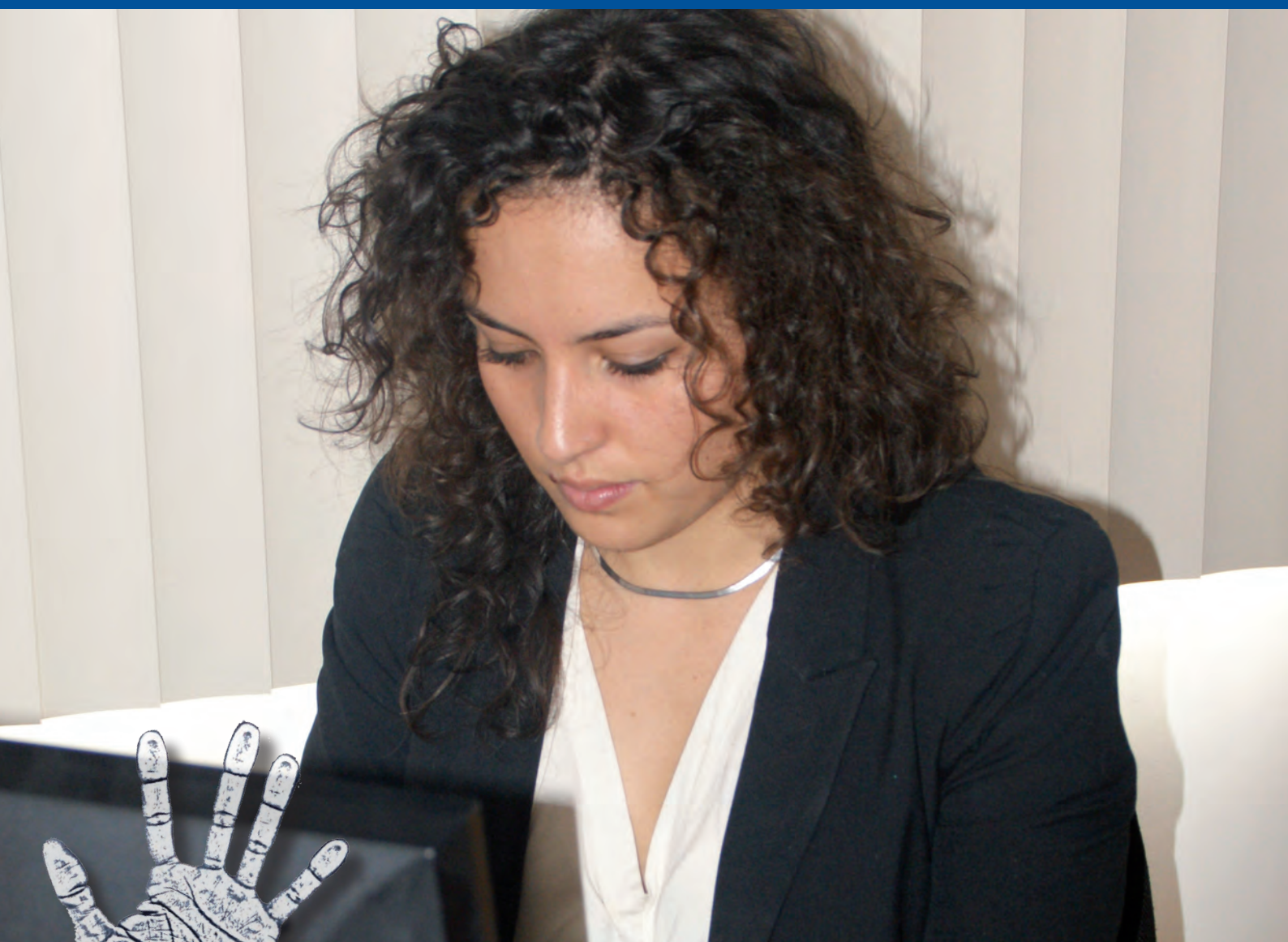




Executive Summary



**Violence against women and
its financial consequences for
businesses in Peru**



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Preface

Violence against women (VAW) causes suffering around the world. It is possibly as old as humanity itself. Yet especially today, in the 21st Century, we are witnessing horrible acts of violence that affect the lives of millions of women and their families. It is unimaginable that 30 % of women worldwide suffer from intimate partner violence.

