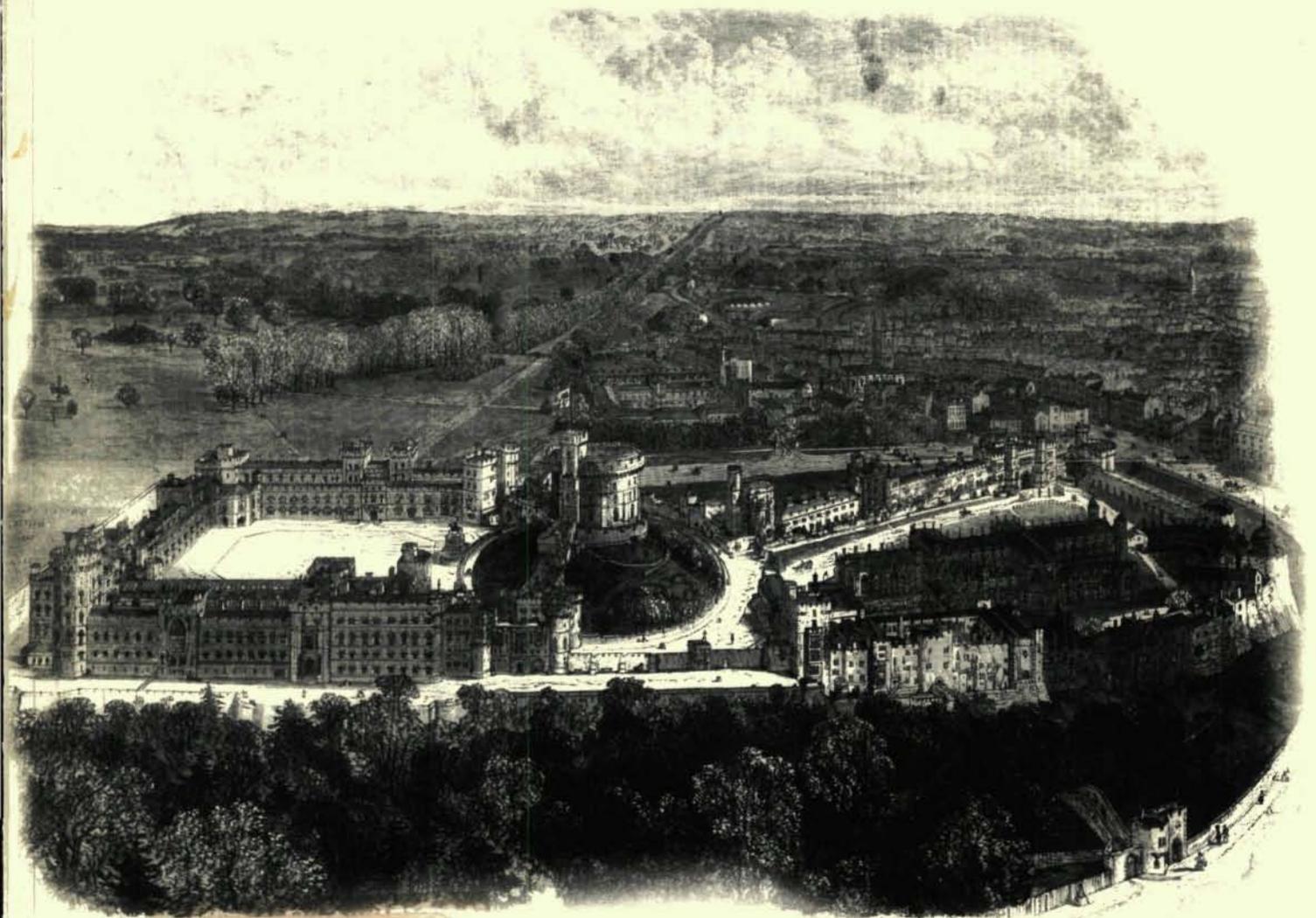


# BUSINESS AND CRIME

*A CONSULTATION*



88/48



St George's House  
Windsor Castle



Centre for Criminological and Socio-Legal Studies  
University of Sheffield

**CRIME**  
**concern**

Working in partnership to create  
safer communities

**BUSINESS AND CRIME: A CONSULTATION**  
*ST GEORGE'S HOUSE · WINDSOR*  
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# CONSULTATION ON BUSINESS AND CRIME, ST GEORGE'S HOUSE, WINDSOR

*For some businesses, protection against crime is of first importance. A jeweller who did not take measures to prevent robbery, or insure against it, would be thought imprudent.*

Quite often crime is not seen in this way. Crime for many businesses does not consist of one cataclysmic event, but rather a whole set of small incidents. The effects of crime are diffuse. The impact of crime on the business can only be recognised if the effects are brought together and the losses looked at in total. Then, it is seen that profitability is being seriously affected.

Much crime can be prevented by better management. Knowing about crime in a business, and having policies to deal with it, is as much a sign of an efficient enterprise as adequate stock management. It is no accident that often the companies which have the most developed crime policies are also the most successful companies. These policies also make them the businesses which help protect and add to the quality of life of their local communities and their employees.

On 6 December 1988, the reports of the Working Groups of the Home Office Standing Conference on Crime Prevention were published. Both the Group on the Cost of Crime and the Group on the Prevention of Arson highlighted the staggering cost of crime – in direct losses and in subsequent costs to the victim and to the state, and thereby the taxpayer. Much of this cost falls upon businesses.

One instance of serious crime, such as arson, can bankrupt a small business. Sustained losses through shoplifting can make even national retail chains falter. Assaults on staff or intimidation of employees can have lasting personal effects and make people from the surrounding area feel their neighbourhood is no longer a safe place to live, work and shop.

Crime committed against businesses or on business premises is not a problem which may possibly creep up on us. It is a major problem for now and there is a real need to think through the extent of the problem, ways of coping with it and ways of preventing crime.

There have been previous meetings which have examined aspects of crime against business – assaults on employees, for example, or fraud. This Consultation was the first attempt to look at the whole subject of business and crime in the U.K. There is very little

written on this issue – systematic and in-depth study and research is even rarer. Government policy on crime and crime prevention has, until now, concentrated almost entirely on the residential sector and on private individuals – burglary of dwellings and violence in the street. However, from extrapolation of what is known, it is possible to conclude that most youthful offenders are cutting their criminal teeth on business premises, so that in fact the development of public policy on crime prevention and coping with crime with business is crucial to overall crime prevention efforts.

Throughout the Consultation, we felt it was important to bear in mind the whole issue. Crime is not just the purview of one sector or one department or one squad. It touches on all. Within a company, it is the janitor who will have to clear up, the manager of the premises who will have to take decisions on reporting and cope with staff distress, finance who will have figures on losses, personnel who will cope with any long-lasting effects on staff, manufacturing or sales who will cope with the effects of stock losses, or damage, or interference with records ... and so it goes on.

In the one-man business all these roles are combined in one – and he or she will probably need help and advice from insurance, from the police, or from local chambers of commerce or trade to pick up and start again after burglary, assault or arson – if, that is, crime does not shut down the business.

The purpose of the Consultation was to bring together people from different backgrounds so that they could all contribute their experience and their different expertise to examine the problem. There is a real need for partnership here. It is trite now to say that no one sector can work effectively on its own – that police and public, for example, need to work together. But in this particular area of crime committed against businesses, it is especially true. Managers, security firms, police, government – all have particular responsibilities and powers which can be used to detect offenders, to prevent crime and to cope with its effects. Alone, any particular group can only take limited action. Together, much more can be accomplished – whether by looking at information jointly, by acting together or by consulting to ensure that each is working most effectively on their own particular areas of expertise.

A burglar, or a fraudster, or a shoplifter, doesn't examine individual businesses by themselves. He (or more rarely she) looks at the whole shopping precinct, or industrial estate, or office block, and picks out the weak spots. Not just one weak spot either. Commonly offenders will commit (or try to commit) several offences in the local

area. Malcolm Hibberd and Joanna Shapland's current research on violent crime in small shops is showing up some very great local differences in offending – one little precinct will have high rates of till snatches, another is hit by burglaries and so forth. The individual business road to crime prevention and detection, is, we suspect, a lonely, an inefficient and a costly road.

Crime Concern has been created by the government with a remit which includes helping to foster co-ordination and partnership between the public and official agencies and to stimulate new action in working together to prevent crime. They saw very early on the need to include business in this and, more particularly, to address also the problems that business has with crime. Their sponsorship of this Consultation is a mark of this. The Warden and staff of St. George's House were instrumental in developing the idea of the Consultation and freely gave of their time and energy to make sure it ran smoothly. There would have been no meeting or report without their enthusiasm.

In this report, we have summarised the papers which were given and the results of our discussions. At times, it was clear we just didn't know enough – there is, for example, very little research on the relationship between kinds of premises and their crime problems. Where this was so, we have tried to pinpoint the areas for further study or research, or discussion, and think about ways of achieving this. At other points, there appeared to be some barriers to communication between professions or within companies. The decision whether to bring in the police or use the civil courts when a crime has been detected was clearly an area where companies have difficulties and where there may be benefit in greater discussion between the private sector and the police.

But there was a surprising degree of unanimity within the Consultation about both the seriousness of the problem and about measures that companies could take. We have gathered together our thoughts on these and hope they will be of use to all businesses and to all those who are concerned about crime and about crime prevention.

# BUSINESS AND CRIME: THE WAY FORWARD

— SIR BRIAN CUBBON —

Over the three days of the Consultation, it became plain that the subject of the Consultation – business and crime – is now on the national agenda.

The costs of crime to business and the losses that ensue will, on their own, ensure this. I was struck by Dick Andrews' comment that 2 per cent loss as a proportion of turnover can be equivalent to around 20 per cent loss of profits. This is one of the messages that needs constantly to be reinforced, so that it reaches all businesses. Serious losses derive from crime. If it is established publicly that crime causes loss, then it may become easier for individual firms to acknowledge their crime problems.

Crime is no longer a matter just for the criminal justice system. It is the business of us all. Potential victims, potential offenders, potential offence, and opportunities for crime are everywhere. A quarter of an adult's waking hours is spent at the work place. It is inevitable that crime should be a major topic in that environment.

At the Consultation, rather than playing with hunches, or rhetoric, or slogans, we were able to develop a platform of a good preventive approach to crime in business. There are positive and useful steps to be taken, and we have summarised our conclusions in the next section: 'Points for Action'. Following the advice of John Patten and Dick Andrews, these points were arrived at in a business-like way, through hard-nosed business decisions, expressed in the language of business, and put forward by businessmen.

There are five stages in combating the crime problems of a company:

- working out where there are opportunities for crime;
- allocating these to teams to find solutions;
- working out details of each solution;
- taking action on the solutions;
- and evaluating the results of that action.

That is the framework. It needs to be set within an integrated structure and approach to dealing with crime. The approach requires a clear message from the top of the company; clear policies for reporting; a



clear view on the need to support victims as well as dealing with offenders and potential offenders; and consistency in the action to be taken over offenders, whether by disciplinary measures or by prosecution.

We considered the mechanisms and agencies that will be necessary to ensure that this message becomes more widely known. We are convinced that a nationally launched initiative is necessary, with a strong ministerial push.

We have also enumerated specific suggestions for the measures that should be taken in large organisations, the ways in which those companies could help smaller ones and the need for liaison between the different agencies. It is important to bear in mind Phillip Stenning's point about maintaining the credibility and the legitimacy of the criminal justice system. The approach of businesses to crime needs to tie in with others, such as the police.

Finally, we must move away from thinking of crime, or of business, as a uniform, single entity. We have found in many spheres that it is much more helpful to talk not about crime, but about specific crimes, and to target the counter-measures accordingly. At the Consultation, we found it necessary to talk separately about large companies, small companies and one-man businesses. Their crime problems and their resources to deal with crime are different. Equally, we need to distinguish between the service industries with customer access, the manufacturing industries and the financial sector.

From the Consultation, we now know something of the scale of the problems – and we have some definite solutions. It is now time to launch a national initiative to carry all this forward.

## POINTS FOR ACTION

### **I** *Crime is an important problem for business ...*

I (i) The extent of loss caused through crime is very significant, particularly when it is considered as a proportion of *profit*. Lost stock and lost time are lost sales.

I (ii) Crime affects employees and managers personally: physical injuries, loss of confidence, management time incurred, and general loss of morale.

I (iii) Crime affects the operation of many departments: production, sales, finance and audit, personnel, maintenance and security. The occurrence of a serious crime, such as arson, or even many instances of petty crime, can affect the viability of small businesses and branches of multiple operations.

### **II** *... But it is a problem which can be minimised by taking appropriate measures*

#### **II (i) An integrated and open management policy**

Companies can take measures to prevent loss and to minimise the effects of crime. This requires an integrated management policy produced, endorsed and supported from the top of the company – a clear ‘mission statement’ on crime, crime prevention and malpractice. The statement should be as simple and open as possible.

There need be no commercial inhibitions about acknowledging that losses are a problem. Every firm has this problem: the figures are known to be very large. The important thing is that the right action is taken to minimise the problem.

Staff reactions need not be adverse. The message should be that the anti-crime measures are taken to ‘keep honest people honest’. The right tone should be set from the top, in behaviour and in statements.

The preferred policy should be total openness, even in the area of employee crime. Failure to take public action in the case of employee crime (such as reporting to the police) may mean the culprits could present themselves to other employers to do the same thing again. There is a need for a change in thinking of both the business community and the public to produce this openness.

