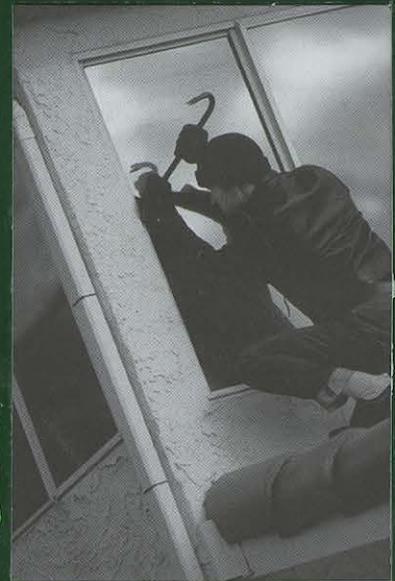




Lloyds TSB
Business



**CRIME AGAINST
SMALL FIRMS**

SMALL BUSINESS
MANAGEMENT REPORT

Crime Against Small Firms



CRIME AGAINST SMALL FIRMS

SMALL BUSINESS MANAGEMENT REPORT

RESEARCH TEAM AT THE
OPEN UNIVERSITY BUSINESS SCHOOL
WALTON HALL, MILTON KEYNES, MK7 6AA
TELEPHONE: 01908 65 5831
E-MAIL: b.porter-blake@open.ac.uk

WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

**John Stanworth, Emeritus Professor,
University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
<http://business.kingston.ac.uk/sbrc>

© co-authors John Stanworth & David Purdy 2015 (and Graham Bannock for reports 1-19, 1993-97). Creative Commons Attribution-NonCommercial 4.0 International
<http://creativecommons.org/licenses/by-nc/4.0/>

Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

1993 (Vol.1)

- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management Succession.....August 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

- 1 Information Technology..... March 1995
- 2 Holidays.....June 1995
- 3 Company Vehicles.....August 1995
- 4 Pricing Policies..... November 1995

1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
- 4 Business Support Agencies.. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship..... May 1998
- 2 Work & Stress September 1998
- 3 Employment Strategies.....December 1998
- 4 Small Firms & The Environment .. Mar 1999

1999/2000 (Vol.7)

- 1 The Impact of HolidaysJune 1999
- 2 Late Payment September 1999
- 3 Management Development .December 1999
- 4 Exit Routes..... March 2000

2000/01 (Vol.8)

- 1 E-commerceJune 2000
- 2 Sources of Finance September 2000
- 3 Transport & GovernmentDecember 2000
- 4 Government & RegulationsApril 2001

2001/02 (Vol.9)

- 1 Marketing & Sales.....July 2001
- 2 The Human Side of Enterprise Oct 2001
- 3 Health Issues January 2002
- 4 Premises.....April 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the thirty-ninth in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Crime Against Small Firms**. The principal findings were as follows:

- **Extent of firms suffering from crime** – Over half the respondents (58%) had experienced crime of some sort over the previous 12 months. **Retail/distribution firms were the most widely affected** (74%), compared to manufacturing (53%) and business services (50%).
- **Extent of firms suffering from crime vs. age of respondent** – Amongst the oldest cluster of respondents (55-64 years old), 49% had encountered business crime of some sort over the previous 12 months, compared with 79% amongst the youngest comparable group, aged 35-44 years.
- **Range of crime reported** – This embraced arson, burglary, fraud, graffiti, internet crime, malicious damage, personal violence, robbery, shoplifting, theft by staff, vehicle damage, and vehicle theft.
- **Burglary** – Approaching one-in-five respondents (18%) had encountered burglary over the previous 12 months.
- **Exposure of retail/distribution firms to fraud and graffiti** – With 23% of these firms suffering between 1-3 incidents of fraud over the previous 12 months, and 19% suffering similarly from graffiti, **the sector was markedly more exposed than the business services and manufacturing firms**.
- **Sectoral exposure to robbery and shoplifting** – Overall, 28% of retail/distribution firms reported suffering from 1 or more incidents of shoplifting over the previous 12 months. There were some instances of **extensive repeat victimisation**, with a few firms suffering 10 or more incidents.
- **Internet crime** – **Only the manufacturing and business services firms reported any Internet crime**, and both were similarly affected between 1-3 incidents over the previous 12 months, at 6-7%.
- **Exposure to personal violence** – 6% of retail/distribution firms suffered between 1-3 incidents of personal violence over the previous 12 months, and similarly 2% of those in manufacturing, but none in business services.
- **Exposure to theft by staff** – All three sectors covered by the sample suffered similarly, with 10% to 14% of respondents reporting between 1-3 incidents over the previous 12 months.
- **Vehicles: damage & theft** – **Retail/distribution firms were worst hit on both counts**, with 29% reporting 1-9 incidents of **damage** over the previous 12 months (business services were least affected at 13%). For 1-3 incidents of **vehicle theft**, 16% were affected (with manufacturing the lowest at 4%).