We believe that private businesses can be powerful allies in fighting violence against women. They have the necessary resources and effective means to prevent and combat gender-based violence. Therefore, however, it is crucial to catch their interest for the topic. Yet in order for this commitment to be sustainable, it is not enough to appeal to philanthropy and good will. Instead, it is indispensable to demonstrate that violence does not only affect women themselves but also has an impact on a business' productivity. Violence has a negative ripple effect on the whole society, and businesses are no exception.

For this reason, the University of San Martin de Porres (USMP), a Peruvian university with a history of more than 50 years and a mission statement encompassing values such as respect and dignity, could not ignore this problem. Aggressively tackling taboos, the university researches, among other areas, gender-based violence with the technical and financial assistance of the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH* and its program 'Promoting Gender Equality and Women's Rights' and 'Fighting Violence Against Women in Latin America' (ComVoMujer). It particularly focuses on the enormous economic impact of violence, as well as developing strategies to combat it.

In 2012, together with the GIZ program 'Promoting Gender Equality and Women's Rights' and ComVoMujer, we carried out the investigation 'Violence against women and its financial costs for private businesses in Peru.' The result was (not only for the region) a ground-breaking study. Using concrete numbers, it made the latent but very real costs visible which affect businesses – due to partner violence suffered by female employees as well as due to violence executed by male employees (offenders).

This important study is yet another link in the chain of committed cooperation between the USMP and ComVoMujer:

- In 2011, we already jointly published 'Fighting violence against women is also an issue for businesses', which formed the conceptual framework for working with the private sector, demonstrating the connection between gender-based violence, and a private business' productivity.

- At the end of the same year, we developed and published the ‘Criteria for a safe business’, offering the private sector a perspective to prevent violence against women by adhering to standards of Corporate Social Responsibility (CSR), legal norms, and international human rights conventions.
- In 2012, we conducted the above-mentioned research project ‘Violence against women and its financial consequences for private businesses in Peru’. Obtaining evidence that businesses lose almost 7 billion US dollars per year as a result of violence against women did not make us cease our commitment to help combat it. We know that this study is only an initial diagnosis and so merely a starting point for change.
- Therefore, we have introduced further measures following the published study: As a joint action between the international cooperation, the state, private businesses, and the university, initiatives were launched such as the quality seal ‘Business free from violence and discrimination against women’ (under the auspice of the Ministry of Women and Vulnerable Populations); research projects on violence prevention management for businesses were started; an international competition of scholarships for business administration students to research the subject matter was advertised; and new data was collected in order to establish a regional baseline for the current status of prevention strategies. All these activities were achieved due to the substantial commitment by our university, particularly in terms of their social responsibility, as well as due to the strategic cooperation with ComVoMujer.

Against this backdrop, I am pleased to present the summary of this study. It encompasses the main results and summarizes the financial consequences of partner violence against women for private businesses in Peru – costs which reach almost 4 % of the annual gross domestic product. On the following pages you will find impressive evidence of the huge economic losses, not to mention the social and moral damages, which affect businesses each year.

Dr. Daniel Hernán Valera Loza

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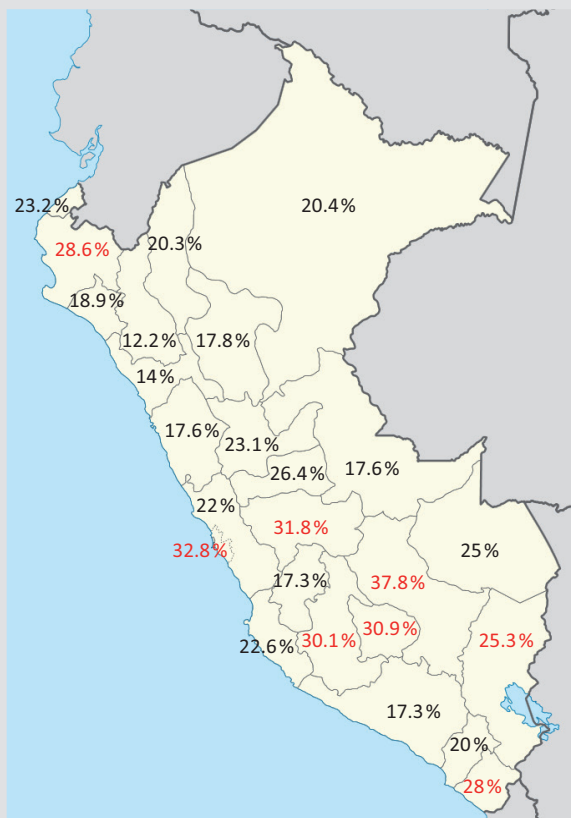
Introduction

The study 'Violence against women and its financial consequences for businesses in Peru' investigates the degree to which violence directed against female employees interferes with the actions of private companies and what their financial losses are accordingly.

