DOMESTIC VIOLENCE REDUCES BUSINESS PRODUCTIVITY AND PROFIT

FAYETTEVILLE, Ark. – Domestic violence damages individuals and society, but its impact on business has been seriously underestimated, according to University of Arkansas economist Amy Farmer. Her research indicates that domestic abuse may result in almost 7 million lost work days annually, reduce workplace productivity, increase insurance costs and lower profits.

“The most important lesson for policy-makers from these results is that the social costs of violence are significant and that employers are likely to bear a portion of those costs,” Farmer said.

Farmer, associate professor of economics in the Sam M. Walton College of Business, conducted an analysis of domestic violence studies along with economist Jill Tiefenthaler of Colgate University. Their results were presented recently at the Academy of Management Annual Meeting and will appear in an upcoming issue of the *Journal of Labor Research*.

The researchers looked at data sets from publicly available U.S. studies on domestic violence, including the annual National Crime Victimization Surveys (NCV), two Physical Violence in American Families (PVAF) studies and seven studies in The National Violence Against Women Survey (NVAW).
“Each study was intended to answer different questions, so the data sets have different strengths and weaknesses,” explained Farmer. “When we incorporated these data into a single model of domestic violence, a different picture emerged than can be seen from any one study.”

Some of Farmer’s results directly contradict the conclusions of the studies. For example, early researchers concluded that women who were victims of domestic abuse usually did not work outside of the home. However, Farmer found that victims of domestic violence are actually over-represented in the workforce.

“Our results indicate that being a victim of domestic violence significantly increases the likelihood of working for pay,” said Farmer. “However, the results also support the conclusion that violence has a negative impact on productivity and earnings for battered women.”

Data from individual studies produce different numbers, but they all indicate a significant financial loss for both the domestic abuse victims and their employers. The NVAW data indicate 7 million lost work days annually, while the NCV estimates indicate a loss of 2.8 million days of work.

“These differences are largely due to differences in the study designs,” explained Farmer. “But even if you use the lowest figure, it still represents a total financial loss of $192 million, at least half of which is born by employers.”

Data analysis indicates that domestic violence causes $975 million in lost wages for the victims just in days missed from work, according to Farmer. This does not include the money lost while they are at work as a result of working in lower paying jobs.

Absenteeism, tardiness and turnover rates are all high among domestic abuse victims. Each of these represents a loss of income for the victim. As a result of the violence, victims of domestic abuse tend to be less productive when they are on the job. These work-related outcomes make the victim less likely to be promoted and may contribute to loss of employment.

“These behaviors all contribute to a loss of productivity and, therefore, a loss of profit for the employer,” explained Farmer. “However, if battered women lose or quit their jobs because of the violence, employers also incur the expense of hiring and training replacements.”

While it is impossible to know the exact cost to employers of domestic violence, estimates based on these data sets exceed $192 million. The researchers cite a 1995 Roper report, which found that 49 percent of the Fortune 100 executives surveyed believed that domestic violence hurt their company’s productivity and 33 percent said it lowered their profits.
“No matter how you look at the data, it is clear that employers have an economic incentive to initiate programs to help this needy population,” Farmer said. “Workplace policies including counseling, paid leaves, legal help and advances on pay would all aid a victim in building the economic power and independence to leave an abusive relationship.”

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