

**SEXUAL HARASSMENT OF FEMALES BY MALES IN THE WORKPLACE:  
SMALL BUSINESSES CONTRASTED WITH LARGE BUSINESSES**

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**ABSTRACT**

*Sexual harassment continues to be an important topic, receiving the attention of small and large businesses. Formal claims regarding unlawful, social-sexual behavior in the workplace doubled during the 1990's. Some small business owners believe that sexual harassment is not a crucial concern, compared with their counterparts in large businesses. Some small business owners possess the misconception that sexual harassment, regarding federal and state law, apply primarily to large businesses. Sexualization in the workplace occurs when sexual jokes, comments, innuendos, and sexual or seductive dress are tolerated, or encouraged, as well as the more blatant offense of improperly touching another employee. The membership of the Society for Human Resource Management was the database for this study. A random sample from small businesses of fewer than 500 employees and large businesses with more than 500 employees was selected. Important findings indicate that sexual harassment was more of a problem for large firms as there is more male-female interaction and social pressure. This is true even though more training takes place in larger, rather than smaller, businesses. The findings may also indicate more of a reluctance by females in smaller firms to report such incidences. Respondents believe more formal training, education and behavior modeling, especially in small businesses, are needed to maximize the effectiveness of written policies.*

**INTRODUCTION**

Sexual harassment continues to hold the attention of both small and large business owners and executives. Claims continue to increase despite extensive company policy activities and training programs aimed at preventing sexual harassment. Business owners, human resource managers, and training experts continue to contemplate various strategies to prevent sexual harassment.

Sexual harassment can be perpetrated by women on men, men on men, and women on women. This study, however, is only concerned with sexual harassment by men of women. Some would disagree that this is strictly a sexual issue, arguing that it is "an exercise of power rather than of sexual interest" (Gutek, et. al., 1990).

Examples of how *not* to handle claims of sexual harassment abound in the popular media. But such widespread attention being given sexual harassment does not always provide sufficient "lessons learned" to other organizations that perceive themselves to be in compliance. The small business has a dilemma. On the one hand, the entrepreneur may witness frequent media coverage of high-profile cases that seem to bash the giant corporation severely for wrongdoing. Beyond those cases that are publicized, thousands of sexual harassment claims go unnoticed by the general public (Luchs, 1997). Although scandals and lawsuits against smaller companies do not get the media attention captured by large organizations, small firms are exposed to the same liability, along with the embarrassment of scandals and expensive lawsuits. This article offers some plausible answers for this problem based on recommendations from 663 practitioners, many of whom have successful prevention policies and training approaches. During an era when formal claims for unlawful social sexual behavior at work doubled in the decade of the 1990's vs.: the 1980's, the authors sought answers from practitioners in positions of authority in both small and large businesses on how best to provide harassment-free workplaces.

## BACKGROUND

In widely circulated guidelines, the Equal Employment Opportunity Commission (EEOC) defines two difference types of sexual harassment at work. *Quid pro quo harassment* occurs when sexual demands are made specifically in exchange for employment benefits, such as being hired or promoted, or to prevent adverse employment actions, such as being fired. *Hostile environment harassment* can occur when an employer allows a work atmosphere to develop that is so pervasively hostile, offensive, or abusive as to interfere with an employee's ability to do a job. A company can be held liable if it knows about this conduct, yet does nothing (Sherman, 1992). According to Estess (1995) a "hostile environment" is created through constant sexual comments, questions about an employee's sex life, or the telling of offensive jokes. The distinction between well-intentioned conversation meant to be complimentary and a sexually hostile environment is often difficult to determine (Sherman, 1992).

## SMALL BUSINESS IN THE U.S. ECONOMY

No generally accepted definition of large or small business exists, because different criteria are often used to define business size. Some agencies consider the size of the workforce while others use the amount of assets or sales to classify firms. For the purposes of this research, the Small Business Administration's (SBA) definition of small business will be used. The SBA defines a small business as one that employs fewer than 500 workers and a large businesses one that employs 500 or more (SBA Office of Advocacy Facts About Small Business, 1997).