## **II (ii) The policy – planning against crime**

A first step is an analysis of all company data which can indicate crime patterns, risk areas and other opportunities for crime.

This analysis should be the basis for a review of company policies and procedures to ensure that controls, systems and security hardware:

- are suitable,
- are used
- and operate correctly.

The aim of the policies and procedures should be to remove temptation, both for employees and for outsiders.

Procedures should be practical, easy to use and operated consistently at all levels, with day to day regulation of compliance and thorough investigation of irregularities.

The response to losses, and therefore to crime, should be integrated into the ordinary mechanisms and culture of the business.

Monitoring and reviewing procedures are vital, drawing on experience from all parts of the organisation. In large companies, there will need to be close liaison with already existing internal audit activity, which may need expansion to include both accounting expertise and those familiar with the business and likely techniques for fraud. There is merit in these rules and procedures being subject to external audit from time to time.

## **II (iii) Coping with crime, when it has happened**

There should be established procedures for handling both employee and third party crime and these should be published. They need to include:

- investigating every crime with a view to establishing how controls and systems were bypassed;
- clear channels of reporting within the company and agreement about the level at which decisions should be taken;
- how to interview possible culprits, and measures to take in relation to suspension of employees, etc.
- how to support victims, both employees and managers, including how to obtain skilled counselling if this is necessary;
- clear policies on whether and how to bring in outside agencies such as the police, and how to deal with publicity.

Victim support is a very new concept in the business sphere and methods have not yet been fully developed. But there is a need for support for employees and managers affected by crime, whatever the size of the business. Providing support for victims shows the company cares about the welfare of its employees and allows employees to regain their effectiveness at work as quickly as possible. Further

research, study and evaluation are necessary to discover which forms of support and which means to deliver this will be the most effective in meeting the needs of victims.

#### **II (iv) Dissemination and implementation of the policy**

Companies need to ensure that implementation of the policy incorporates wide dissemination of the rules, through staff education and training. Education of employees about the prevention of crime and procedures when a crime is detected is important. Effective education involves messages which are simply expressed, repeated often, and conveyed in a variety of ways – using videos and seminars as well as written material.

The policy also needs to be clearly made known to suppliers, distributors and customers.

It will be helpful if companies' rules and procedures are available to and open for discussion with other businesses (through trade associations etc.) and others with an involvement in crime prevention.

#### **III** *The way forward: a national initiative to develop constructive action on business and crime*

We are very conscious that, though this Consultation has emphasised the importance of taking crime seriously within the business environment, this is just the start of exploring the topic of what business needs to do about crime.

We believe that a national initiative is now needed to bring these matters to the attention of business generally and to involve other groups (such as the police, business associations, insurance companies and government) in the process of tackling crime committed in the business environment. A national initiative, with ministerial involvement, will tap the energy of the private sector and ensure the representation at national level of the agencies. From there, it will need to be taken forward by crime prevention bodies and by business, whilst retaining contact with the police, with victim support agencies and with government.

We feel that large companies and organisations should be prepared to disseminate information and help businesses and communities with fewer resources.

There are already many groups in this field. At the moment we feel that some of their resources and energies are being wasted, because they are not working together effectively.

A nationally launched initiative could encompass:

- encouraging large companies to educate, advise and, where appropriate, set standards for their suppliers and customers; and to help smaller businesses and sole traders in their areas;
- involving crime prevention organisations, the government and police in participating and co-ordinating local initiatives;
- raising awareness of the problem and likely solutions through business organisations and insurance companies;
- producing case studies from different sectors of business, showing the measures that can be taken against different crimes and in relation to different offenders, the cost of those measures and the results of implementing them;
- setting up forums for continuing liaison between the many groups who are currently involved in crime prevention in the business sphere, but whose work is not always known to others (including the police, insurance companies, Crime Prevention Panels, the CBI, Crime Concern and retail and trade associations);
- helping small businesses by piggy-backing roadshows, seminars and meetings for local small businesses onto those of large companies;
- exploring the best ways to encourage the supply and use of victim support measures both within large companies and for small businesses;
- encouraging experimentation to find best practice, adequate evaluation of initiatives, and research and discussion on the many as yet unexplored areas, so that crime can be most effectively and efficiently combatted.

The general community dimension is also important. Crime prevention in the neighbourhood can help prevent crime in business. Crime in the neighbourhood can affect the performance of a business.

# CRIME PREVENTION – A BUSINESS CHALLENGE

————— *JOHN PATTEN* —————

Crime is something that affects us all. Even when we do not come across it directly, we still have to pay for the police, courts and probation service. Moreover, crime can create fear, anxiety or simple inconvenience which may affect the quality of our everyday lives.

Yet, aware as we are of the direct effects of crime, we do not often look further. Many of us, for example, using a public telephone have discovered that it has been vandalised. But how many people realise that vandalism adds an extra few pence on our 'phone bill every quarter?

We are also slow to realise how much we can do to help prevent crimes from happening. As individuals we can secure our doors and windows, mark our property, and reduce the opportunities open to burglars. We can also look for ways of removing crime opportunities in the community.

But for large companies, both the effects of crime and the scope for preventive action are far greater. Take a very simple example: the man on the street may try and tackle payphone vandalism by keeping an eye out for the culprit. British Telecom, on the other hand, can tackle the problem at source by designing payphones that are a less attractive target. This they have done and I commend their efforts.



For some time now, my Department has been encouraging companies to do more to prevent crime both within their own organisation and more widely. Consequently, we attach great importance to our links with the private sector and to opportunities, such as this Business and Crime Consultation at St George's House, Windsor when we can discuss the issues with them at first hand.

In January 1986 the Prime Minister chaired a meeting at 10 Downing Street with a wide range of private sector organisations. That marked the beginning of a new wave of crime prevention activity, in which the private sector has a key role. At that seminar, representatives of commerce, industry, insurance companies, and a range of other organisations agreed a comprehensive programme of action to ensure that crime prevention was given the priority it deserves.

We have maintained the momentum through regular contact with the CBI and individual companies. I will return below to the specific ways in which companies can help us, and themselves, by tackling the crime problem. Such action is dictated not only by common sense but, I should say, also by economic sense.

### *Business and Crime*

'Business and crime' is a broad and complex subject. But for businessmen and women, I would guess that cost, and cost-effectiveness, are the central concerns. It is not enough simply to prevent crimes because they are wrongful. Crime prevention must be subjected to the same vigorous analysis as any other management issue.

To date, the question confronting Government has been: 'Can any strategy really reduce crime?' This is perfectly valid when crime has been rising steadily for some 30 years.

But now, partly thanks to crime prevention, the tide has begun to turn and the latest crime figures now show a decrease in overall crime. So the question becomes: 'What is the most efficient strategy for reducing crime?' We must therefore begin to delve more deeply into issues such as cost. We are examining our own strategies in a more businesslike way, and our concerns will be similar to those of the private sector.

### *Report of Working Group on Costs of Crime*

I therefore welcomed the publication on 6 December 1988 of a new report on the Costs of Crime by a Working Group set up under the Home Office Standing Conference on Crime Prevention (Home Office, 1988). Their report brings together the various components of the cost of crime, and the various issues surrounding them. It takes us from commission through detection to punishment. It shows the great number and variety of decision points in every case, and the importance of an awareness of cost at each of them.

The report focuses our thoughts about how, and why, to tackle crime. It provides extremely useful information about the costs of crime to victims, whether individuals or companies, and the costs to those who deal with its consequences.

The Working Group stopped short of providing a global total for the costs of crime, but recommended that national figures should be brought together and published regularly in the future. The Group found that these costs are extremely high but often go unrecognised by those individuals and organisations with a potential role to play in preventing crime and reducing its cost. This is unfortunate as we all need to be aware of costs if we are to co-operate effectively in tackling

crime. As we come to realise the full costs involved, I am sure we will redouble our efforts to prevent the losses which result from crime, and as we analyse them in more detail we will be able to target those efforts more effectively.

The scale of the crime problem we all face underlies the urgency and commitment with which the Government is tackling it. The police are being given additional resources, and our full support, to do their part of the job, and we have ensured that firm and effective means of dealing with offenders are available to the courts. But the police and the courts cannot do the job alone.

We have therefore developed a major set of initiatives on crime prevention. We have fostered the development of the Neighbourhood Watch programme as an effective means of enabling individual citizens to tackle local crime problems, and are now developing our crime prevention efforts through initiatives like the Safer Cities programme. With the help of our Ministerial colleagues we are working with the business community and developing new ways in which business can reduce the risk of crime.

While recorded crime figures fluctuate from year to year, recent figures have, as I said before, been encouraging. Recorded crime has fallen, and the fall has been pronounced for the crimes of burglary and theft of motor vehicles. This is certainly no cause for complacency, but our efforts just may have begun to bear fruit.

#### **(i) Opportunity costs of crime**

Like the Working Group I recognise that many of the effects of crime cannot readily be costed. The full social impact of crime is very much greater than any cost figures might suggest, for they take no account of the immense distress, fear and social disruption which are caused by crime.

But although they cannot always be readily quantified in monetary terms, these personal and social costs are still important to us as managers as they are also *opportunity costs*, which consume resources which might otherwise have been put to good use.

The employee, for example, who is assaulted in the course of his work may need several days off to recover. But if his confidence is undermined, his performance impaired and his attendance becomes irregular, the loss to his employer is substantial, but difficult to assess.

One of the main findings of the report – and one which I endorse – is that we all need to have much more detailed information about the costs of crime which fall to us. We need to know what happens where and to what kinds of business. Without this we cannot properly decide how to deal with it or, more importantly, how to prevent it from happening in the first place.

## **(ii) Crime Management**

It is clear from the report that many businesses already manage crime just like any other risk. And businesses are prepared to spend considerable sums on preventing crime provided that they are satisfied they have found the most cost-effective method of doing so.

But I am not convinced that crime management is yet as systematic – or as well informed – as it might be. The report demonstrates that there are gaps in companies' knowledge of the costs of crime to them.

And it is important that companies should take account of costs which fall to others as a direct consequence of their own practices. It is all very well to install security alarms. But what about the cost to the police of dealing with false calls? It is all very well displaying your goods in an attractive way to increase sales, but have you considered the increased cost to the police and courts of dealing with your shoplifters?

The public sector, too has some lessons to learn from the crime management approach. We spend vast sums of money on the criminal justice system. There are many competing demands for that money. It is important, therefore, that those managing the criminal justice system can take decisions with the fullest possible information.

An obvious example is the importance of finding alternatives to imprisonment for young offenders. A week in prison costs on average around £350. In contrast, a week on community service costs around £13 to the public purse.

My own view is that, wherever it is sensible to do so, we should keep young people out of custody. Prison is an important deterrent and an effective sanction. But its benefit ends when young people emerge, as if from an apprenticeship, skilled for a professional life on the wrong side of the law.

I am not suggesting that judges should sentence according to cost. But we should know whether our policies, which I believe to be correct in themselves, also make financial sense.

### *Crime within the Organisation*

The very substantial costs of crime to businesses show how important it is that the private sector should itself develop and support effective crime prevention initiatives. Investing in crime prevention makes sound business sense. For businesses, the scope is considerable. Home Office reports on retail crime and fraud contain useful ideas (see, for example, Burrows, 1988; Levi, 1988). The Health and Safety Executive have a booklet on 'Preventing Violence to Staff' and have now issued a short, free guidance leaflet on the same subject (Poyner

and Warne, 1988). I also commend the detailed handbook produced by the Dixons Group plc for its staff on preventing crime within the company.

### *Organisations and the Community*

But concern does not stop with one's own organisation. Crime within the community may mean lost trade, or a poorer market. When criminal activity gets hold of an area, custom there declines, businesses move away, residents leave and the area is despoiled.

Thus our inner city policy, under the 'Action for Cities' banner, accords great importance to the role of businesses in regenerating run-down areas, and recognises the importance of crime prevention.

#### **(i) CBI Initiative**

The CBI have set up their own inner city initiative which complements our own. I am convinced that the private sector can help break the cycle of decline in inner city areas, and I welcome their support.

#### **(ii) Safer Cities**

Our own contribution to Action for Cities, the Safer Cities programme, also involves the private sector. Safer Cities brings resources for crime prevention to the areas where they are needed most. That will create an environment in which businesses may once again flourish.

Supporting crime prevention work brings its own returns to business, whether financial, social or in terms of good publicity. There are already many excellent examples:-

- estate agents, builders and many other companies, small and large, have adopted local Neighbourhood Watch schemes;
- hundreds of businessmen and women have been enlisted onto their local Crime Prevention Panel;
- business watch, industrial watch and pub watch schemes are springing up, led by the private sector in partnership with the police;
- local businesses have put their weight behind major demonstration projects in Coventry and Newport to cut down on alcohol-related crime;
- car manufacturers, builders and architects are beginning to look at their own products and designs, to incorporate new security features;
- companies are also considering ways to protect their own workforce from crime;
- companies are seconding staff to work on crime prevention;

- finally, many employers are forging links with young people in an effort to encourage responsible behaviour and to stave off the disaffection which may drive a young person into crime. These are the suggestions I would like the business community to consider:-
- 'adopting' local schools, or entering into compacts with them whereby job opportunities can become available to pupils provided they meet agreed standards;
- employing ex-offenders, to help their integration into society;
- encouraging 'active citizenship' within their workforce, and recognising the value of voluntary youth, or crime prevention, work within the community.