Violence against women is a major problem in Latin America. In the traditionally male-dominated societies, violence – especially against women – occurs frequently and is usually simply regarded as a minor offense. That men may freely rule over their women is seen, apart from a small, educated group, as a given.

The current figures on violence against women in Peru clearly demonstrate the importance of examining the issue: In the past 12 months (calculated from the date of the survey), about a quarter of all female permanent employees in Peru have been victims of violence at the hand of their partner or ex-partner. On average, the victim suffered four assaults per year.

Partner violence against women with permanent employment



Employed women

- 12-month prevalence USMP-GIZ: 23.1 %
- 12-month prevalence ENDES: 23.24 %
- Sum of victims per year: 450,286
- Witnesses of violence (not victims): 216,359
- 4 assaults per year (on average)

Human Resources Managers


- 12-month prevalence of observed violence: 2.37 %
- Sum of observed victims per year: 45,999
- Witnesses of violence per year: 38 of 100 managers
- Laid off and rehired: 42,777
- Laid off and continue to be unemployed: 71,374

Employed men

- 12-month prevalence of violence against women: 25 %
- Sum of offenders: 913,586
- Witnesses of violence (not offenders): 269,159
- 3 assaults per year (on average)

The 12-month prevalence of employed women for respective regions. These calculations are based on 5,366 employed women over 18 years old.

Source: ENDES – 2011



The legal situation in Peru is very clear: Violence against women is indictable. Nevertheless the offence is often not reported or denounced. Women are ashamed, fear reprisal, or the loss of their economic security.

The fact that violence against women is not only a physical and psychological problem ought to be evident. International studies clearly demonstrate that violence against women also causes high financial costs. It charges, among others, the health care system and causes major economic loss, not only for the women and their families, but also for the businesses at which the women are employed.

While there are studies that attempt to quantify the costs for businesses, they primarily estimate the effects of partner violence in North America and Australia. Therefore, results are not directly applicable to Peru. The labor market structure in Peru is fundamentally different from those in North America or Australia. Additionally, violence against women is – in a very male-centered society like Peru's – very widespread and barely ostracized by the community. A further shortcoming of these studies is that they examine solely partial aspects of the consequences of violence for private businesses. As far as is known, no study has until now investigated the problem of 'Consequences of Violence for businesses' in its entirety.

Still, one thing that has been brought to light by every single one of the analyses: Violence against women causes enormously high costs for businesses, reaching billions in all countries. The International Labour Organization (ILO) estimates the annual cost for the United States to be up to 67 billion US dollars.

This problematic situation was the catalyst for the implementation of the present study in Peru. Its ambitious goal was to calculate the total costs for Peruvian businesses, including all of the cost-causing effects of violence against women. In this sense, the study appears to be entering uncharted territory. Moreover, it was focused exclusively on the acts of violence committed by partners and ex-partners, so-called intimate partner violence.

Methodology

Based on the four different impacts of violence (absenteeism, presenteeism (meaning being physically at work but being absent-minded), fluctuation of personnel, and organization costs – see the following chapter for more detail), which economically affect businesses, the study developed a model for calculating the total costs of partner violence. The study drew upon two different sources of data for the calculations. For one, data from a household survey conducted in 2011 (ENDES-2011) was used as a secondary source, which interviewed 5,366 women about their experiences with violence over the past 12 months.

Psychological Violence

- Your husband/partner has humiliated you in front of others.
- He has threatened to leave you, to take the children with him or to stop financial support.
- He has threatened to hurt you.
- He has threatened you with a knife/gun or another type of weapon.

Physical Violence

- He has pushed or shaken you or has thrown an object after you.
- He has slapped you.
- He has hit you with his fist or another hard object.
- He has kicked or dragged you.

Sexual Violence

- He has forced you to have unwanted sex.
- He has used physical violence to force you to have sex against your will.



Photo: © Thomas J. Müller/SPDA

The primary data was obtained from an extended survey of 211 businesses in five economically important towns in Peru.