Small business is an important part of our nation's economy. Statistics prove that small business has become the nation's primary job creator. Today less than 10 percent of the American labor force works for Fortune 500 companies compared to 20 percent in the 1970's (McGreery, 1997). According to recent projections by the Bureau of Labor Statistics, small-firm-dominated sectors of the economy will contribute about 60 percent of new jobs between 1994 and 2005 (SBA Office of Advocacy Facts About Small Business, 1997). Small businesses provide about 67 percent of initial job opportunities (SBA Office of Advocacy Facts About Small Business, 1997). Small business accounts for 80 percent of total

businesses and created 90 percent of net new jobs added in the U.S. throughout the mid-1990's (Despande & Golhar, 1994). According to the Statistical Abstract published by the U.S. Bureau of the Census (1995), small businesses employ 53 percent of the private work force, contribute 47 percent of all sales in the country, and are responsible for 50 percent of the private gross domestic product. Small-business-dominated industries produced an estimated 75 percent of the 2.5 million new jobs created during 1995 (SBA Office of Advocacy Facts About Small Business, 1997).

### **SMALL BUSINESS SUSCEPTIBILITY**

Many small business managers, whether of family-owned businesses, sole proprietorships, or partnerships, may be taking less action to reduce sexual harassment than their larger counterparts. Often sexual harassment in small business goes unnoticed and/or unreported (Estess, 1995). In a smaller company when the owner goes around pinching women, employees are often afraid to speak up for fear of losing their jobs. Since the atmosphere of a small company is relatively intimate, getting employees to believe they can report harassment without fear of retaliation is difficult (Spraggins, 1992)

Low awareness of sexual harassment laws has increased the susceptibility of small firms to the occurrence of sexual harassment. According to Estess (1995), managers in small businesses are often not aware that certain of their actions could be considered sexual harassment. Small businesses, especially family ones, generally have few formal policies in place (Estess, 1995).

### **FEDERAL AND STATE LAWS**

Some small business owners may have the misconception that sexual harassment laws only apply to large companies. Although the federal law is applicable to companies with 15 or more employees, many state laws apply to companies with as few as two or three employees, as previously stated. These state laws can be more stringent than federal laws (Nelton, 1955). For instance, regardless of size, all companies in California are required to notify their employees that sexual harassment is unlawful. Also, although federal law provides a \$50,000 cap on damages in sexual harassment cases for smaller businesses, employees can file under state or tort or wrongful act law and receive much larger awards (Nelton, 1995).

The U.S. Supreme Court decided its first sexual harassment case in 1986, some twenty-two years after passage of the first Civil Right Act in 1964. Following passage of the Civil Right Act of 1991, discrimination complaints increased from about 50,000 in 1992 to over 97,000 in 1995, as filed with the Equal Opportunity Commission (EEOC) (Kores, 1995). These laws, together with the 1991 Clarence Thomas - Anita Hill sexual harassment hearings, combined to dramatically increase the awareness of sexually-related discrimination (Moore, et. al., 1997). The EEOC defines sexual harassment as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature (Kores, 1995).

Where does this leave the smaller firm which typically has no attorney on retainer and perhaps does not even have a sexual harassment policy? A small business owner may see the 1991 Civil Rights Act as "protecting" it from unreasonable court settlements at a \$50,000 cap for small businesses, if convicted, while their larger counterparts may pay as high as \$300,000 per conviction. However, lest the small business owner get lulled into a false sense of security, it should be noted that many state laws are more stringent than federal sexual harassment laws, applying in some cases to companies with as few as two or three workers. Although the federal caps provided by the 1991 Civil Rights Act limit the entrepreneur's damages in small business sexual harassment cases, recall also that high-profile cases can occur as in the Paula

Corbin Jones lawsuit of President Clinton. She sued him (for wrongful acts, outrageous behavior, or assault) under state tort laws. Thus, under the 1991 Civil Rights Act, individual plaintiffs can and do receive settlements against small businesses that exceed even the higher caps for larger businesses.