### (iii) Crime Concern

In 1988 the Home Secretary launched Crime Concern, the sponsors of the Consultation. This organisation, independent of Government, is responsible for supporting and stimulating crime prevention activity nationwide. Crime Concern's first priority has been to establish contact with the private sector and to enlist its support. A number of major companies, including Blue Arrow, the Britannia Security Group and Kingfisher who were represented at the Consultation, have a stake in the work of Crime Concern through membership of the Advisory Board, and through sponsorship of the organisation.

The subject of the Consultation, business and crime, is one which we have been addressing within Government for some time now. It is an important subject, and I am therefore glad that representatives of the private sector were brought together for the three days of the Consultation to talk it through and to develop guidelines about how it should be approached. This publication is the outcome of that Consultation. I hope that the business world will take to heart the suggestions contained in it. And I also hope that it will be the catalyst for further consideration of the role of the private sector in crime prevention.

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# KEY ELEMENTS IN FOSTERING PREVENTION

— *DICK ANDREWS AND JOHN BURROWS* —

Few will dispute that prevention should be the ultimate objective of the business community's response to crime. Neither will controversy be sparked by the contention that prevention should encompass more than the detection of offenders. But views about the ingredients of any preventive approach will undoubtedly differ widely.

One of the more obvious reasons is that 'crime against business' is not a unitary activity: it is as wide ranging – in form and content – as crime committed against the individual victim. It therefore requires some understanding of the scale and characteristics of the problem,



and how it is perceived by corporate interests, before offering reasonable suggestions as to how it should be tackled.

The report of the Home Office Working Group on the Costs of Crime (Home Office, 1988) represents the most recent attempt to assess the 'nature of the beast', and several of the observations made in this report have a significant bearing



on prevention and how it should be approached. One of its principal lessons is that the extent and seriousness of crime against corporate victims – whether these be in the public domain or in the private sector – are extremely difficult to establish. In their present form, national statistics from the police (which separate crimes by offence type, and not by victim characteristics) contribute little. Much, too, goes unreported because of companies' embarrassment, or fear, that it will be construed as evidence of mismanagement.

Moreover corporate crime is seldom the first choice of specific enquiry by researchers. At the public level it is perhaps understandable that this type of crime is not carefully researched: businesses themselves don't suffer injury or emotional consequences as a result of crime, nor do crimes against business infringe so deeply on the 'private space' of the individual (though of course many forget that it is private individuals, in their roles as shopkeepers, bus drivers and so forth, who often bear the brunt: see Walmsley, 1986). But the report also

indicates there is a lack of information at a company level: it is clear that many businesses themselves do not record and collate all their various losses from crime.

The various surveys carried out by the Working Group make a second – perhaps mundane – but equally essential point. This is that the load of business crime is not spread uniformly. The evidence presented to the Working Group, for example, indicated that the experience of those in banking, in retailing or some public services (transport, or the electricity and gas industries, for example) were far worse than those in, say, manufacturing or engineering. One of the significant points is that the activities of businesses who suffer major losses – such as those requiring the management of stock and cash in ‘constant motion’ – dictate that there are far greater opportunities for them to become victims.

A third pertinent observation made by the Working Group touches on the concern businesses seem to feel about crime (and thus the action they are willing to take in response). Although the risk is spread unevenly, there is every indication that – in the round – the losses experienced by businesses far outweigh the total experienced by personal victims (see, for example, Crime UK, 1986). This statement can be made with some assurance simply by reference to the statistics relating to fraud (Levi, 1988). Most frauds are committed against commercial enterprises and the cost of fraud is much greater than that of *all* other property crimes, such as burglary, robbery and vehicle theft (where losses are shared between the private individual and the corporation): indeed the Working Group suggests that the cost of fraud is roughly double that of all other property crimes. But despite the enormous figures – something over £2 billion per annum for fraud – the Working Group observed that most businesses do not rate the seriousness of the problem by reference to absolute figures: indeed they quote one bank who commented that a loss of £7m per annum attributable to crime was ‘not a major problem’. In short: where companies registered concern about crime this was primarily because they deemed the proportion of turnover lost as ‘unacceptable’ and was not necessarily related to actual sums involved.

#### *Key elements in Prevention*

These three points – the lack of pertinent information held even by companies themselves, the significance of opportunity factors in determining levels of loss (as in so much of other crime) and the fact that crime only tends to be viewed as a ‘problem’ when it accounts for a critical proportion of turnover – <sup>annual</sup> – are important themes which need to be tackled head on when fostering prevention. They are among the issues

broached in the following sections, which suggest some of the key elements likely to be necessary in any preventive strategy.

### I Recognition

Recognition that the problem may be bigger than that which first meets the eye is an obvious prerequisite. There are however several important considerations that sometimes prevent crime from being seen as a major problem:

I (i) The business world has a well known reluctance to 'come clean' about their crime losses, particularly that portion attributable to staff theft or fraud. This same idiosyncrasy can also operate *within* companies. In other words, individual directors or departments can fudge figures <sup>verdoezelen</sup> for crime losses, or minimise their importance, so as to avoid accepting blame for mismanagement – just as their company itself might do in the public domain.

I (ii) Crimes that do come to the notice of management can be naively interpreted as the full extent of a company's losses from crime. There are of course many different ways in which losses can manifest themselves in any commercial organisation, and inevitably there is a blurred line between losses which are attributable to mismanagement, mistakes or damage, and those attributable to crime. But it is essential to recognise that examination of reported crime in isolation can mislead – simply because so many losses in business, when investigated, turn out to result from crime. Businesses would be realistic to expect that what they record may be the finite side of a much more significant 'dark figure' of unrecorded – or unresolved – theft (see Home Office, 1986, for evidence from retailing).

I (iii) Even when companies produce a reasonably comprehensive picture of crime, the accepted practice of estimating this as a proportionate loss against turnover underplays its significance. This convention suggests that only the margin (or profit) has been lost when the reality is that the business has lost, in the case of stock, not only the margin, handling charges and similar overheads, but also the cost price itself. *Measuring total losses against profit is more meaningful*. Thus in retailing, losses typically run around one or two per cent of turnover, but were recently estimated to constitute 25 per cent of potential retailers' profits (see Bamfield, 1988).

### II Responsibility

A second essential component to any preventive strategy is to be clear that responsibility for prevention cannot conveniently be hived off to a security section or department – still less, the police. The maxim that 'policing is too important a task for the police alone' now has widespread currency, as has the view that effective prevention requires *removing the opportunities open to the would-be criminal*. In

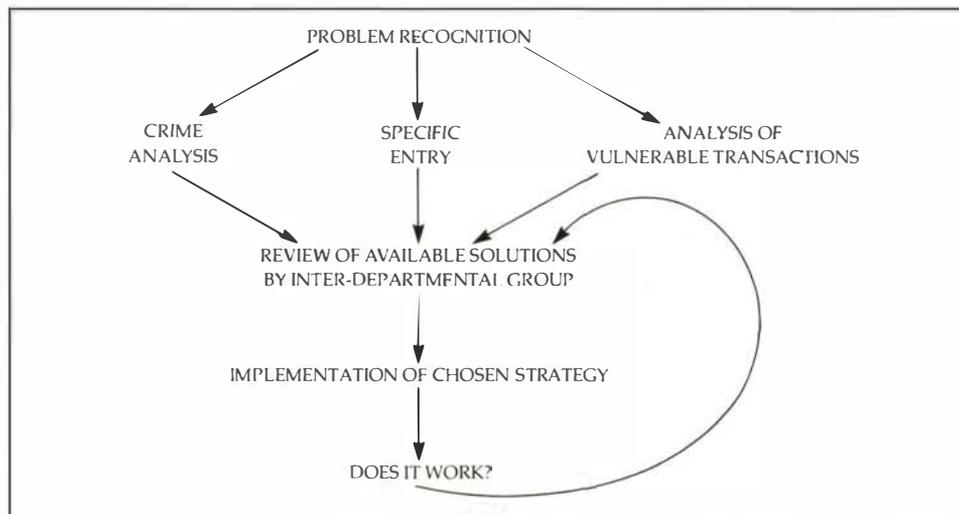
the public sphere this has meant police joining forces with local authority departments, residents' groups, and so on, in efforts to eliminate opportunities for crime in the wider environment. In the business world, it means recognising vulnerable points in any commercial operation and harnessing the efforts of those who have an ability to control them. In this, the marketing, distribution or sales director has to take the place of the inter-agency crime prevention group. The police provide an essential back-up service when prevention fails, but – compared to the Board – they have little scope, or knowledge, to suggest effective preventive action.

There is of course no right or wrong structure to carry this approach forward, but there are important principles to be followed. Those at the highest level of the company – Chairman or Managing Director – have to signify clearly their active support for such ventures: passive support is insufficient. Another equally important element is to ensure security is not treated as a peripheral concern. One way Dixons Stores Group has done this is to initiate a new framework: a group of senior managers drawn from all arms of the retail operation have been tasked to work step by step through their operations, isolate the way these can be exploited, and suggest remedies. This process, incidentally, demands a very detailed knowledge of and expertise in company procedures or systems – far more than can possibly be mastered alone by one group of individuals, such as a security section.

### **III Problem Identification**

The maxim that you should 'know your enemy' does not sound that perceptive, but it is something that many practitioners – including many in the police service – find difficulty in coming to grips with. The justification for detailed analysis of particular crime problems is straightforward: preventive actions targetted at known risks are the only reasonably certain means of achieving a successful outcome (see, for example, Joint Departmental Circular, 1984). And of course they are generally much cheaper than blanket solutions!

Several approaches are likely to be necessary in the business environment: three in particular are shown in the following diagram, and will be discussed briefly. The first falls simply under the rubric of what the police would call '*crime analysis*'. The available evidence suggests that while most in the commercial world do record information about known crimes, they often do so in a disaggregated way, perhaps at local offices and often only for what could be called 'audit' purposes (for example, balancing the books and submitting insurance claims). They do not gather the minutiae of detail necessary to establish crime patterns or particular targets or procedures at risk, or have recourse to facilities to exploit this data.



Dixons Group companies have sought to transform their crime recording procedures – which were very much in this mould – by establishing a computerised crime database. This involves all branches and other field centres telephoning any report of a crime through to a company security office, where staff glean all the relevant particulars of a case and make direct entry of the details into a computer database. One of the essential features of this database is that operators are asked to pose a series of entirely different questions according to the nature of the incident reported. The database also holds a full record of the layout, staffing, etc. of the companies' main crime targets – that is, its branches, warehouses, stock centres and so forth (information the police will clearly not possess themselves). The database contains analytical facilities to do virtually any transformation of the data (see Burrows, 1988, for more details).

Data about some crimes may however be very sketchy or incomplete. In such cases businesses may find it necessary to resort to other means of assessing their vulnerability:

- For example, the level of shoplifting which goes undetected will inevitably require separate investigation. Dixons have done this by conducting detailed experiments at branches, aimed at finding the stock most vulnerable to theft and the locations and times when losses are most severe.
- At another level, some businesses are now appreciating that the problem of violent or threatening behaviour against their staff is poorly understood. Serious cases – involving actual injury – may well be reported, but less serious threats and abuse can come to be seen by managers or staff as an unpleasant part of the job, particularly in inner city locations. Gathering pertinent data to appreciate the extent of the problem, its effects upon staff and their morale, and opportunities for prevention can necessitate conducting a survey of staff, of the outlets they work in.

A final – but crucial – issue that warrants brief mention under this heading is *the analysis and refinement of strictly commercial data* that may give an indication of criminal activity. The objective here is to investigate the much wider area of loss (not simply known theft) which may encompass much undiscovered fraud or crime. Nearly all businesses will be able to pinpoint vulnerable procedures – such as the payment of expenses – that could be exploited to extract money or products illicitly.

Alternatively, many businesses have routine indicators – such as the profitability of separate operations – that can act as early warning indicators of crime. In a retail environment, monitoring all the routine transactions that can be exploited (such as till reversals or voids) is impossible, but providing a mechanism to extract data on *exceptional patterns*, so that these can be investigated, can prove a useful exercise. In areas like banking or retailing, where the lion's share of crime losses is probably never brought to light, this sort of approach can prove to be one of the most powerful means of control.

#### **IV Actions Against Crime**

These can take many different forms, and will obviously need to be tailored closely to each type of business operation. The points raised in the previous section should indicate that prevention should be wide ranging in its approach and draw on computer systems and data, in order to keep pace with the increasing complexity of business crime, and the sophistication of many of its perpetrators. While there is little to be gained from cataloguing the range of preventive options available, it can be suggested that there are major dividends to be had from instilling three common elements:

(i) Targetting security efforts. The business world represents one of the main sources of financing for the private security industry. Quite apart from the high cost of hardware expenditure, some now suggest this industry employs twice the manpower of the actual police force itself. It is essential to ensure this expensive service is directed effectively, so that cover is given to areas of highest risk, and investigative skills can be focussed onto activities which give real grounds for suspicion.

(ii) Procedural review. Stepping through company procedures with a toothcomb to highlight areas of risk, preferably using experts in each department to lead the process, is of major benefit.

(iii) Staff awareness. This is often the 'poor neighbour' which can be construed by the hard-headed business manager as the soft option in the pack. The moral ambivalence that most have about corporate crime can, however, be challenged. Respectable and honest staff who have a well-defined theft policy placed before them (plus an

understanding of how this has been developed, and details of who to contact if they see infringements) are the most powerful resource any business can muster. The catchphrase used by the Dixons Group is that training and publicity (whether by poster, video or manuals) should aim to 'keep honest staff honest'.