Investigated businesses and employees in interviews and questionnaires						
Towns	Businesses	Interviews with the management level (%)	Total (women and men)	Total female employees	Interviewed female employees (%)	Interviewed male employees (%)
Lima	80	80 (38.5 %)	26,299	10,741	618 (47.2 %)	662 (35.2 %)
Cusco	43	41 (19.7 %)	4,315	1,605	336 (25.7 %)	260 (13.8 %)
Lambayeque	32	31 (14.9 %)	6,654	1,347	163 (12.5 %)	577 (30.7 %)
Juliaca	30	30 (14.4 %)	1,449	205	63 (4.8 %)	121 (6.4 %)
Iquitos	26	26 (12.5 %)	2,775	549	129 (9.9 %)	261 (13.9 %)
Total	211	208 (100 %)	41,492	14,474	1,309 (100 %)	1,881 (100 %)

Source: Field work. Calculations: Dr. Aristides Vara

Due to the well-balanced geographic distribution (coast, highlands, lowlands) and – especially in comparison to other studies – a high sample number, the survey is regarded as representative. The surveyed companies were for the most part from the service and industrial sector. Especially large- and medium-sized businesses were considered, as these offered much more reliable responses about absenteeism, dismissals, and observed violence than smaller companies.

For the interviews with the business management level, the head of human resources was selected. In companies without a human resources department, the interview was carried out with the management or other persons responsible for personnel issues. The questions contained the following aspects:

- 1. General information** about the business size, sector, number of male and female employees, etc.
- 2. Cases of partner violence in the business:** Is the company aware of any cases of violence within the business? If so, how many cases have been reported? Did the victim report the case herself? Has there been violence on the company's premises?
- 3. Consequences of violence:** To what extent has violence impacted the productivity of the business (due to tardiness, absenteeism, lack of concentration, dismissal)?
- 4. Absenteeism:** What is the number of women who have missed at least one day of work within the last four weeks?
- 5. Staff turnover:** How many women have resigned over the past 12 months or were laid off? What is the estimated cost for hiring new staff, etc.?

6. **Direct investments due to violence:** Does the company support staff members who have experienced partner violence? Does the company know how to respond appropriately?

The staff received a standardized questionnaire on partner violence. All female employees in the surveyed businesses replied to the following questions:

1. **General and professional information:** Age, civil status, position in the business, work experience.
2. **Wage:** Based on the information on the average monthly salary, the average hourly wage was determined.
3. **Experiences with violence:** It was determined whether and to what extent women have had experiences with partner violence. The type of violence was measured on a scale of 1 to 6, and the frequency was inquired on another scale of 1 to 7.
4. **Workplace violence:** Has the partner used violence at the workplace? If so, what kind of violence, and how frequently?
5. **Consequences of violence:** What are the consequences of partner violence on the female employee? Possible replies ranged from 'arrive late to work' to 'was dismissed'. Again, frequency was determined.
6. **Cost of absenteeism:** How many days was the female employee absent in order to recover from injuries, to go to the doctor, etc.?
7. **Costs of tardiness:** How often did the female employee arrive late for work due to partner violence? How great was the delay?
8. **Costs of presenteeism:** Was there, over the past four weeks, a time during work hours at which the employee was present but not productive? Were these phases due to partner violence?
9. **Witnesses of violence:** Has anyone directly observed violence being perpetrated? Did you hear about cases from colleagues? What effect did this have on the productivity of the people directly or indirectly involved?
10. **Investments of the business:** Does the company know about the abuse of its female employees? What is the company doing about it? Does it respond appropriately? Is there a standardized procedure?

Men received a similar questionnaire which addressed their role as potential perpetrators as well as inquiring about the number of missed working hours due to presenteeism and absenteeism and the frequency and type of violence committed.

Finally, the data collected on absenteeism within the survey of 211 businesses was extrapolated to the total number of employees in Peru. The result was divided by the legal daily working hours (eight hours) and the annual number of working days in full-time employment (288 days) and then multiplied by the average annual productivity of a worker in Peru (72,000 Peruvian Nuevo Soles for companies in the manufacturing sector and 77,000 Peruvian Nuevo Soles for the service sector).