### **WORKPLACE SEXUALIZATION**

Gutek, Cohen, and Conrad (1990) report that "sexualization in the workplace occurs when sexual jokes, comments, innuendos, and sexual or seductive dress are tolerated, condoned, or encouraged." Other inappropriate business conduct includes persistent requests for dates that are refused or insisting on a meeting in an inappropriate place, such as a bar, or at an inappropriate time, such as 8 p.m., to discuss business (Estess, 1995). In these situations, it is common to view sexual harassment as an exercise of power (Pryor, LaVite, & Stoller, 1993). One contributing factor could be the effect of prestige or position in the organization. Higher ranking employees are less likely than lower ranking ones to be targets of sexual harassment (Gutek, 1995). Statistics from a Federal government survey clearly indicate the potential for power-based harassment. Survey results found that although women make up 45 percent of the total workforce, women represent only 3 to 5 percent of senior management (Mason-Draffen & Wax, 1995). The male dominance of upper-level management provides the atmosphere to nurture power-based harassment.

Another factor identified in Gutek's (1995) study is that women apparently hold a broader definition than men of what constitutes sexual harassment. This study indicates that women are more likely than men to label similar, or identical, experiences as sexual harassment. This means, e.g., that if a man puts his arm around the waist of some women, they would think that he is being "too familiar" with them, and would thus consider this a form of sexual harassment. Most men would not consider this sexual harassment if the roles were reversed. Some authors find evidence that sexual harassment behaviors are only consequences of these cultural circumstances and are not typical or unique to the workplace environment, but are typical to inter-gender social interactions in general (Lach and Gwartney-Gibbs, 1993).

### **MINIMAL DATA EXISTS**

Some people feel that smaller businesses have less sexual harassment than larger businesses. This is a difficult premise to prove due to the lack of research data for small businesses on sexual harassment. According to the Hay Group (1993) only 32 percent of smaller companies had a survey conducted during the past two years; however, many Human Resource Departments in larger firms mandate such studies annually. The reasons for not conducting a survey included "management not supportive" (44 percent), "cost-prohibitive" (26 percent), and "already knew that employees' attitudes were positive" (5 percent) (Hay Group, 1993).

Another factor contributing to the lack of data on sexual harassment in small business could be small business' dependence on mediation. Many small companies utilize mediation to resolve workplace conflicts, because of its relatively low expense compared to court litigation (Kruger, 1995). Kruger (1995) also reported that 60 percent of sexual harassment claims were settled prior to going before a judicial forum. Additionally, Moates and Kulonda (1990) reported that "women in small firms were less inclined to change jobs, were more decisive, and had a lower need for power." There could be a correlation between the decisive nature of women in smaller firms and their willingness to sue. Conversely, many may suffer in silence because of their immobility in the job market. Many women may believe they would be fired from a small business if they filed a sexual harassment lawsuit. Additional data on this point is included in Table 1 and the accompanying comments which follow.

## TRAINING AND POLICY VISIBILITY

A major difference between small and large businesses' treatment of sexual harassment claims appears to be the ability of larger firms to provide training to educate its employees. Hence, larger companies have a thicker cushion to protect themselves from the law and from employees filing claims because they are willing and able to administer training and set policies. A survey pioneered by *Working Women* to Fortune 500 companies showed that 81 percent of the surveyed companies have training programs on sexual harassment, compared with only 60 percent in their 1988 survey (Sandroff, 1992). These companies have encouraged top management support for implementing sexual harassment training programs, including providing seminars, lectures, and group discussions, videotape presentations, case study analysis, and question and answer sessions (Webb, 1992).

When the federal government updated its 1981 Merit System Protection Board study on sexual harassment, it found out that most medium and large-sized firms appear to have taken the EEOC's guidelines seriously and developed specific policies and programs detailing what constitutes sexual harassment. They have provided training and use other informational devices to sensitize all employees to sexual harassment and to inform them of their rights and responsibilities. In addition, grievance procedures have been changed so that victims can report complaints to someone other than their immediate supervisor (Champagne & McAfee, 1989). Small businesses do not normally have the money available for training budgets of this type.