### V Evaluation

Most business managers will attest that addressing the question 'does it work' is an essential – and expected – component of any commercial activity. Anyone trying to build an ethos of crime prevention in the business environment needs to be realistic and not expect that they will be given a sacrosanct budget to use entirely as they choose. The evidence suggests that 'locks and bolts' security may occasionally receive this favoured treatment, but involvement in mainstream commercial activity will certainly not (Home Office, 1988). Preventive options have to be costed carefully, particularly when they involve anything that will impinge on or threaten any trading operation: practitioners will know to expect that these negative costs will also have to be taken into account if they are to convince the Board.

### Summary

Clearly crime prevention cannot be said to be a good thing at any cost for any business. Some businesses, however, are short-sighted in failing to see the dividends they may reap from a rather more hard-nosed, analytical approach than they typically practice. Of the various themes touched on in this short review, two in particular stand out:

1. It is sensible to avoid creating an artificial divide by separating 'crime' from other sorts of business loss. The dividing line is very blurred, and prevention needs to encompass both areas.
2. Eliminating opportunities for business crime requires a broad inter-agency approach, similar to that emerging in the public sphere. Control cannot be a sideline concern.

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# FRAUD – HOW TO FIGHT IT?

*JAMES MORGAN*

This personal view of how we should expect business to help itself in dealing with fraud starts with the question 'What is fraud?'

Whenever the whole range of crimes against business is discussed, the question of fraud comes up in many contexts. This is partly because fraud is a very ill-defined term, so that more or less any theft against business which is not straightforward smashing of windows and stealing of goods, or stealing money out of the till, tends to be described, at least in the newspapers, as fraud, and partly because of the scale of the problem which fraud presents to business.

The incidence of fraud is quite difficult to track down. The Report of the Working Group on the Costs of Crime (Home Office, 1988) and the paper on fraud, prepared by Dr Mike Levi (Levi, 1988), give some information. The Metropolitan Police component of the combined Metropolitan and City Police company fraud organisation carried forward from 1986 some 460 cases with a total amount at risk of one and a half billion pounds. They took on during 1987 590 new cases which involved a total sum at risk of £3,295 million. This compares with the approximate totals in the Metropolitan Police District of £125 million for theft, £70 million for burglary, and £17 million for robbery. Obviously the scale of fraud in the Metropolitan Police District is substantial.

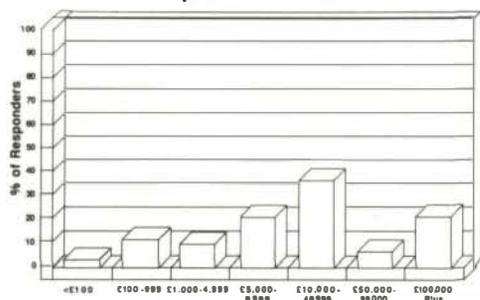


In research that Dr Levi and I undertook together, we sent an anonymous questionnaire to a number of large commercial companies and we also interviewed a number of senior people in similar companies. We found that in over 20 per cent of the companies that we

surveyed the most recently reported fraud exceeded £50,000, and over 40 per cent of the companies had recently experienced a fraud of this size.

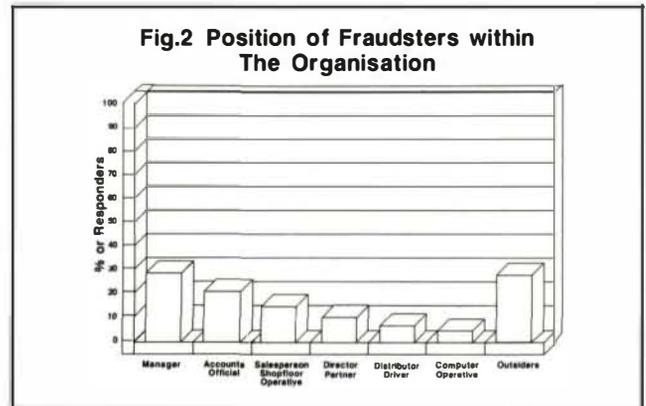
Recent contacts we all have and events like the Hill Samuel affair, when an employee was caught attempting a large funds

**Fig.1 Amounts of most recently reported frauds**



transfer fraud, suggest that the problem is now just as serious as it was two or three years ago.

There are no very surprising answers to the question 'Who commits fraud?' It is usually people who are inside the organisation; and people with access to the largest sums steal the largest amounts. In our research we found that most of the people who were detected committing frauds were people in senior management positions – directors, partners, managers or accounts staff, with the balance being shop floor people, distributors and a few in the computer area.



Let me give some examples of the sorts of fraud that business has to deal with.

One quoted UK company reported a significant fraud in its accounts. A member of the family after which the company was named was appointed to be the head of the Australian business. The family forgot to tell anyone in the company that they had previously had trouble with his gambling losses. He continued to lose money gambling. When his debts became too much for him he went round the whole of the Pacific basin borrowing money in the company's name. Because he had the same name as the company and was known to be part of it, his credit was seen to be good. He forged documentation that was necessary to raise money which was payable by the company and the company lost some £6 million.

In another example, the Chairman of a public company received a letter from a lady who said that her son had gone to prison for an offence involving violence against a member of the family, but the family had put it all behind them and would the recipient of the letter give him a new chance. He did. Careful and extensive checks were made which bore out his story and which did not indicate any record of financial misdeeds. The man was found a new job, and eventually was appointed to a position in the pension department of the company. There he had access to the files of executives who'd been with companies that the company, which was very acquisitive, had taken over. The man forged letters purporting to come from the people who had left the company early and had left their pension on ice. The letters each claimed that the pension fund member was now opting for a cash payment. In addition the letters gave a building society reference for paying in the regular component of the pension. There was a quarrel in the house in which the man had been living and he left

in a hurry. The landlady couldn't understand why building society passbooks in different names kept coming into the house. She went to the police. This unpleasant event caused a great deal of heartsearching in the company, which very fortunately was able to recover almost all the money.

Another of the people we interviewed while conducting our research had been brought in to a company as 'Mr Clean' to sort out a situation where the managing director had been in great dispute with the shareholders and was eventually found to have sold assets of his own at a ridiculously inflated price to the company and disposed of the company's resources to benefit his private life. Again, it was found that, although the managing director had been recruited in a very respectable way, he had a history of fraud behind him and a history of falsified references.

More recently, my firm has been dealing with a group of travel agents where the chap behind the counter had an extremely simple fraud, but one which was very unattractive in its effects on people going for holidays. People would go in to book their holidays and the chap behind the counter would say, very simply: 'You have to pay your fare, just leave the payee blank on the cheque, I've got a stamp, I'll put it in' and of course, he was writing his own name. People never thought a moment more about it until nine months later when they came to collect their tickets and nobody had ever heard anything about them. There were a lot of very disappointed people with severe losses.

At a more local level I met a young man who had bought into a successful small grocery business. He knew nothing about any trouble that he might be having, until suddenly the Inland Revenue contacted him to tell him they thought he wasn't paying enough tax. He said he wasn't making any profits. The Inland Revenue showed him their calculations as to how much profit he ought to have been making and what the margin on the business should have been. What had happened was that several members of his staff were ripping him off. They were sending their friends and relations out with baskets of groceries and never ringing it up on the till. He was very naive but the Inland Revenue nevertheless took a hard line and insisted on payment.

Generally speaking, fraud is most easily undertaken in relation to non-routine transactions. Where there are good systems and they are routine, it's hard for fraudsters to get in. But in business it always seems to be the non-routine transactions which cause difficulties. Recently, we have looked in several cases at the disposal of company cars and have found quite substantial problems.

The reasons why people commit fraud are well-known. People drop into it because they have personal problems; or they see their friends and relations earning more money and think they should be getting more; or they're part of a group of people for whom either petty or substantial fraud is a way of life. My office is in Fleet Street and I've certainly sat in a bus along Fleet Street opposite a pair of journalists exchanging restaurant bills with one another. Quite clearly, they had nothing to do with any expense incurred in relation to business. This illustrates a serious point. If people believe that an element of fraud is acceptable in the business they're in, it is very hard to get the line drawn firmly. The most fundamental advice that people should have is to keep making it quite clear that nothing dishonest or false is acceptable.

We can identify three types of fraudster. One is the really deliberate fraudster, like the man who sold his company bogus assets at ridiculously inflated prices. He knows he is going to commit a fraud and goes into the organisation very deliberately in order to do it. I know that in the past, the police have been concerned that 'criminal entrepreneurs' will start backing people to do this. I don't think there is much evidence of this so far, but it is certainly a risk and certainly there are people who have committed substantial frauds and been dismissed in circumstances in which they were not prosecuted, who have joined some other organisation and started doing it again. Keeping 'entry defences' and having appropriate internal controls to make it difficult for fraud are the main ways business has to guard itself against such people. The stronger the internal controls the more that sort of person will avoid that organisation.

The next type is what Michael Levi describes as the 'slippery slopes' fraudster – the persons who go into an organisation and, having probably been there for four or five years, then, because they feel they need the money, or because they really do need the money, or because they have an overwhelming opportunity presented to them, start taking the opportunities to commit fraud. The South Wales paper, the Western Mail, recently contained a story about a small group of stores in South Wales which was buying a lot of goods from overseas. Directors were travelling overseas to buy. The person responsible for organising the travel felt that the company wasn't getting a good deal, so he set up his own business to procure travel for the directors when they were going overseas. Then he was a bit short of money so he started loading the invoices. As he was the person to approve them, they went through the payment system quite smoothly. Then he decided that it was much easier to invent the invoices without providing any service. In this way he took something like £750,000

from the company over a number of years before the VAT authorities told them there were a few queries that they ought to answer and it all came out.

The last type of fraudster can't be ignored – it's people who simply trade insolvently long after it is quite clear there's absolutely no hope of paying the bills. For a business to be caught with a bad debtor like this is often unfortunate but it may, perhaps, mean that one's own credit reference processes and general business controls need some attention.

Frauds are often discovered by somebody coming to a manager of the company with information that fraud has been going on for a long time. It may be as a result of personal quarrels that whoever knew about the fraud sounds the bell. In other cases, internal controls do work or customers, suppliers or third parties (such as the tax authorities) start to feed information in. Relative to these sources, auditors are not usually a prime source of information about the occurrence of fraud, although, of course, they are often a main source of warning about the weakness of business controls.

In my discussions with business I have found a number of companies who were very clear about the need to pursue vigorously events of loss through fraud – right through to the point of making sure that the police understood what the evidence was and taking action re civil recovery where appropriate. Companies which have successful relations with the police recognise that it is very difficult for the police to understand the details and minutiae of any business system. If there is to be a successfully prosecuted fraud, much of the workload will inevitably fall upon business. It is necessary to present the police with a very clear tale of what the *modus operandi* has been, how the company's own systems work, and what the evidence is. It is also necessary to make sure that the evidence is valid and will stand up in court. The police will then collaborate very fully.

A further point is the matter of civil recoveries. Many solicitors will advise to go for the civil recoveries first. Arthur Young was involved in advising on a case recently, where we were looking in London at the activities of some people who were thought likely to have been committing frauds in the UK, which had their direct impact on the shareholders of a business in another country. The lawyers were absolutely unremitting about the need to go for civil restitution first before muddying the water with attempted international prosecutions.

What should business do? The first thing is to ensure there is well designed internal training. A complex business can only deal

with the threat of fraud or the problem of fraud if it brings the risks out into the open, recognises those risks and trains people thoroughly so that they actually recognise the symptoms and some of the ways that fraud may occur. Arthur Young recently collaborated with Melrose Films to produce a training video which has been well received. That film is an important element in our own training. We have also provided a little booklet which sets out some of the things which business can do to defend itself against fraud. The vast majority of what needs to be done to defend against fraud will also fall straight on business' shoulders.

Fraud is an unusual event and a substantial fraud affecting the business is something that people don't come across every day in their careers, nor even every year. So senior management will often be disrupted badly by encountering a substantial fraud: they won't know what to do. It is, therefore, very important to have a very clear company policy about what to do about dishonesty and fraud – to know what the company will do about taking legal advice; to know what the management's views are on going to the police; and to know how to handle the public relations aspects. There is absolutely nothing worse than to come in one morning discovering your finance director has nipped off to South America with five million pounds, and the next moment to be struck by the Daily Telegraph wanting to know why it happened and what you are going to do about it. So, knowing who will handle media enquiries and the line they should take is important.

Finally, therefore, it must be stressed that the most important foundations for business in combating fraud are to foster a good ethical environment and to have a clear policy on dealing with fraud. This policy must be set out and supported at the most senior levels in the organisation.

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# COPING WITH CRIME: POLICY, SUPPORT AND DETERRENCE

————— JOANNA SHAPLAND —————

Once a crime has been discovered, new questions arise. What short- and long-term consequences will that crime have for the business? What decisions need to be taken to control its effects? Can these be alleviated by planning in advance? These are the matters I shall address in this paper.

## *The immediate aftermath of discovery*

I want to start with the discovery of the crime. Who is likely to discover it? If the offenders are outsiders – crimes such as burglary, theft, damage – then it is likely to be whoever first opens up in the morning, or is called out by the police. If it is shoplifting, it could be any employee, not just specially trained security staff. If it is damage to or theft of a vehicle, then it will be the driver – possibly a member of the sales staff. If it involves insiders – fraud re expenses, stocktaking etc. – then it may be finance staff, or first-line supervisors, or secretaries. In sum, the discovery of crime is likely to involve very junior staff, of many branches.