Consequences of partner violence for private businesses

Although there is a general causal correlation between violence against women and labor productivity in businesses (see above), we still need to differentiate between the factors. The resulting losses are specific to the type of violence consequence. Generally, a four-part scheme of the various consequences of violence with their different economic impacts on businesses can be created:

Consequences of partner violence for businesses

Absenteeism	Staff turnover	Presenteeism	Negative consequences for the organization
Tardiness	Layoff	Reduced performance	Internal: Employees being witnesses of violence against women
Unexcused absence	New hire	Zero-productivity	
Sudden request to take days off	Unproductive days	Work accidents	External: Loss of prestige
Change of shift	Training costs	Reduced quality	

Created by: Dr. Aristides Vara

Absenteeism is measured in the absence of the victim of violence at work. Sick leave, absent days, and tardiness directly lead to economic losses. The higher the hierarchical position of the victim, the greater the cost for the company. Studies conducted in the United States show that victims of violence account for an estimated average of just under 34 missed working days per year.

Staff turnover causes costs when victims of violence get dismissed and need to be replaced. New hires in turn produce loss of productivity, as newly hired personnel have to be incorporated or trained. Additionally, the recruitment of new staff is not free either. All this causes costs for the business.

Presenteeism is a consequence of violence against women that has to date been rarely investigated. The term refers to attendance at the workplace while showing reduced performance/labor productivity (the victim of violence may carry out her tasks with a significantly lower quality or speed due to the physical or mental consequences of violence). Even fellow female and male colleagues are affected by the violence. They also have to, directly or indirectly, deal with the acts of the offender and the consequences for the victim. This affects the labor productivity of everyone involved since very intense emotions may be present. This brings us to the next point:

Damage to the organization also arises internally from atmospheric disturbances or externally due to the company's loss in reputation. The first phenomenon occurs due to a kind of collateral depression on the part of all employees (male and female) involved with the violence exercised against their female co-worker. The second damage arises when incidents of violence become known to the customer of the company.

However, these four cost-generating complexes are not only victim-specific. Depending on the category, there are also offender-specific costs to the same or higher degree since considerable costs are caused by perpetrators. Absenteeism also occurs if a man has to take his wife to the doctor for treatment, if he appears before a court, or if he must present himself at a police station. The productivity of the offender is equally affected when he is mentally tied up with his acts during working hours or when he uses his working hours to control his wife. Moreover, costs occur when he utilizes the company's means such as telephone or email in order to control his partner.



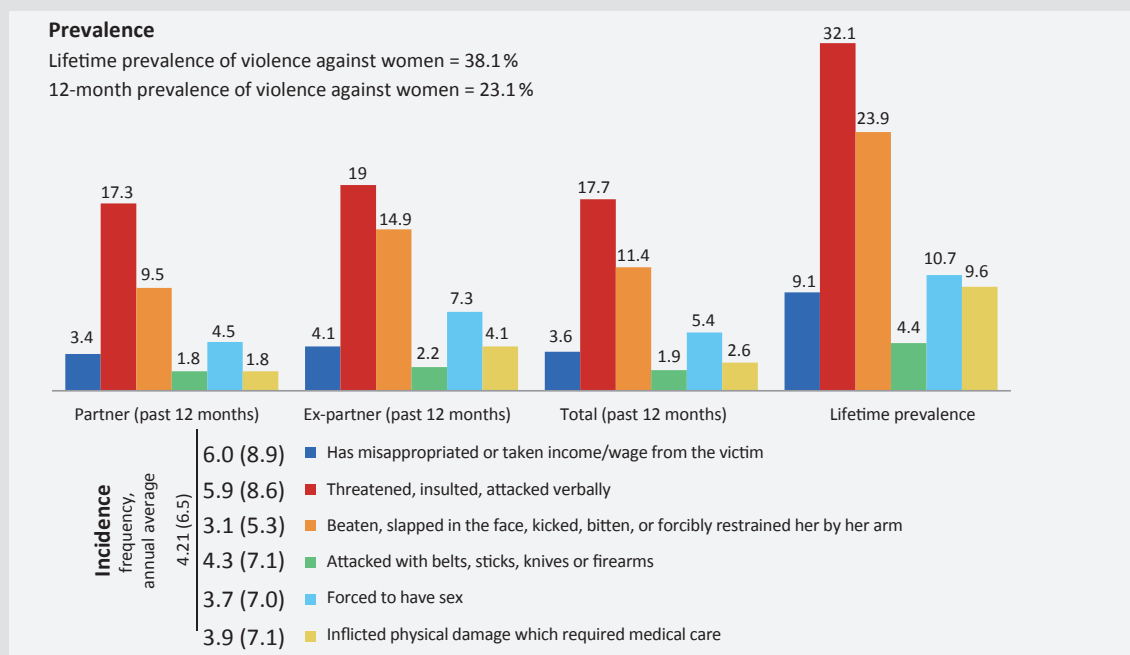
Photo: © ComVoMujer

Primary results of the study

From the following it will be blatantly clear what a high cost partner violence against women creates for businesses and in which way the labor productivity of victims, offenders, and colleagues is impacted.