## POPULATION CHARACTERISTICS

The population consisted of approximately 66,000 members of the Society for Human Resource Management (SHRM). From this group, a random probability sample of 2,200 names and addresses were selected. Approximately half of the respondents worked in organizations with less than 500 workers (small businesses), and around one-half employed 500 or more (large businesses). The majority of respondents from small businesses carried the title of "owner," with most of the respondents from large businesses carrying the title of VP - Human Resources, or Director - Human Resources. Surveys were returned by 663 of those surveyed for a response rate of about 30 percent. Survey respondents were 51 percent female and 49 percent male.

## STATEMENT OF THE PROBLEM

Practitioners in a variety of manufacturing, service, health, wholesale, retail, government, education, and finance organizations provided information that was used to attempt to discover the amount of:

1. sexualization of the environment in small and large firms,
2. sexual harassment in small and large firms, and
3. to determine if differences exists in the amount of formal sexual harassment training in small and large firms.

The 33-item survey extended and expanded earlier research conducted by Gutek, Cohen and Conrad (1990). Questions measured contact opportunities with the opposite gender in the workplace, the extent of formal policies, training, and reporting of sexual harassment, and demographic attributes. Response data were analyzed using frequency distributions and cross-tabulations. Significant differences between small and large business firms were tested using the chi-square test for two or more independent samples.

## FINDINGS

Table 1 contains data analysis from questions that measure the "sexualization of the workplace" of the business firm. These five questions were taken from Gutek's (1995) study. The respective frequency distributions for the sample results are compared for large versus small businesses. In addition, the chi-square test for two independent samples measures whether it can be inferred that the differences in the observed sample frequencies would hold for the population as well. Hence, are the differences great enough that we can assume that the distribution of responses for small versus large firms are significantly different?

<i>Question</i>	<i>Response</i>	<i>Small %</i>	<i>Large %</i>	<i>Sig.</i>
Opportunity for contact with other sex at work	A lot	88.3	92.5	.100
Social pressure for women to flirt with men at work	A lot/Some	14.3	23.4	.010
Social pressure for men to flirt with women at work	A lot/Some	17.9	27.0	.005
How much problem is sexual harassment at work?	Minor Problem	58.3	77.7	.001
How many women dress sexy?	Most/Some	34.1	42.9	.001

*Sig. = probability of insignificance*

The chi-square results in Table 1 reveal that significant differences exist for large versus small businesses for all five questions pertaining to the "sexualization of the workplace." Given that small business responded differently than large businesses, the frequency distributions reveal that 1) there is more opportunity for contact with the other sex in large firms; 2) there is more social pressure for women to flirt with men at work in large firms; 3) likewise, there is more pressure for men to flirt with women at work in large firms; 4) sexual harassment is perceived to be a problem in large firms more than small firms; and 5) more women dress "sexy" in large firms than in small firms. Hence, we would conclude from these results that there is greater "sexualization of the workplace" in large firms than small firms.

Table 2 contains nine questions, also taken from Gutek's (1995) study, which assess 1) the initiatives by firms to reduce sexual harassment; 2) perceived benefits of sexual harassment training by firms; 3) perceived understanding of sexual harassment policies by firms; and 4) the perception of whether sexual harassment has increased or decreased in the last 12 months.

The results in Table 2 reveal the following: 1) the chi-square analysis reveals that large firms responded differently than small firms for eight of the nine questions; 2) the only question in which there was no difference in the responses of large versus small firms was the attendance by company vice-presidents at sexual harassment training sessions; 3) significant differences in small versus large firms are as follows: a) larger firms are more likely to have written sexual harassment policies; b) larger firms are more likely to have sexual harassment policies implemented; c) smaller firms are more likely to have hourly workers attend sexual harassment training sessions; d) smaller firms are more likely to have first-line supervisors attend sexual harassment training sessions; e) smaller firms are more likely to have middle

and lower level managers attend sexual harassment training sessions; f) employees in larger firms are more likely to understand the organization's attitude toward sexual harassment; g) employees in large firms are more likely to benefit from sexual harassment training; and h) larger firms had significantly more sexual harassment complaints in the last 12 months than did smaller firms.