That member of staff, together with his or her immediate supervisor and manager, will have to cope with the immediate decisions concerning the crime. It is those decisions which will determine the subsequent consequences for the business. If there is no clear and well-thought out policy about dealing with crime, which has been communicated effectively to the relevant staff, those who discover crime will have to make up their own minds. This absence of policy, of course, will produce different decisions at different times.

What are these key decisions and actions immediately after a crime has been discovered? They can be divided into three types:

- clearing up and carrying on with the business;
- supporting any staff who have been affected;
- and reporting the occurrence of the crime to any relevant people.

On each of these, it is my opinion that, if the company has thought about the best policy to adopt in advance, and it is communicated to the relevant manager reasonably quickly, then the



worst effects of the crime on the financial health of the business, on employees and on customers, will be mitigated. Let's look at each of the areas.

### *I Clearing up and carrying on*

Obviously, the immediate effects will depend on the crime. Some crimes are very common – broken windows, for example. For these, planning and preparation before the event to mitigate the effects come down to very simple things. For example, does the manager of the premises have the telephone number of a boarder-up and an emergency window replacer? (I've spent a lot of time doing research in police control rooms in various forces – the number that are festooned with cards for such services indicates that many businesses are very ill-informed.) Equally, does the maintenance man know the best way to deal with graffiti? If signs of damage or break-ins remain for some time, we know that they have a disproportionate effect on the feelings of the residents of that area – including employees and potential customers – about the safety and general 'niceness' of the area (Shapland and Vagg, 1988).

Vandalism is a very common crime – as is attempted burglary. Others are much rarer, but their effects are potentially disastrous for business recovery. One of these is arson – perhaps not as rare as one would think. The Working Group on the Prevention of Arson calculated that the annual risk of arson reported to the Fire Brigade for the average industrial property is one in 175 premises – much higher than in domestic premises (about 1 in 2,000), though lower than schools (a staggering 1 in 37) (Home Office, 1988). They suggest that all businesses should undertake contingency planning against such a catastrophic occurrence. Don't, for example, keep the only list of emergency home call-out numbers for crucial management staff, or all the back-up copies of the accounting software, on the premises. Contingency planning is a normal management practice for large companies, but contingency planning from first principles is unlikely to be a skill that small businesses, particularly struggling new ones in high-crime areas, take on board in the first few crucial months. Here I think that business associations or insurance companies might help by producing simple guidelines.

### *II Support for employees and customers*

The need for support for employees is an area which is yet in its infancy. Here, both large and small companies seem to have problems. I think it is crucial to realise that crime committed against businesses

does not have just financial and economic costs. There are human costs as well – to direct victims, to those who have to clear up the mess, and to employees that are shocked by the fact that a crime has occurred in their own workplace and begin to wonder if it's the safe place they thought it was. The clearest examples of all of these come with violent crime and major, serious crime such as arson. But the steady drip of ongoing workplace fraud can also poison the atmosphere in a company and lead to a breakdown in morale.

Much of the problem for employees stems from thoughtlessness, not deliberate callousness on the part of employers. In our study of victims of violent crime, it was clear that those assaulted at work were likely to show stronger and more persistent after-effects than those who were beaten up in a disco, or on the street (Shapland et al., 1985). The major reason seemed to be that employees had to go back into the same environment – they couldn't practice the avoidance tactics that are one of the most common reactions of victims of violent crime. Worries can escalate out of all proportion. Employees may not feel they can express them to management, or to the personnel department, in case it is seen as a sign of ineffectiveness and so jeopardises future career prospects. We found that, for a significant proportion of victims, it became a nasty, vicious cycle. For some, there seemed to be a need for outside intervention or counselling to break through and help the employee continue to work effectively.

Robbery victims may suffer in just this way. For some types of business, robbery is not an insignificant risk. Claire Austin in her recent survey cites annual prevalence figures of 4-5 per cent for building societies, 2 per cent for High Street banks, and 2-3 per cent for Post Office branches (Austin, 1988). Preliminary results from Malcolm Hibberd's and my research indicate that, in one area, around 25% of our small shopkeepers had been the victim of a robbery or attempted robbery in which a weapon (knife or firearm) had been used in the last year.

Compare these known effects and risks of violent victimisation with just one example, taken from our study, of how companies can react (Shapland et al., 1985). In the case of a major service provider, their normal practice was, when a robbery was reported, to send in a pair of auditors to go through all the books of the branch. And that was their only response. So the manager, languishing in hospital or at home after having been threatened with a knife, or gun, or stick and often beaten up as well, spent his or her time worrying whether all the books really were up to date for that day's trading. Is it surprising that those employees found it difficult to go back to work or that several

said they were thinking of leaving (which, of course, would produce a much greater financial loss in terms of trained staff than the proceeds of the average robbery)?

Assaults at work are now beginning to be taken seriously and support for employees considered. But it should be automatic for line managers to realise that assaulted staff may need extra help. Personnel departments should have contacts with counsellors, preferably outside counsellors, if there are more serious assaults. It's not just humanitarian, it makes commercial sense. Recruiting and training employees cost money. High staff turnovers cost money. Fearful employees don't work so well.

Again, this is an area which large companies can take on internally. But the small shopkeepers in the Home Office Crime Prevention Unit study (Ekblom et al., 1988) and in Malcolm Hibberd's and mine were also affected. We are finding, first, that victimisation rates for small shops can be very high. Secondly, shopkeepers could, to some extent, cope with one incident, even a serious one, such as till snatches and robbery. But a serious victimisation both preceded by and followed by constant harassment by youths shoplifting, arguing, name-calling etc. was too much. People started thinking about moving out: a process which may lead to the decline of inner-city areas as shops go and residents come to believe their area is going down.

For small businesses, two kinds of remedies may be appropriate. One is support. We have victim support for residents. Few have started to think about the equally necessary support for small shopkeepers.

Secondly, we believe that this kind of low-level victimisation can be reduced if appropriate tactics of management are adopted by shopkeepers. Typically, victims look frightened, are either totally non-assertive or overly and inappropriately assertive, and are not on first-name terms with their customers. There may be a place for customer management courses for the managers and employees of small businesses and branches of retail chains. But the question arises again as to who could organise and offer this facility – at the rates small businesses in poor areas (the most victimised) could afford?

### *III Decisions on reporting*

Perhaps the first thing that people think when they discover a crime is who should I report this to? For private individuals, the immediate decisions are reasonably straight-forward – essentially, it's should I report this to the police or not? Consideration of reporting to insurance companies tends to be a secondary thought (Shapland and Vagg, 1988). Decisions on reporting are much more complex for managers and employees. They involve who to report to within the company as

well as whether to involve outside agencies – and getting it wrong can have serious implications! There is very little research evidence in this area, but our study, in one Midlands county, found that policy on reporting was often very unclear. The low-level staff immediately involved would tell their superiors up to the level of the manager of the premises. They were unlikely themselves to involve the police unless they were keyholders or the offence involved serious crime. If they did inform the police they might later be reprimanded by more senior staff.

We found that managers of premises tended to face real problems. They had to be seen to manage and they didn't know what headquarters would think. Often, the police were not involved and everything was cleared up as quickly as possible. This is not necessarily the best practice to prevent the same thing happening again. Much tended to revolve around whether it would be necessary to make an insurance claim – or whether making a claim would result in expensive new insurance requirements on security hardware. These requirements sometimes seemed unrelated to the crime that had occurred – at that time some companies seemed to have a uniform tariff of security hardware to be installed which did not relate in any way to the premises – no inspection visits took place.

Another issue, particularly for employee crime, was the potential effect of publicity. It was thought that bringing in outside agencies or even making the offence widely known within the company might attract more criminals, or be embarrassing to the company. There was a fear that, if the police were involved, the company would become embroiled in giving up much management time and the outcome would be either negative or deleterious.

Much of this worry regarding the police was fear of a strange, unknown organisation. We found in several studies that there is often minimal liaison between the local police and companies (Shapland and Vagg, 1988; Shapland and Hobbs, 1989), with community officers rarely seeing their remit as including commercial premises. Even slightly more contact would be likely to break down much of the fear and render the process of coping with crime much easier for managers.

#### *Longer-term decisions and problems*

I have concentrated most in this paper on the immediate problems that face employees and managers, because I think these, being based at a relatively low level within businesses, have been the most ignored. But there are significant problems in the longer-term when coping with crime. They include decisions on action if an offender is apprehended, relations with insurance, decisions on whether to take further crime prevention measures and longer-term support for employees. These longer-term measures and decisions are more likely to involve more senior employees and directors.

We know very little about the consequences of taking different paths once an offender has been detected. If the company catches the offender, and he or she turns out to be an employee, then several choices present themselves. One is to sack him or her, taking on board if necessary any subsequent actions for unfair dismissal. One is to sue the offender in the civil courts for any money that has been criminally obtained. One is to bring in the police and ask for them to charge the offender – and subsequently attempt to liaise with the police and the Crown Prosecution Service to make sure sufficient evidence is provided. One is to take purely internal action – to demote or otherwise punish the employee and take steps to prevent a re-occurrence. All these paths have advantages and disadvantages – essentially, the difficulty is that those that allow the company greater control over what happens tend to have less useful outcomes in terms of deterring similar conduct in the future. In the ultimate, if, for example, a company is really worried about publicity over a fraudulent employee, then that employee can demand good references and keep the proceeds of the crime, in return for leaving quietly. Some such people will go straight on to employment with another company, or even another subsidiary of the same company, and carry on with what they were doing.

In my view, these are among some of the most difficult decisions for managers to take. They involve weighing up the often unknown future consequences of taking action against the likelihood of a slide in morale and moral atmosphere once it becomes known within the company that the criminal action has gone relatively unpunished. The Treadway Report on fraudulent financial reporting in the U.S. found that some of the biggest and ultimately most damaging frauds came about through a lack of action or care from top management about the means by which business was being done, followed by a slide into criminal methods. They concluded that the most important thing was the right 'tone at the top'. The 'most important factor in preventing ... (crime is) a visible interest by management and directors in ethical behavior and strong controls' ... which will 'permeate the organization and limit the risk that fraud will occur' (Treadway Report, 1987). I would go further than this. I think that the top needs to give practical guidance to managers as to what to do when they encounter crime and company policy on coping with crime.

#### *The need for an integrated policy*

In essence, there is a real need for companies to have a policy for coping with crime – one that is constantly reviewed to see how effective it is in dealing with the particular crime problems that face the

organisation. Developing such a policy will involve integrating the work of many parts of the organisation – cleaners and maintenance staff, specialist security staff, personnel, finance, sales and production. There will need to be liaison with insurance and police. These requirements imply that the policy should be developed and monitored centrally, but with input from those who will have to take the decisions. That policy needs to include contingency planning, the process of clearing up after crime and getting going again as quickly as possible, supporting employees, taking decisions on reporting, and reviewing crime prevention arrangements.

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# CORPORATE POLICING: SOME RECENT TRENDS

— PHILIP STENNING —

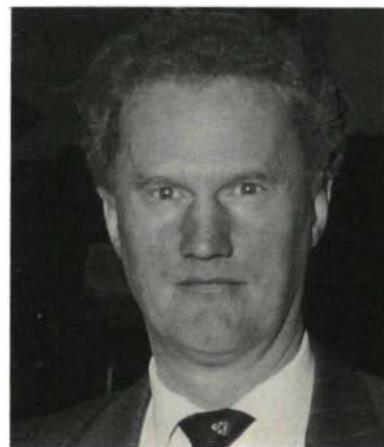
I have been asked to review briefly some recent trends in policing in the corporate environment. My knowledge of these matters, of course, derives primarily from observations of the North American scene. But I do not think this will prove to be an obstacle to dialogue between us on this subject because, for reasons which will become clearer as I proceed, I am convinced that the insights which can be derived from North American experiences in this regard are of relevance to almost any 'Western' industrial society. Furthermore, I am no stranger to the British scene; during the twenty years that I have been in Canada, I have kept in close contact with both scholars and practitioners of policing in the United Kingdom.

During those twenty years, we have witnessed great changes in both the conceptions and the practices of policing within corporate environments, and to try to summarize these in a short paper is a rather daunting task.

Let me begin with a personal experience – an experience which I think of as something of a watershed in my understanding of what corporate policing is all about these days.

In recent years I have spent what sometimes seems to me to have been an absurd number of hours listening to corporate security people talking about their problems and their ideas about how to solve them. One refrain which is constantly heard, over and over again in these discussions, goes like this: 'the problem is' (it is a security director speaking) 'that business executives just don't understand security. They don't understand how important it is, what problems we face, and what we need to solve them. What we have to do is to educate them, get them to understand security better. Then they'll take it (and us) more seriously, and we'll be able to get something done about crime in the (fill in the blank) industry. We need to make them think like us.' I cannot count the number of times I have listened to this *cri de coeur* from security executives.

Three years ago, I was sitting in a meeting of the International Security Management Association in Montreal. In order to belong to this organization, I am told, you have to be in charge of security for one of the Fortune 500 companies – the biggest corporations in the world.



Of the 35 or so security executives who were present at this particular meeting, I calculated that at least 29 had, before becoming security executives, belonged to one of four public security agencies – the FBI, the CIA, US military intelligence, and the Royal Canadian Mounted Police. It was an impressive old boys club (there were no women), and over lunch I learnt more scuttlebut about these public agencies than about the private corporations for whom these gentlemen now worked.