The **relevance of this issue for companies** is – considering the following statements and numbers – beyond all questioning. Almost a quarter of all women in Peru were, according to the questionnaire given to female employees, exposed to violence by their partners at least once in the past year (these figures are similar to those stated in the 2011 report of the National Institute of Statistics and Informatics). A quarter of male employees reported to have exercised violence against their partner. Extrapolating these results to the entire country, this renders an estimated 450,000 victims and 910,000 offenders over the past year. Moreover, an additional 15 % of female employees reported that while they had not been victims of violence by their partners in the past year, they had been so in previous years.

Costs for businesses due to a reduction in labor productivity as a result of violence against women (annual cost in million US dollars)



Source: Interviews with the female employees. Analysis: Dr. Aristides Vara

Based on this representative data, the study determined that violence against women in Peru generates an annual loss of **more than 6.7 billion US dollars** due to 70 million missed working days. This remarkable number is equivalent to a **loss of 3.7 % of the gross domestic product**.

Costs for businesses due to a reduction in labor productivity as a result of violence against women (annual costs in million US dollars)			
Cost categories	Women (victims)	Men (perpetrators)	Total
Tardiness	Not significant	44.8	44.8
Absenteeism	404.0	764.2	1,168.2
Presenteeism	613.9	2,291.9	2,905.8
Presenteeism (witnesses, not victims or perpetrators)	357.0	237.1	594.1
Staff turnover	54.6	Not considered	54.6
Laid off and still unemployed	1,976.5	Not considered	1,976.5
Total in US dollars	3,406.0	3,338.0	6,744.0

Source: Calculations. Dr. Aristides Vara.

The mentioned values mainly reflect the reduction in productivity of the businesses. As already indicated above, it is notable that the cost of intimate partner violence is not solely caused by the victims, but also to the same extent (3.34 billion US dollars) by the perpetrators.

Due to tardiness, absenteeism, and presenteeism, the female victims of violence missed almost 24 working days per year, which is essentially a full working month. Considering all the permanently employed women in the surveyed sectors all over the country (about 450,000) and extrapolating this to a year, it results in about 10.5 million working days during which women were not working as a result of partner violence. About two-thirds are caused by presenteeism and one third by absenteeism of the victims of violence.

For (violent) men, the situation is similar. The violence perpetrated by them causes 35 missed working days per year, a much stronger impact than created by women. Three-quarter of this time is missed because of presenteeism, while pure absenteeism accounts for a quarter. Therefore, in Peru overall, more than 32 million working days are missed.

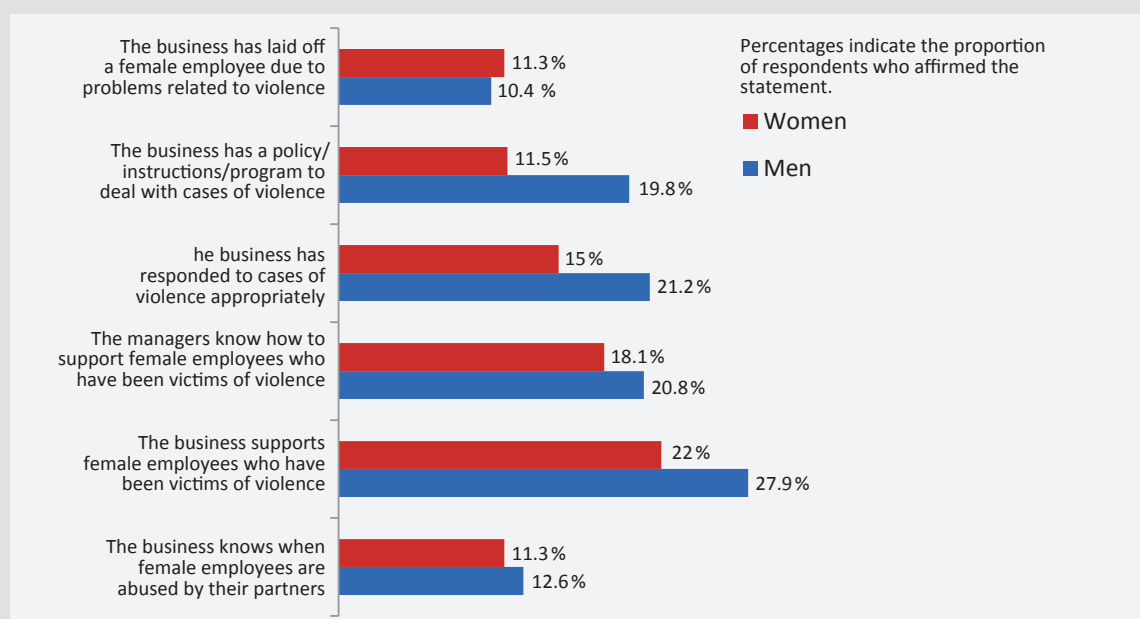
Based on the secondary data of the ENDES-study and the surveys in the businesses, other productivity-reducing consequences of violence can also be calculated fairly precisely. If all the missed working days are added up – a) due to (as calculated above) absenteeism/tardiness/presenteeism, b) including the indisposition of witnesses of violence, and c) because of staff turnover – together, the businesses in Peru lose nearly 70 million working days per year as a result of partner violence.

