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## **The Cost of Workplace Violence to American Businesses**

By Steve Kaufer, CPP and Jurg W. Mattman, CPP

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### **Background**

The phenomenon of workplace violence began generating concern among public and private sector organizations in the United States in early 1990, and the awareness has increased steadily. While perceived as a threat to employees, no statistical information existed to permit the proactive development of prevention programs and policies.

At that time, statistics maintained by governmental agencies such as OSHA and state-level programs tracked employees that were injured or killed in a work environment, but provided no break down of deaths or injuries that were caused by current or former employees.

In September of 1993, a Chicago-based National Safe Workplace Institute released a study pegging the cost of workplace violence at \$4.2 billion annually. They estimated that in 1992, 111,000 violent incidents were committed in work environments, resulting in 750 deaths.

The Workplace Violence Research Institute, from its on-going experience working with companies and government agencies, believed that the true cost was greater than \$4.2 billion. In 1994, we began a research project that would first identify the myriad of elements that comprise the loss to American businesses and agencies, and then develop specific costs for each type of incident.

### **THE 1994 WORKPLACE VIOLENCE RESEARCH INSTITUTE**

In conducting the study, the Institute interviewed more than 600 professionals in various disciplines affected by workplace violence. These included human resources, corporate and facility security, corporate and labor legal counsel, employee assistance, risk management, and line operations. Participants represented both the private and public sector, with organizations ranked as small, medium and large, including a number in the Fortune 500.

Each participant in the research project was provided a list of potential areas of cost that had been developed by the Workplace Violence Research Institute. Participants were asked to place incidents that had occurred at their workplace during the period of the study into one of five categories: fatalities, rapes, aggravated assaults, threats, or acts of



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harassment. An estimate of the cost of each aspect of the incident was then recorded.

The results of the reports were sub-divided into six sub-sections, and measured against the annual number of incidents developed by Northwestern National Life, the Bureau of Justice Statistics, the Bureau of Labor Statistics, and the American Management Association.

The results of the research project showed that workplace violence actually resulted in a \$36 billion annual loss. The study was released in April of 1995 and received national attention and validation.

The dramatic increase in estimated costs over the 1993 study by the National Safe Workplace Institute were not indicative of an 850% increase in incidents. Rather it proved that an incident of workplace violence has a far reaching financial impact on an organization, when all the cost factors are considered.

### **THE 1996 WORKPLACE VIOLENCE RESEARCH INSTITUTE**

Continuing the research begun with the 1994 project, the Institute tracked incidents as they occurred and surveyed another representative group of private and public organizations. The same methods and survey questions were employed to ensure comparable data measurement.

The results of the 1996 project showed a slight decrease in the total dollar cost of about 2.3 percent. This brought the annual cost to approximately \$35.4 billion for 1995.

The Workplace Violence Research Institute attributes most of the drop to increased awareness and employee training. Many survey participants indicated that during 1994 and 1995, they implemented training for supervisors and managers, with some conducting mandatory training for all levels of employees.

The Institute's definition of workplace violence includes threats, harassment and intimidation, wording that has found its way into workplace violence prevention policy language of thousands of business organizations in the United States. This shift to a broader definition has also mandated a change in the training for employees.



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Management has come to understand that the rampage-type attacks by a disgruntled employee are not the primary threat to their employees. Conflict, threats, harassment and intimidation are recognized as the greatest risk to American workers. These often less sensational incidents that will never be reported in the media are of the greatest financial risk to the employer, this being supported by the results of both cost studies.

### **PUTTING THE RESEARCH TO WORK**

The costs are staggering and the figures in each category are fascinating, but unless an organization can put them to practical use, the findings of the research are of little benefit.

The Workplace Violence Research Institute recommends that business and agency leaders review the policies in place within their organizations, to ensure that they adequately reflect the risk and culture of that particular firm. The procedures that have been developed need to be tested and employees trained in their execution.

If workplace violence prevention training programs exist, the material should be reviewed for applicability and content. Particular attention should be given to ensure all programs stress conflict resolution skills. Organizations lacking training for supervisors and managers, at a minimum, should develop training geared specifically for these employees.

### **ABOUT THE WORKPLACE VIOLENCE RESEARCH INSTITUTE**

Established in 1993, the Workplace Violence Research Institute conducts studies and research into the causes of occupational violence and develops effective methods to reduce the potential for incidents.

The Institute provides consulting services to assist organizations to assess the risk of workplace violence, review existing programs, and develop policies and procedures. Training designed specifically for companies and agencies ranges from overall education on the issues of workplace violence to conflict resolution.



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The founders of the Workplace Violence Research Institute co-wrote *The Complete Workplace Violence Prevention Manual*, which has become the accepted standard reference on the subject. In addition to the *Manual*, the Institute has a range of written material to help in the development of effective prevention programs and employee education. A catalog of these resources is available from the Institute.

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