<i>Question</i>	<i>Response</i>	<i>Small %</i>	<i>Large %</i>	<i>Sig.</i>
Firm has written harassment policy	Yes	94.9	98.1	.050
Is harassment policy implemented	Yes	95.1	97.8	.100
Vice-president attendance at harassment training	None/Few	52.9	45.5	.166
Hourly workers attendance at harassment training	None/Few	61.2	58.1	.001
First line supervisors attendance at harassment training	None/Few	43.8	32.1	.001
Mid/lower level managers attendance at training	None/Few	42.6	30.9	.005
Understand organization's attitude toward harassment	Strongly/ Somewhat agree	97.6	99.4	.050
Employees benefited from training	Strongly/ somewhat agree	67.8	76.7	.100
More harassment complaints in past 12 months	Strongly/ Somewhat agree	18.2	27.8	.001
<i>Sig. = probability of insignificance</i>				

The combined results from Tables 1 and 2 reveal that 1) there is a greater "sexualization of the workplace" in larger firms, and hence significantly more sexual harassment complaints in the last 12 months; 2) even though there are more opportunities and greater pressure to interact and attract the opposite sex in the large firm, large firms were less likely to have hourly employees, first line supervisors or lower and middle managers attend sexual harassment training sessions; 3) larger firms were likely to have sexual harassment policies written and implemented than their smaller counterparts, but had significantly more sexual harassment complaints over the past 12 months; 4) even though employees in large firms (versus smaller firms) were more likely to benefit from sexual harassment training and have a better understanding of their firm's attitude toward sexual harassment, larger firms had more sexual harassment complaints in the past 12 months.

In summary, in larger firms, there is more contact with the opposite sex, more social pressure to flirt, more women dressing sexy, and hence more sexual harassment problems and formal complaints. Large firms also seemed to benefit more from sexual harassment training, have more formal written policies, and better understand what sexual harassment is all about.

Workshops, which define sexual harassment explain how to handle complaints and cover other related topics, are the most popular method used by large and small firms when seeking to reduce sexual harassment. From a practical standpoint, survey respondents provided topics for sexual harassment preventive training workshops. If small businesses will conduct such workshops, using qualified leaders, this will go a long way in promoting harassment-free workplaces. Table 3 indicates their topical preferences. Both large and small firm respondents replied almost identically, so their answers were averaged to one percentage.

<b>Table 3 - Recommended Workshop Topics to Reduce Sexual Harassment from Large and Small Businesses</b>	
<i>Topics</i>	<i>Percent</i>
Examples, sensitization, and understanding of what sexual harassment is and is not	96.6
Confidential handling of complaints	95.9
Prompt and thorough investigation of complaints	95.7
Enforcing penalties against harassers and their supervisors who allow it to continue after it has been reported	90.2
Ways to prevent sexual harassment	87.2
Implementing your organization's current policies and practices	84.9
Role plays, cases, videos to promote discussions about sexual harassment at work	79.1
Providing or referring counseling services to victims	61.8
Other-gender insensitivity	59.7

### CONCLUSIONS AND IMPLICATIONS

Survey respondents indicate that formal training, education, and behavior modeling are needed to maximize the effectiveness of written policies to reduce sexual harassment in the workplace. In response to another question regarding how recent were the occurrences of sexual harassment, most of the respondents stated they felt the number of occurrences were decreasing. Perhaps this encouraging statistic results from a commitment to effective, formal sexual harassment training combined with organizational emphasis on clear, zero-tolerance policies and consistent enforcement of disciplinary procedures. Upper-level management can further reinforce appropriate behavior by serving as a role model for employees. These strategies may assist in improving productivity, as females in harassing, or potentially harassing, situations can better concentrate on their jobs, as opposed to worrying about being harassed.

A well-executed anti-harassment policy will reduce a company's legal liability as well as promote an atmosphere of respect within the company. Both small and large firms should develop a policy detailing types of conduct that will not be tolerated and inform employees of procedures for filing grievances. Training and counseling sessions should be available for employees. Complaints should be taken very seriously and dealt with promptly. Strong policy enforcement, effective training, and employees who demonstrate lawful social-sexual behavior can help businesses achieve a harassment-free work environment, or, at least,

substantially reduce harassment. The universal advice to small businesses is to follow the agreed-upon guidelines to keep harassment from happening, and when/if it does, to take *prompt* action to remedy the situation, and report it to the proper authority internally and/or externally.

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