continued ...

- **Perpetrators of crime causing greatest losses – Adult ‘career’ criminals were felt to be the greatest threat** (for 23% of respondents), followed by adult ‘opportunists’ (18%), juveniles (15%), and then staff (5%).
- **Perpetrators causing greatest losses: gender differences** – male respondents were more likely than females (24% vs. 13%) to feel that adult ‘career’ criminals caused the greatest losses, although **women were much more likely than men to feel the same about juveniles** (33% vs. 12%).
- **Preventative measures** – The most popular was the **installation of an upgraded intruder alarm system** (57% of respondents). Nearly a third of respondents (29%) had sought advice from the police.
- **Preventative measures: community watch groups** – Fewer than 1-in-6 firms belonged to such groups, with **retail/distribution respondents the most likely to be members** (23%), and manufacturers the least likely (8%). **Retail/distribution firms were typically more active than the other sectors** in installing extra security devices, significantly increasing insurance cover and belonging to business action groups.
- **Overall cost of crime** – Including the cost of preventative measures and insurance cover, two-thirds of respondents (66%) said that the overall cost had been less than £1,000 over the previous 12 months. Indeed, **43% felt that the overall cost of crime was negligible**.
- **Overall cost of crime: heaviest burden** – 33% of respondents said that the overall cost had been between £1,001 and £50,000 over the previous 12 months. **Worst hit were retail/distribution firms, where 42% cited costs of between £1,001-£50,000**.
- **Personal response to tackling an incident of crime** – The most common response was that of reporting it to the police (68% of respondents). Over a third (37%) would be willing to confront an offender directly.
- **Relocation due to excessive crime** – A substantial proportion (36%) indicated that, should crime rates significantly deteriorate, then they would consider moving premises. However, a similar proportion said that they would not relocate.
- **Rehabilitation of offenders** – In response to being asked if they would be willing to give an unemployed offender a chance to work in their business, **the vast majority of respondents (94%) had no formal policy**. However, 39% said they would consider it, but over half (55%) said that they simply could not afford to take the risk.
- **Rehabilitation of offenders and respondent variations** – A willingness to take a risk with employing offenders declined with increasing age of respondent: 54% of a younger group of respondents (35-44 years old) were willing to consider the possibility, against only 26% of respondents in the 55-64 years age group.

TABLE OF CONTENTS

Highlights	1
Past Surveys	5
Figure 1	Firms Suffering From Any Crime Over Previous 12 Months: By Sector	6
Figure 2	Firms Suffering From Any Crime Over Previous 12 Months: By Respondent Age	7
Figure 3	Firms Suffering Between 1-9 Incidents Of Burglary Over Prev. 12 Months: By Sector	7
Figure 4	Firms Suffering Between 1-3 Incidents Of Fraud Over Previous 12 Months: By Sector ...	8
Figure 5	Firms Suffering Between 1-3 Incidents Of Graffiti Over Previous 12 Months: By Sector .	8
Figure 6	Firms Suffering Between 1-3 Incidents Of Theft By Staff Over Prev. 12 Months: Sector .	9
Figure 7	Perpetrators Of Crime Causing The Greatest Overall Costs To Respondent Firms	10
Figure 8	Preventative Measures Taken Against Crime	11
Figure 9	Estimate Of The Overall Cost Of Crime Over The Previous 12 Months	11
Figure 10	Would Respondent Firms Relocate If Crime Were To Worsen ?	12
Figure 11	Respondent Firms That Would Consider Relocating If Crime Were To Worsen: Sector	12
Figure 12	Does The Respondent's Firm Have A Formal Policy Of Employing Offenders ?	13
Figure 13	Firms That Cannot Afford The Risk Of Employing Previous Offenders: By Sector	13
Figure 14	Personal Response To An Incident Of Crime	14
References	Sources Of Further Information (WWW)	15
Comments	Respondents' Verbatim Comments	18
Appendix 1	Additional Information About Sample	21
Figure 15	Profile Of Sample: Respondents By Industrial Sector	21
Figure 16	Profile Of Sample: Respondents By Region	21
Figure 17	Profile Of Sample: Respondents By Employee Size	22
Appendix 2	Survey Questionnaire	23

