at the same time.

Source: Surveys of 11,670 employees in large and medium-sized private companies, where 3,929 were women and 7,741 men.

Business cost measurer (Costómetro) of VAW: Ecuador 2018

Large and medium-sized private companies in Ecuador		Female employees	Male employees
Violence against women in intimate partner relationships (VAW)	Personnel with violence at some time in their intimate partner relationship	35.9%	28.0%
	Personnel with violence in their intimate partner relationship within the last year	20.9%	14.8%
	Average number of attacks per year	11.9	8.7
	• In the home	7.6	4.6
	• At work or nearby		
	Personnel who have witnessed VAW in the company (not excluding assaulted women or aggressors)	22.9%	21.0%
	Witnessing personnel reporting effects of violence on productivity	70.4%	61.6%
Impact on productivity	Days lost per year due to violence against women (VAW)		
	• For presenteeism	6.8	8.0
	• For tardiness, absenteeism, employee	3.7	4.8
	• Total (combined)	10.5	12.8
	Days lost per year for witnessing VAW in companies	7.8	11.4
	Total number of days lost per year due to violence against women and by aggressors	4,173,443.4	8,280,194.0
	Total days lost per year for witnessing VAW in companies	1,433,522.1	4,266,702.7
Business costs (only tardiness, absenteeism, and presenteeism, no productivity factor)	Annual cost of violence against women per assaulted woman and aggressor (US\$)	331.60	405.00
	Annual cost of violence against women per witness of VAW (US\$)*	246.40	360.70
	Full-time personnel with 100% lost productivity for one year (assaulted women and aggressors equivalence)	14,491.1	28,750.70
	Full-time personnel with 100% lost productivity for one year (witnessing personnel equivalence)*	4,977.6	14,814.9
	Annual cost of VAW (assaulted women and aggressors) for large and medium-sized private companies (US\$)	131,811,253.70	261,988,789.80
	Annual cost of all personnel witnessing VAW in the companies (US\$)*	45,276,352.70	135,000,250.30
	Total annual cost of VAW for companies (US\$) - based on salaries	574,076,646.40	
Business costs including productivity factor (value added)	Annual cost of VAW (assaulted women and aggressors) for large and medium-sized private companies (US\$) - value added	410,750,878.04	814,937,848.23
	Annual cost of all personnel witnessing VAW in companies (US\$) - value added*	141,090,393.13	419,929,469.34
	Total annual cost of VAW for companies (US\$) - value added	1,786,708,588.74	
	Equivalence to 2018 GDP	1.65%	

Notes: ((*) Only female and male witnesses who do not experience or commit VAW, respectively. Projected calculations based on the adequately-employed working population (full-time employment).

Source: Surveys of 11,670 employees, where 3,929 were women and 7,741 men.

► Recommendations

Companies

Prevention

Effective prevention requires the commitment of top management to implement a corporate policy of zero tolerance to VAW, not only because it violates fundamental human rights, but also because it destroys labor productivity. It is recommended to recover the value of lost productivity through a system of primary prevention, timely secondary detection, and effective tertiary referral:

Primary prevention

A zero-tolerance policy on violence, which translates into the promotion of an organizational culture free of violence throughout the whole company, can be of great help and should be applied universally throughout the private sector.

Secondary detection

Companies can take useful internal control and monitoring measures such as training and empowering key personnel with clear guidance on how to act when cases are detected.

Tertiary referral

In cases of personnel who experience or commit extreme VAW, a network of specialized institutional services will need to be set up to treat each situation psychologically, physically, and legally. It is necessary to create an effective referral channel and provide the necessary facilities so that the affected personnel can be attended to properly and timely.

Management model to prevent VAW

For those companies that want to make prevention profitable, seeing it as a proactive rather than reactive strategic opportunity, the value chain can be optimized through prevention focused on an equitable management model, which can reduce VAW by 28%, recovering productivity lost due to absenteeism and presenteeism by 41% in three years. In addition, it can increase labor commitment, women's personal empowerment, institutional reputation, and equitable management leadership.

State

Companies can be powerful allies in the prevention of VAW, as they have the power of influence, resources, and controlled environments to promote respectful relationships. The state can promote these initiatives if it creates recognition (as in Peru and Paraguay) or if it provides tax benefits for prevention, such as tax deductions for training or expenses for the prevention of violence against women. The investment of the state is small compared to the medium and long-term benefits, derived from the increase in productivity as well as the reduction of all its negative consequences, including state spending to address the problem.

Academia

Much research is needed to understand the mechanisms that explain the impacts of VAW, as well as to design and test the effect and profitability of prevention in companies, preferably with experimental validation. It is important to better understand the costs incurred by aggressors, the nature of their presenteeism, as well as the various costs incurred by personnel who witness VAW. Another key issue is measuring the multiplier effects of VAW in the value chain, which has not yet been calculated.

Academia must include these new insights in the body of knowledge of business sciences and in the training of future professionals and entrepreneurs.

►References and notes

1. INEC, Instituto de Estadística y Censos (2011). Encuesta de relaciones familiares y violencia de género. INEC, Quito.
2. An intimate partner relationship is not only a relationship between spouses or partners, but also includes relationships between lovers, boyfriends, girlfriends, lovers, etc. In addition, it also extends to relationships once they have ended, as ex-partners often refuse to accept the end of the relationship and tend to harass and abuse, even more severely than when the relationship was ongoing.
3. INEC, Instituto de Estadística y Censos (2018). ENESEM, Encuesta Estructural Empresarial 2016. INEC, Quito. INEC, Instituto de Estadística y Censos (2018).



Implementada por
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