During the discussions, the old cry was raised again: 'they don't understand us, we've got to educate them...' Also listening to this was a very well known management consultant who had been invited (as I had) to give a talk at their meeting. About half way through his talk, he said something which brought them all up short, and which I have never forgotten. What he said was: 'forgive me if I seem impolite, but I think you guys have got it all wrong. It is not the businessmen who need to be educated about security, it is *you* who need to learn more about business. If you want to be taken seriously in the business world, you're going to have to learn to think like business people, not try and persuade business people to think like you!'

The remark dropped like a bombshell on the table, and was followed by what seemed like a long silence as those former police officers pondered its implications. But that moment of shock was followed by one of the most interesting discussions of corporate policing it has ever been my privilege to listen to.

When I got back to my office two days later, I decided to take this management consultant at his word. So I set about trying to find out what businessmen think about crime and security. Because I do not have direct access to many of the key players in this arena, I decided to look at secondary sources. So I read leading business magazines, financial journals, books on management and how to run a successful business, etc. And after all this reading, do you know what I found? *Business people, it seems, hardly ever think about crime and policing at all.* In all of the literature that I read (and I read a lot of it), I hardly found any mention of these subjects, let alone any extended discussion of them.

My first reaction to this discovery, of course, was to conclude that the security executives in Montreal had been right, and the management consultant wrong. Business leaders do indeed need to be educated about crime and policing. After all, had I not heard about how crime costs businesses billions of pounds a year? If business people do not take this seriously, obviously they have a problem.

After speaking with many more business people and security executives about this 'problem', however, I began to see it differently,

and found myself beginning to grasp what that management consultant in Montreal had been trying to tell us. I realised that while business people do not think about crime much, they *do* think about *losses* – a lot! More importantly, I realised that business people, and some of the more successful modern corporate security executives, have somehow managed to retain an insight which many (probably most) criminologists and policemen (probably precisely because they are criminologists and policemen) have long since lost sight of – namely, that *crime is not a problem, it is a response to problems*.

Let me elaborate on this proposition for a minute, because I think it is very important for understanding what has been happening to corporate policing in recent years. What I am saying (and it is not a particularly new observation) is that in the real world (as opposed to the fictional world of law books and police manuals) events and occurrences do not come neatly labelled as 'crimes', although they do come labelled as 'problems' or 'disputes'. Rather, 'crime' is a label which we stick on 'problems' and 'disputes' when we want to respond to them in a particular way.

Think about what typically happens when something gets treated as a 'crime'. The police are called. Arrests and detentions occur. Search warrants may be issued. Things are seized and held as 'evidence'. Charges are laid. Prosecutors, lawyers and courts become involved. Trials are held (or, more often, guilty pleas are heard). The rules of 'due process' come into play (at least they are supposed to, and even if they do not people start worrying that they might). Sentences are handed down, and stern, censorious warnings are issued by judges in wigs and robes. The whole process often involves long delays and considerable expense for all concerned. Typically the actual 'victim' of what is alleged to have occurred derives little or no benefit from any of this.

It is, I think, this last aspect of what happens when problems and disputes get treated as crimes which, more than any other, explains why business people so rarely think about things as 'crimes'. Put crudely, most business people do not see 'crime' as a useful label for dealing with the problems they and their businesses face. In fact, many regard treating problems as 'crimes' as positively counter-productive. So they actively discourage their employees (including their security employees) from doing so.

If I were looking, then, for a single image to describe what has been happening to corporate policing in recent years, I would say that it has been becoming increasingly 'decriminalised'. When I was growing up, my elders and betters always told me that business and pleasure should not be mixed. It seems now that more and more

business people have come to the conclusion that business and crime don't mix too well either. While criminologists have long since understood this in studying crimes *by* business, we have been much slower in realising that it is equally true of crimes *against* business.

To describe corporate policing as becoming increasingly decriminalised in recent years, is perhaps a rather negative way to characterise what has been happening. In fact, however, decriminalisation in this context (as in many others) has proved to be very liberating. As business leaders have picked people to take charge of security who think more like they do (which is what has been happening more and more in recent years), these security executives, liberated from the constraints of crime-fighting, have begun to display the kind of imaginativeness and creativity for which the business world has long been famous. The result has been an impressive array of often enlightened innovations in the structures and practices of corporate policing. Most of these changes are grounded in common-sense business principles.

A cardinal rule of sound business which is now placed at the foundation of much corporate policing is that you do not adopt a solution to a problem which will cost you more than the problem you are trying to solve. This is perhaps the single most influential principle in persuading businesses to abandon 'criminalisation' as a solution to problems in their businesses. Expending resources to detect and catch 'offenders' and put them through the criminal justice system, is viewed by many business people and their security executives as indefensible from a business point of view. As one security executive once bluntly stated to me: 'the next employee we hire is just as likely to be a thief as the one we've just prosecuted and dismissed. So what's the point?' (compare Hollinger and Clark, 1983).

The concern over bottom-line profitability, however, has not just led to the abandonment of the criminal process as a preferred tool of policing by corporate security officers. It has led to demands that they demonstrate the overall cost-effectiveness of *any* policing strategy which they propose. This, of course, represents a radical departure from the traditions of public policing, in which the costs of enforcement (for instance) are considered quite separately from the costs of the crimes against which enforcement is directed. It involves, in other words, a quite different way of measuring the social utility of policing. It is typically much more practicable for private policing agencies than for (public) police, because through their employers, private police have access to much more accurate information about the assets and people they are to protect, and about the costs which failure to protect them adequately will engender.

A second business principle which has had a profound impact on corporate policing, is that it is better to prevent a loss than to try to recover it after it has occurred. The implications of this principle, of course, are that the major emphasis of corporate policing (unlike that of public policing, despite the rhetoric to the contrary) is on proactive, preventative strategies rather than on reactive, punitive ones. One of the main consequences of this shift of emphasis has been that what is considered to be the 'problem population' for police has changed. Instead of consisting solely of 'suspected offenders' in the traditional sense (who have long constituted the 'problem population' for the public police), the 'problem population' for modern corporate police now consists primarily of *anyone who creates an opportunity for loss to occur*.

This change of emphasis is well illustrated by what security executives call the 'snowflake'. In doing his or her security rounds, the security officer looks not so much for clues that criminal offences have been committed, as for situations which present opportunities for losses to occur (either through criminal action or otherwise). When such a situation is spotted – important papers left out on a desk, a filing cabinet left unlocked, a window left open, safety barriers not properly in place on dangerous machinery, etc. – the security officer responds by dropping a 'snowflake' at the site. This is a small slip of paper notifying the person responsible that the 'violation' has been detected. A copy is sent to the person's supervisor, and another copy is kept on file in the security office. Accumulation of too many 'snowflakes' during a given period of time results in the 'offender' being called in for interview, counselling or even discipline, by his or her supervisor and/or the security department. This is the quintessential exemplar of proactive, preventative policing which is increasingly becoming the hallmark of modern corporate policing. Having much more direct access to, and control over, the assets (including the people) whom they are employed to protect, private police find themselves at a great advantage, compared with the public police, in successfully implementing such strategies (Shearing and Stenning, 1982).

A third common business principle which shapes corporate policing is the principle that you do not create an instrument to perform only one function, if in fact it can be used to perform several. This principle has profound implications for the organisation and structure of corporate policing, and has led to the common strategy of 'embedding' the policing function in other more general occupations and functions. The result is a form of policing which tends to avoid occupational and functional specialisation. Again, this can best be illustrated with a specific example.

A few years ago, one of my colleagues was interviewing the person in charge of security for one of the large North American retail clothing chains. This person (whose title, incidentally, gave no clue as to his responsibilities for security) was busy telling my colleague how important effective security is in a highly competitive business such as the retail clothing industry. Even quite small losses, he explained, could quickly lead to the loss of a company's competitive edge. My colleague naturally asked this person to describe the security organisation which his company had in place to deal with this problem. How many security officers did the company employ, and in what kinds of jobs? The answer came as a bit of a surprise. For the interviewee said that he was the only security officer in the entire company. 'But', said my colleague, 'I thought you said that security is a major problem for your company. So how come you don't have any security employees?'

Corporate security, this person explained, was the responsibility of every employee in the company, and his job as security director (although this was not his title) was to ensure that each employee carried out his or her security functions effectively. By way of example, he cited the sales clerks, whom he described as the company's front line security force. He went on to explain that sales and security share identical objectives – to encourage the customer to purchase merchandise and leave the store with it, having paid the correct price for it. Effective salesmanship, he argued, inevitably incorporates effective security, from a business point of view.

While this is certainly a rather extreme example of this approach to the organisation of corporate policing, it is by no means an uncommon one nowadays. It illustrates that in many corporate environments, policing is no longer viewed as a discrete function, either in terms of how it is accomplished or who does it. To those who adopt this approach to corporate policing, the traditional security force is almost an anachronism (Shearing and Stenning, 1987).

There are a number of other characteristics of modern business which have had a direct impact on the nature of corporate policing. Consider, for instance, the technological revolution which has occurred in this area in recent years. The traditional source of recruitment for security managers and supervisors (the public police) is no longer adequate to produce employees with the kinds of skills and expertise which is required to cope with the policing problems generated by this technology. Graduates of computer science, engineering and accounting courses are more likely to be the labour pool from which middle-level and senior security employees are drawn.

Secondly, of course, the technological revolution has spawned a whole range of technological devices through which policing can be accomplished. The fastest growing sector in the corporate policing field for many years now, has been the hardware sector, and increasingly security functions which were once performed exclusively by 'warm bodies', are now being accomplished through mechanical hardware with minimal human supervision (Cunningham and Taylor, 1985).

Thirdly, technological advances have opened up the possibility of innovative techniques for policing. The effectiveness of computer matching of data as a means for detecting fraudulent insurance claims, and the application of computers to detect and prevent illegal stock manipulations and fraud are but two notable examples of this. Many more could be cited (see, for example, Reichman, 1987).

Another trend in corporate policing which is related to technological advances has been the trend towards designed-in policing. Instead of securing order (for instance, access control) through human agency, either alone or with mechanical aids, it is accomplished through physical structures and barriers which effectively make it impossible (or at least very difficult) for people to do other than conform to the order which is desired. Disney World in Florida provides a fine example of what can be achieved using this approach to policing, and how effective it can be from a business standpoint. Security experts were consulted during the earliest stages of the design of this remarkable complex, and it shows. The astonishing result is a complex of physical facilities which have been designed to achieve policing of large crowds in ways which make compliance actually seem like fun – fun, of course, being the commodity which Disney World is primarily designed to sell (Shearing and Stenning, 1987).

Another feature of modern business which has had a major impact on the delivery of corporate policing services is its multi-national character. This too, of course, is one of the features of business in the late twentieth century which makes the nationally-based criminal justice systems particularly unattractive as instruments of corporate policing. Policing for multi-national corporations requires multi-national policing systems which, despite their best efforts at mutual co-operation, are rarely able to be provided adequately by nationally or more locally based public police forces. If you are running an international chain of hotels, you do not want to have to check out the police records of the police forces of 140 nations to learn whether one of your hotel guests has a history as a con artist. So instead, the hotel chains have linked together to establish their own

data banks in which the delinquencies (as well as other information, such as spending habits) of their guests are meticulously recorded, drawing on computerised registration and other systems already in place in the individual chains and hotels. We need no longer be reminded that 1984 is already behind us.

I would like to conclude with two further observations about what is happening in this field. In the first place, it will be obvious that many of these developments raise serious questions about the scope and limits of our modern conceptions of liberty and privacy, freedom from unwanted surveillance and interference in our 'private' lives, either as employees or as customers of business. I do not want to overstress this point, not because I think it unimportant – it is very important – but because in my experience it tends to become the only topic of conversation when modern private (and especially corporate) policing is under discussion. It is perhaps worth pointing out, however, that there is a profound irony in what is happening to us in this context. For what is happening, as I see it, is that the institutions which in earlier days were put in place to protect us from intrusions on our liberty and privacy by the state – particularly the institutions of private property – have, in the modern era, become the very institutions which legitimise such intrusions on our liberty and privacy by business organisations, as employers and landlords. Thus, it is by virtue of their status as agents of private property owners (rather than by virtue of any special grant of authority through, for instance, the criminal law) that private police personnel are able in practice to subject us to degrees of surveillance and control which would be unthinkable were anyone to suggest that they be put at the disposal of public police personnel. Indeed, the myth that private police have no powers is perhaps the cruellest illusion of all in this field.

Finally, I would like to place my observations to you today in some perspective. I have been describing recent trends in corporate policing in North America and elsewhere in terms of directions of change. I would not want to leave you with the impression, however, that all corporate policing is inexorably pointed in the directions I have identified. The reality, as I see it, is that corporate policing is in a period of rather confusing and sometimes contradictory transition. I discern within the corporate policing community, for instance, an 'old guard' and an 'avant garde'. Many corporate security executives, as my description of the gathering in Montreal made clear, still hail from public police backgrounds. An increasing number, however, do not. Long established habits of thought and language die hard, and it would be entirely misleading to suggest that the 'decriminalisation' of corporate policing which I have described is a universal trend. It is,

rather, a discernible new direction which seems to be gathering an increasing number of adherents within the corporate security world. But there is a persistent and vocal 'rearguard' within this world who advocate a return to traditional values in corporate as well as public policing. Similar divisions, I would argue, are discernible within the public police community. Such divisions are to be expected in a period of change such as I think all policing is currently going through. If one were looking for a catchy little phrase with which to capture this movement, it might be that what we seem to be witnessing is a gradual shift of perspective from the policing *of* business to policing *as* business.