Total annual loss of working days, labor productivity (number of people) and added value (incurred costs) in the business			
	Women (victims)	Men (perpetrators)	Total
Tardiness			
Missed working days	Not significant	465,929	465,929
Productivity loss (people)		1,618	1,618
Costs in US dollars (incurred costs)		44,800,865	44,800,865
Absenteeism			
Missed working days	4,201,168	7,948,198	12,149,367
Productivity loss (people)	14,587	27,598	42,185
Cost in US dollars (incurred costs)	403,958,498	764,249,827	1,168,208,325
Presenteeism			
Missed working days	6,385,055	23,835,459	30,220,514
Productivity loss (people)	22,170	82,762	104,932
Costs in US dollars (incurred costs)	613,947,642	2,291,871,033	2,905,818,675
Witnesses (not victims or perpetrators)			
Missed working days	3,712,320	2,465,826	6,177,860
Productivity loss (in people)	12,891	8,562	21,451
Costs in US dollars (incurred costs)	356,992,308	237,098,673	594,090,981
Staff turnover			
Missed working days	377,007	Not considered	377 007
Productivity loss (people)	1,309		1,309
Cost in US dollars (incurred costs)	36,250,642		36,250,642
Cost of new hiring of 42,000 women, in US dollars	18,389,484		18,389,484
Laid off and still unemployed			
Missed working days	20,569,266	Not considered	20,569,266
Productivity loss (in people)	1,976,503,846		1,976,503,846
Cost in US dollars (incurred costs)	71,374		71,374
Total			
Missed working days	35,245,217	34,715,412	69,960,269
Productivity loss (people)	122,332	120,540	242,872
Cost in US dollars (incurred costs)	3,406,049,343	3,338,020,398	6,744,069,741
Note: Productivity per person per year: 288 days; labor productivity (lowest level, manufacturing) = 72,000 Peruvian Nuevo Soles per person per year; exchange rate = 2.6 US dollars			

Recommendations for businesses


These figures call on companies to act. For them, violence against women highly damages their yield return. While almost 70 % of the businesses asserted that their company would give victims of violence appropriate support, employees of only one out of five businesses stated that the company had responded well to cases of violence. According to self-reports, only 12.7 % of all businesses, meaning about one in ten, offered a standardized procedure to adequately respond to violence against women.

Behavior of the business in terms of dealing with violence against their female employees, according to self-reports from men (n = 1,423) and women (n = 1,309)



Source: Calculations: Dr. Aristides Vara

The above graph impressively depicts the need for action by businesses as well as the discrepancy between the self-perception of the managers and the employees' perspective of the company (also noteworthy are the differences in gender-specific perceptions).



An active corporate policy, which works against partner violence in the business, has many benefits. Any investment in the reduction of violence against women within the business renders significant productivity gains, which certainly by far outweighs the costs. Irrespective of the moral commitment of a responsible business to create a corporate culture that is workforce-oriented, solely the financial incentives of a company's policy which commits itself to prevent violence against women ought to be reason enough to motivate other companies to introduce these policies into their own framework as soon as possible.