ACKNOWLEDGEMENTS

The Research Team wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report, which is produced in association with the Institute for Small Business Affairs (ISBA). The Team acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Research Team is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)

Series Editor – David Purdy

Lloyds TSB Small Business Management Report

MANAGEMENT ISSUES

The emphasis of our management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the report addresses one or more highly topical small business management issues. In this survey we focus on **Crime Against Small Firms**. The report is produced three times a year.

THE SAMPLE

This report is based on responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during March-April 2003.

BACKGROUND

The report originates from a longitudinal study of the development of small firms undertaken by the University of Westminster (then the Polytechnic of Central London) on behalf of the Department of Education & Science, between 1988 and 1992.

PAST SURVEYS (SBRT)

1993 (Vol.1)

- No.1 *Surviving The Recession***
- 2 *Using Your Time***
- 3 *Management Style***
- 4 *Financial Management***

1994 (Vol.2)

- 1 *Purchasing***
- 2 *Quality Standards & BS 5750***
- 3 *Management Succession***
- 4 *Customers & Competitors***

1995 (Vol.3)

- 1 *Information Technology***
- 2 *Holidays***
- 3 *Company Vehicles***
- 4 *Pricing Policies***

1996 (Vol.4)

- 1 *Training***
- 2 *A Day in the Life***
- 3 *Financial Management***
- 4 *Tax Compliance***

1997/8 (Vol.5)

- 1 *'Europe' & Small Businesses***
- 2 *Employee Recruitment***
- 3 *Information Technology***
- 4 *Business Support Agencies***

1998/9 (Vol.6)

- 1 *Entrepreneurship***
- 2 *Work & Stress***
- 3 *Employment Strategies***
- 4 *Small Firms & The Environment***

1999/2000 (Vol.7)

- 1 *The Impact of Holidays***
- 2 *Late Payment***
- 3 *Management Development***
- 4 *Exit Routes***

2000/01 (Vol.8)

- 1 *E-commerce***
- 2 *Sources of Finance***
- 3 *Transport & Government***
- 4 *Government & Regulations***

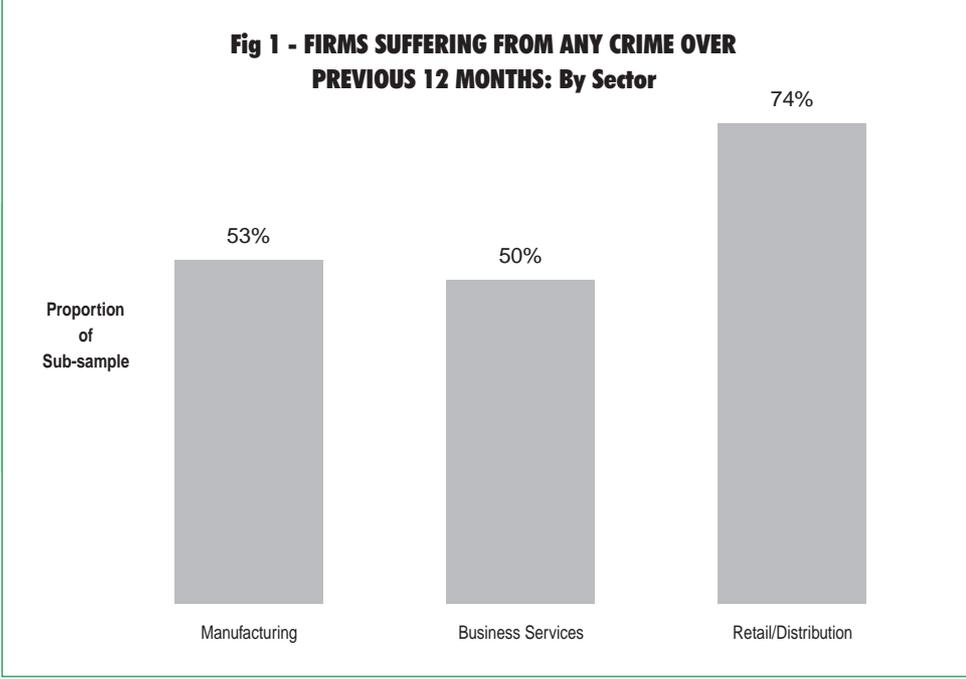
2001/02 (Vol.9)