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# BUSINESS AND CRIME – A FOREIGNER'S VIEW

————— PAUL VAN SOOMERON —————

The paper is in three sections. The first section deals with the question whether business should participate in co-ordinated, multi-agency crime prevention programmes. It is argued that it would be penny wise but pound foolish for businesses *not* to participate. This participation, however, is not without consequences for business.

In the second section the key concept for crime prevention of surveillance (or control) is reviewed briefly. Examples of Dutch crime prevention approaches are presented.

The third section is a critical and provocative one. It is argued that businesses have, up to now, been relying rather naively on security hardware, without basing this policy on rational risk models. Money, therefore, has often been wasted. A 'business and crime research programme' is badly needed.

## *I Crime Prevention (and Business): How to Get Initiatives Going*

### **Introduction**

Throughout Europe the 80s have shown the importance of locally oriented and integrated implementation of crime prevention programmes. Particularly when fighting petty crime (vandalism, burglary and violence), it has proved necessary to deal with crime problems by applying an integrated or multi-agency approach. Different actors having different interests and potential all have to play their part. They include:

- local authorities (municipal services)
- police
- business
- residents and their locally based organisation and institutions.

Organising crime prevention in this way has proved to be successful in France, the Netherlands, the Scandinavian countries and in Britain. Good orchestration and co-operation, however, is needed when applying such a multi-agency approach. Measures have to be taken in a co-ordinated fashion. If not, for example, measures taken by the police may counteract those taken by municipal services. Thus, as in Britain, most European countries have set up a model involving a



local crime prevention co-ordinator, and some have even installed working groups or co-ordinators at neighbourhood level.

(See Figure 1).

### The role of business

This organizational model can be found in most European countries. However, looking at the role of business, one might say that it is at best weak. Most often there is no participation of business at all (at any of the three levels).

This lack of participation can be explained in two ways:

(i) For business, there is almost no *direct* gain (profit) in participating in multi-agency crime prevention projects at neighbourhood or city level. In many cases, crime is still seen as a problem the police and courts have to deal with. Fear of crime is often seen as an irrational problem for the public – very few businesses realise the problem might affect personnel and customers and, therefore, in the longer term, sales. Bigger firms and chain stores, as well as many smaller businesses, choose to deal with crime problems in their own way (mostly through target hardening) at the time that suits them best.

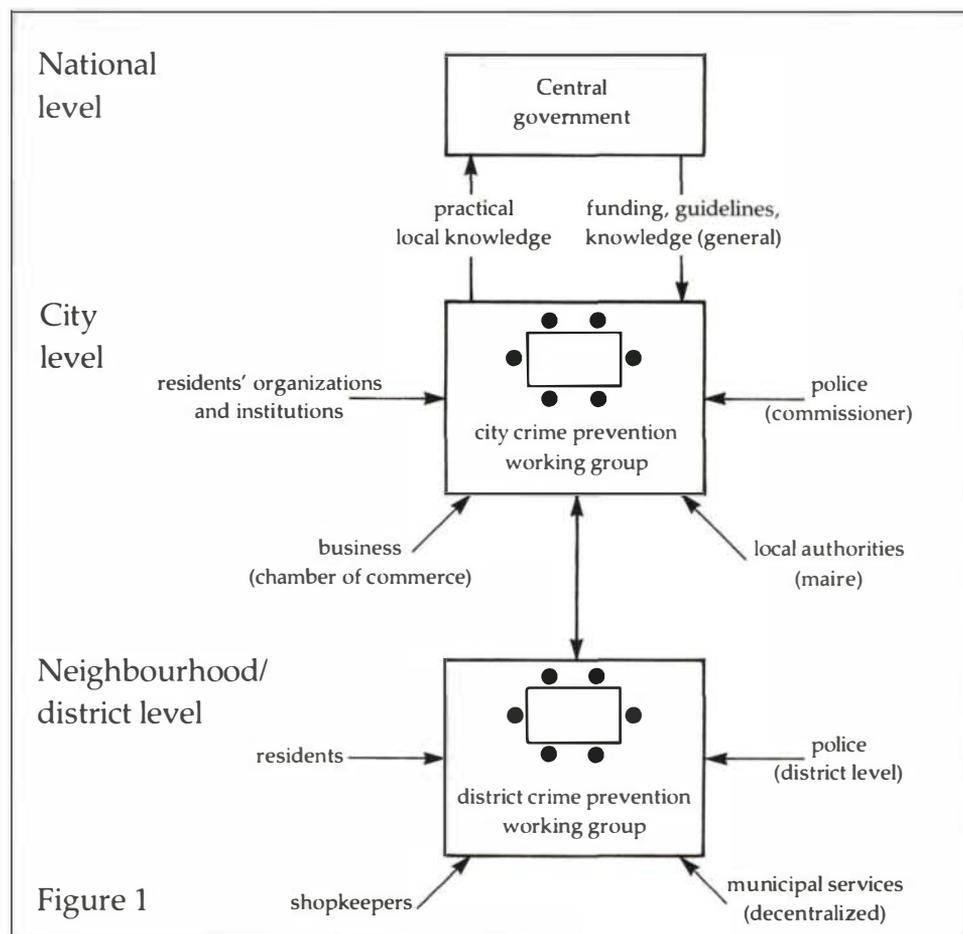


Figure 1

'Ideal model' for implementing crime prevention used in several European countries (integrated) multi-agency approach.

(ii) Local authorities and police seldom see business as a serious partner in crime prevention projects. The role of business is often limited to sponsoring a project (like the famous "rich uncle in America" whose name – if remembered at all – is only mentioned in financially hard times).

In this respect it is interesting to refer to a commercial crime prevention project in the U.S.A. A commercial strip in Portland was selected as a demonstration project. The strip runs from Portland's central business district to near the Columbia river.

More than a decade after the beginning of this Commercial Demonstration Project, Paul Lavrakas and James Kushmuk observe (in Rosenbaum, 1986):

'... some of the Portland findings suggest that much can be accomplished by nurturing and building upon existing community resources. Businesspersons have a stake in creating an environment that is economically viable *and* free of high levels of crime and fear of crime. In Portland, the successful combination of the security advisor services (already included in the Portland Police Department's annual budget) and the Northeast Business Boosters (supported via the *voluntary* efforts of the business community) demonstrated that police agencies can work effectively with citizens in addressing common concerns *without* large additional public expenditures. Business proprietors were more willing, and probably more able, than residents to incur the cost of target-hardening measures (for example, better locks and alarms). Although the cost saving to the UAC businesses associated with the reduction in commercial burglaries were not documented by our evaluations, there seems little doubt that the business community received a considerable payoff from investment in crime prevention measures.

Joint local public/private sector initiatives stressing the interrelationships among crime, fear of crime, and economic viability appear feasible, and are probably preferable to reliance on extensive outside (federal) funding.'

## *II. On Surveillance and Control*

Surveillance (or control) strategies are meant to increase the ability of non-offenders to see and to notice a criminal event. Interview studies with Dutch vandals and burglars have proved that, if they think they might be seen, they are very much less likely to commit crime (van Dijk et al, 1981; Korthods Altes et al, 1988). In short an offender hates to be seen. Hence, surveillance is a key concept when discussing crime

prevention. A distinction must be made between surveillance opportunities and surveillance actors.

*Surveillance opportunities* are the *physical* prerequisites for effective control; the physical possibilities to see (and hear) events in progress. Main issues here are urban planning, architecture, street layout, windows, lighting, lack of cover (trees, shrubs) etc. (see Van Soomeren, 1987 a/b).

*Surveillance actors* are the *social* prerequisites for effective control. Here a distinction can be made between:

- formal surveillance by police
- semi-formal surveillance: efforts carried out by professions having a controlling and 'service giving' job like concierges (in council estates or schools), officials in public transport etc.
- informal (natural) surveillance by residents or people passing by.

### Formal surveillance

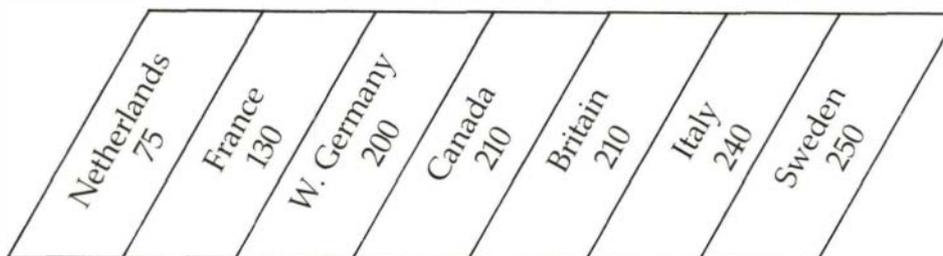
In the case of petty crime it is argued that formal surveillance (or formal control) is of limited use. Petty crimes are committed on the spur of the moment (a burglary takes 20 minutes on average, an act of vandalism takes less than a few minutes, etc.).

Policy makers, especially in Holland (for example, Dutch Government, 1985) have, therefore, argued one has to look elsewhere for solutions to fight petty crime. Indeed this choice can be based on a massive body of police community research (for example, Heal, 1983; Clarke and Heal, 1979).

### Semi-formal surveillance

It is questionable whether one should see private security personnel as formal or semi-formal control. It may be a typical Dutch bias to refer to the private security sector as semi-formal control. Compared to some other countries, the 'private police' are least popular in Holland.

Number of private security employees per 100,000 inhabitants, 1984



Source: Van Dijk, 1987

Since the level of crime in other European countries is equal or at least pretty similar to that in Holland, the Dutch must possess secret alternatives to the private police. Three examples might be of some interest:

### **(i) Public transport: Security/information/control officials (SIC's)**

In 1986 about 1,100 SIC officials were appointed in the three biggest cities in Holland. Their task was to:

- enhance security
- give information to passengers on public transport
- control passenger tickets

The total costs are about 10 million pounds a year. The SIC experiment was evaluated (Van Andel et al., 1987) and proved to be successful. The number of free rides (people not (fully) paying fares) decreased substantially. In the Amsterdam underground, it decreased from 24 per cent to 7 per cent. Furthermore, the rising rate of vandalism was stopped and according to the passengers, the quality and the image of the public transport improved. The total benefits were calculated at about 3 to 4 million pounds (less vandalism + decreased number of free rides). Because SIC's were unemployed before taking this job, the indirect benefits amounted to a further 6 to 7 million pounds (through decreasing costs of welfare payments). In fact creating better opportunities for the unemployed was one of the project goals.

### **(ii) Solving shopping centre problems**

#### **Utrecht: rent a cop**

An experiment using a special kind of police surveillance will be implemented in Utrecht in the biggest indoor shopping mall in the Netherlands. Twelve so-called 'supervisors' will patrol in this mall during a period of at least one year. The 'supervisors' are paid by the owner of the shopping mall, the city of Utrecht and the national government (each one third). The 'supervisors' duties only ask for limited police competences: they arrest people (but only in the mall) and they are armed with a baton (the Dutch police are armed with a gun). The 'supervisors' work beside and partly together with the private security service, whose competence in Holland is the same as that of private citizens. The Utrecht police have direct jurisdiction over the 'supervisors', so in fact what we are talking about here is a small security firm within the Utrecht police partly paid by the investment trust which owns the mall - i.e., a public-private partnership renting twelve semi-cops.

#### **Rotterdam: an artificial mother**

In 1983 crime problems in a new shopping centre in South Rotterdam increased. Measures had to be taken.

First, harsh and repressive police actions were taken. The problems increased because youngsters also reacted in a more aggressive way and riot-prone youngsters started coming to the shopping centre hoping to participate in a 'good fight with the cops'. In

In 1984 a working group was installed. Local and district authorities, the Rotterdam youth association, the shop keepers, police and the Rotterdam crime prevention bureau participated. Then a set of inter-related measures was implemented.

Strict (but reasonable) rules were published by the police. Each year police officers go to the neighbourhood schools to give lectures on the rules issued. Schools, shopkeepers and police are in constant contact with each other. A (female) streetcorner-worker was appointed by the Rotterdam youth association and a place (within the shopping centre) was cleared for her activities. Youngsters could have a cup of coffee at this place and could talk about their problems. Because of the streetcorner-worker's efforts, some 'drop-outs' took up school again and employment was found for some youngsters (in some cases in the shopping centre itself!).

Whilst talking to the kids, the streetcorner-worker explained to them why strict rules were necessary. In some publications, the role of the streetcorner-worker is referred to as 'an artificial mother' (a quite sexist phrase but rather to the point):

'Where in former times conflict rules, a certain harmony and readiness to talk were born. Shopkeepers' understanding grew for youngsters and their problems. In fact this was not too difficult because vandalism damage in 1986 went down by some £10,000 and shoplifting decreased below the normal rate in the Netherlands' (Hoefnagels, 1987).

#### **Informal (natural) surveillance**

Natural surveillance is theoretically achieved through design strategies and/or motivating residents to watch and intervene themselves.

#### **Design strategies**

Examples of design strategies are:

- channelling the flow of pedestrian activity to put more human eyes (and ears) near potential crime trouble spots;
- creating a greater capacity for observation, for example, by trimming trees and shrubs, installing windows along the street side of buildings or (re-)developing dwellings in storage areas above shops.

In the Netherlands (re-)development of dwellings over city centre shops has been fiercely promoted in the last two to three years. The problems of silent, dead and miserable shopping streets (after closure time) cannot only be blamed on fear of crime and on closed roller-shutters. They are also to do with the fact that there is no reason to go to these streets because no one lives there anymore. This has the effect that the forms of control which would normally be exercised by the inhabitants have also disappeared.

In such a situation, it seems that there are still advantages to be obtained if more people would once again live over the shops. It is demonstrated, however, that there are still some snags involved. The answer to the question of whether dwellings above shops would help against burglary does not always appear to be an unqualified 'yes' (e.g. if dwellers were yuppies who are seldom at home). There are, in addition, quite a few technical design problems. Nevertheless, there are good examples which can be quoted of dwellings over new, renovated and existing shops. Obviously the role of business is of crucial importance here. They must be prepared to choose this option. It is *not* an easy one in the short run (being neither efficient nor very profitable). But in the long run and for the city centre as a whole this option may be essential to create an environment that is economically viable *and* free of high levels of crime and fear of crime.

### **Motivation Strategies**

Motivation strategies seek positively to reinforce the motivation of residents to play a more active role in prevention and control.

There are specific possibilities for business promoting motivation reinforcement strategies. Between 1981 and 1984, a big anti-vandalism project was implemented and carried out in Amsterdam (Van Dijk et al., 1984; Walop, 1988). The project involved hundreds of different people, amongst them shopkeepers and businessmen. Around 100 measures were implemented ranging from anti-vandalism projects in schools to the provision of recreational activities (e.g. a cycle cross track and a moped workshop) and 'adoption' measures (e.g. pupils designed, built and maintained a bus shelter in front of their school). The project (being a pilot project) was very well evaluated. The overall effect was a 19 per cent decrease in vandalism. Total costs of the project amounted to £100,000 (including direct costs and all salary costs), while the financial benefits (less vandalism damage) amounted to £300,000.

### ***3. Beyond Target Hardening: Commercial Risk Management***

One may advise a middle income family living in a semi-detached house in the western, most urbanized part of the Netherlands that they should be especially aware of the risk of burglary, for which the rear of the house is likely to be the most vulnerable. This 'risk calculation' could be made more sophisticated by adding other variables such as type of neighbourhood, type of adjacent neighbourhoods, type of street, type of residents (children yes/no, age, wealth, work) etc. All one can calculate is a probability, but having calculated this probability risk, the choice of crime prevention measures which have to be taken by this family is considerably narrowed down.

On the spot, a crime prevention specialist may elaborate the general risk calculation further by adding the last physical micro-variables (type of door, window, lock, lighting etc.,). No money is wasted in taking prevention measures which are overdone.

Risk and the costs of prevention are in balance.

This rather easy-to-calculate cost/benefit analysis resulting in practical advice is, however, backed up by very considerable amounts of research which have already been done, including nationwide (and local) victim surveys, like those in Britain and Holland, analysis of police data, in-depth case studies, self-report studies, analysis of offenders' decision-making processes, etc. All these research activities are implicitly used when the family dwelling is most cost-effectively secured against burglary.

Let us now turn to the theme business and crime. It is striking to discover how little is known in this field. The theme resembles a black hole. Every specialist knows there must be something very heavy (such as a crime problem) inside, but no direct signals whatsoever come out. It may be due to business', researchers', or governmental lack of interest in commercial crime, or to businesses' reluctance to reveal internal information, or to the extreme research difficulties of analysing such a vast, diverse and scattered field.

*The fact remains, however, that rational crime prevention policies have to be based on analysis of the crime problems businesses are facing.*

As long as such crime analysis (specific to different types of crime in relation to business branches, location, etc.) is not available, commercial crime prevention is a kind of Russian roulette. Measures taken are overdone, or not fit to prevent the type of crime they are up against. The business sector as a whole, relying heavily on security hardware, must waste millions (billions?) on doing the wrong things in an attempted defence against crime. Who is whispering 'rational management' from the backbenches ...?

What is urgently needed, therefore, is a research effort on the theme businesses and crime, in particular a research programme in which three general types of research can be distinguished:

- *Nationwide* (and supplementary 'city-wide') *victim surveys* amongst businesses (to be compared with victim surveys questioning households)\*.
- *More detailed area studies* on specific types of crime in relation to businesses.
- *Specific studies* on the crime problems of businesses in particular locations and of particular types.

These are the most crucial, but others will eventually be necessary to develop crime prevention policies (e.g. business' role in crime displacement, business' and internal neighbourhood communication on crime/fear of crime, businesses and police contacts).

There is indeed a vast and still mostly unknown field of research ahead that *must* be explored.

\* In the Netherlands such a survey was started in August 1988. In the pilot phase, screening questions on six types of (external) crime and on the names of 'decision making units' to be interviewed later were put to 10,000 business establishments. The pilot phase will end in May/June 1989 (Van Hoek et al., forthcoming). If piloting succeeds, a questionnaire on crime, losses and prevention will be put to 1,700 businesses already screened in the pilot phase. This survey is funded and supervised by the Ministries of Internal Affairs and Justice.

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# CRIME CONCERN AND THE BUSINESS SECTOR: THE ROLE OF CRIME CONCERN

————— *NIGEL WHISKIN* —————

Crime Concern was established in May 1988 to stimulate, develop and support local crime prevention activity. The formal launch was attended by the Home Secretary, the Rt. Hon. Douglas Hurd MP, and by the Minister of State at the Home Office, John Patten MP. Crime Concern is intended to be a practical body, whose initial objectives are four-fold. They are:-

- to promote the best practice in local crime prevention initiatives.
- to develop new crime prevention programmes.
- to develop private sector sponsorship for crime prevention activity.
- to ensure that local and central government, the local authorities and the private sector are made more aware of the importance of crime prevention in their work.

Crime Concern is the working title of the Crime Concern Trust Limited, a registered charity. It receives initial funding from the Home Office but its objective is to be financed independently within three years. The charity is supervised by an Advisory Board which reflects many of the interest groups concerned with crime prevention. The Advisory Board is chaired by Steven Norris MP and the attached list (Appendix 1) indicates the present membership.



Crime Concern employs about 25 people directly and is engaged on five main work programmes.

## *1. Neighbourhood Watch*

Since the first Neighbourhood Watch scheme was started in Cheshire in 1982 the movement has grown remarkably. At the time of writing (February 1989) there are over 63,000 schemes involving 1.5 million active members and covering some 4 million households, representing about one in five of all households. Much has been written about Neighbourhood Watch, both supportive and critical. It is clear, however, that Neighbourhood Watch is appropriate in far more areas than was originally envisaged and that it can be adapted to a variety of forms (for example, Industry Watch, Pub Watch, Farm Watch, School Watch).

Where it works well, it has provided the basis for excellent community development. At the moment, however, not all the 63,000 schemes work to the same level of efficiency. Whilst the initial start up of a Neighbourhood Watch scheme may be relatively easy to achieve, sustaining the movement proves more difficult. In order to develop, Neighbourhood Watch must create imaginative ways in which the central aim can be kept alive and interesting.

A key task for Crime Concern is to work with the police and existing co-ordinators to identify the best practice in schemes which work well, and to ensure that such good examples are replicated across the country and are made available to the Neighbourhood Watch movement generally. Areas of attention will include publicity, social activities amongst the members of Watches, extending the role of Neighbourhood Watch into community work, engaging young people in Watch activities and engaging the local business community.

The task of ensuring the continued success and development of Neighbourhood Watch is an important one. If the movement can attain maturity and develop a working model which ensures continuity, it can be a tremendous asset to the community generally in developing positive crime prevention.

## *II Crime Prevention Panels*

There are approximately 400 Crime Prevention Panels and 160 Junior Crime Prevention Panels in the United Kingdom, some of which were established up to twenty years ago. Panels generally comprise representatives from Chambers of Commerce, head-teachers, Trades Councils, doctors, magistrates, the Probation Service and other voluntary services. The police, who initiate Panels in most cases, generally provide secretarial and accommodation services.

Most panels see their role as one of trying to educate the public to take greater care of themselves and their property. Many panels launch campaigns against shoplifting, household burglary, thefts of and from cars or street crime. In the Midlands one Crime Prevention Panel launched a particularly successful campaign against graffiti in the main shopping area.

Crime Prevention Panels have considerable potential for development, especially as a means of delivering local crime prevention projects. The National Crime Prevention Panel Conference at Nottingham in 1988, chaired by Steven Norris, illustrated the value of making Panels more aware of their potential and of their ability to take on more ambitious practical projects, in order to address local crime problems in a practical way.

The rapid growth in the number of Junior Crime Prevention Panels, often based in schools, is a welcome development and one which Crime Concern will support with considerable vigour.

### *III City and Towns Crime Prevention Initiative*

Following the success of the Home Office Five Towns Project, Crime Concern will seek to establish similar projects in areas where they are needed. Basically the model developed involves local agencies working together to identify solutions to particular crime problems and marshalling the political will and the resources to put the solutions in place. The staff employed on the projects evaluate the work and the results are promising. In some areas, for example, housebreaking has been reduced by over half. Thefts of and from cars have also been greatly reduced by analysing problems and targeting resources accordingly.

Crime Concern has already been approached by three local authorities who are keen to develop this collaborative approach to solving local crime problems. Another seventeen areas have expressed an interest.

Part of Crime Concern's task will be to assist with raising sponsorship for this excellent programme, recruiting and training staff and monitoring results.

### *IV Youth Initiatives*

Crime amongst young people remains a pressing and worrying problem. Few people realise that one third of all the people convicted of criminal offences are under 16 years of age. The peak age of offending is 15 for both sexes.

Much progress has been made over the last five years in finding alternatives to custody for young people who have appeared before the courts. But what is also needed is a much greater effort to find alternatives to crime for young people.

The overwhelming majority of young people are very receptive to imaginative programmes to stimulate positive crime prevention in the community and a number have been suggested to Crime Concern which are capable of further development.

There are a number of examples of excellent, low cost programmes which can be put into operation in areas near young people's homes without massive capital investment and which will involve people of the neighbourhood in managing and sustaining the activities. There is no doubt that many people are deeply concerned to give young people every possible opportunity to develop a wide range of interests and to stay clear of unlawful activity. It is also plain that it is

not simply a matter of finding entertaining diversions. What many young people feel is that they have little or no chance to make a contribution to the life of their neighbourhood. Part of the programme Crime Concern has to put together will make space for young people to make this positive contribution to their communities.

#### *V Crime Concern's Relationship with the Business Community*

Central to Crime Concern's work will be a working relationship with the business sector. To succeed in achieving its objectives, the time, talent and resources of the business sector have to be harnessed in order to support, promote and develop local crime prevention activities.

It is now generally recognised that the private sector has much to gain from an enlightened approach to crime prevention and from a proper exploitation of the commercial advantage to be derived from association with good crime prevention projects.

Over and above these benefits, many take the view that the business sector has a great deal to offer in finding solutions to many local crime problems.

Crime is one of the major social concerns of the last quarter of the twentieth century. Crime impinges on the lives of millions of people. Crime and the fear of crime detract, in some neighbourhoods very seriously, from the quality of life which people are able to enjoy. The cost of crime to the public purse, to the individual crime victim, to local government and to the business community now runs into billions of pounds each year.

It is only by working together, and by pooling expertise, knowledge and resources that we can begin to crack crime together.

#### *Appendix 1*

Members of the Advisory Board of Crime Concern

Steven Norris MP, Chairman

Sir Stanley Bailey CBE QPM DL CBIM, Chief Constable, Northumbria Police

Tony Berry, Chairman, Blue Arrow plc

Malcolm J Bryant, Chief Probation Officer, Berkshire Probation Service

Tim Clement-Jones CBE, Group Legal Adviser and Company Secretary, Kingfisher plc

His Hon Judge Kenneth Cooke OBE, Circuit Judge, Southwark Crown Court, London

Jeffrey Greenwell, Chief Executive, Northamptonshire County Council

Michael Hastings, General Manager, Evangelical Enterprise

Tony Judge, Editor, Police Magazine

Mervyn Kohler, Head of Public Affairs, Help the Aged

Ralph Kanter, Managing Director, Britannia Security Group PLC

Bob Purkiss, Research and Education Officer, Transport and General Workers Union

Helen Reeves, Director, Victim Support

Michael E J Rush, Chief Executive, West Glamorgan County Council and Clerk to the South Wales Police Authority

Vivien Stern, Director, National Association for the Care and Resettlement of Offenders

Sir Colin Woods KCVO CBE QPM, Chairman, British Security Industry Association and Director, Securicor Ltd

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Peter Bell, Underwriting and Claims Manager,  
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Michael Britnell, Crime Prevention Advisor, British Telecom

John Burrows, Group Security Advisor, Dixons Group PLC

John Chilcot, Deputy Under-Secretary of State, Home Office

Neil Diver, Chief Inspector, G. Wimpey PLC

Kelvin Driscoll, Issue Manager, National Westminster Bank PLC

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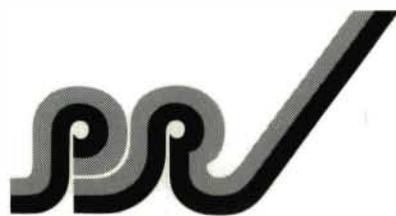
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