- 1 *Marketing & Sales***
- 2 *The Human Side of Enterprise***
- 3 *Health Issues***
- 4 *Premises***

2002 (Vol.10)

- 1 *Networking in Business***
- 2 *The Euro***

Retail & distribution firms bear the brunt of criminal impact



CRIME AGAINST SMALL FIRMS

When running a business, the last thing owners, managers and staff need is crime, with all the insecurity, disruption and stress that accompanies it. But it happens. Robbery and burglary, vandalism, violence, fraud and staff dishonesty are all, too often, facts of life. Crime prevention measures can be costly including such measures as alarm systems, additional locking, additional lighting, cameras and, in the last resort, the use of specialist security firms and guard dogs. The latter are less likely to be used by small firms than their large firm counterparts but exactly what is the experience of small firms and their exposure to crime ?

LEVELS OF CRIME SUFFERED OVER THE PAST 12 MONTHS

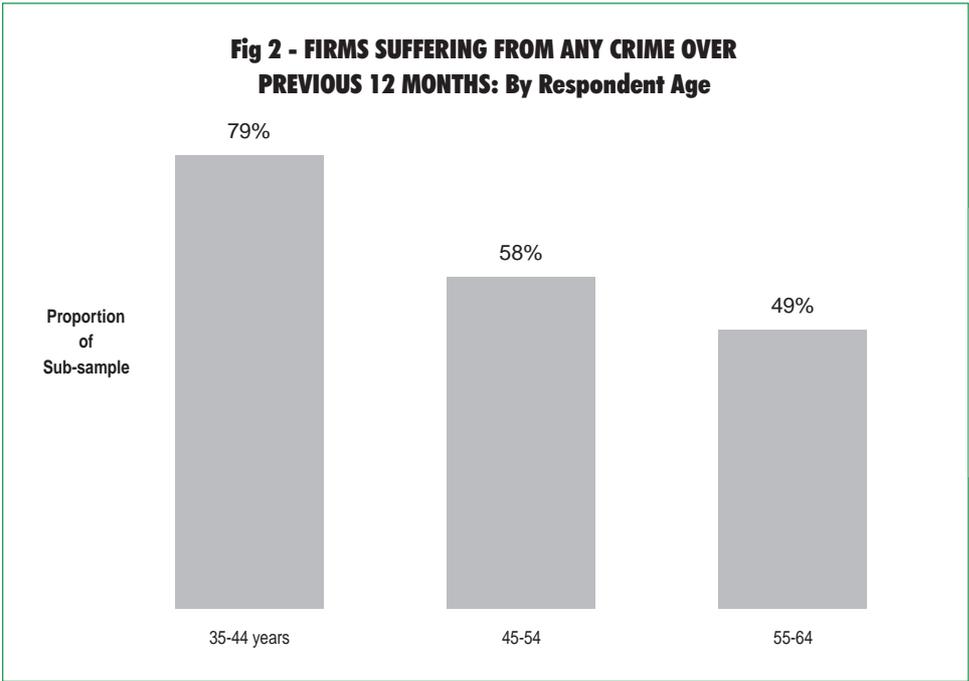
Figure 1 shows responses to the issue of experiences of crime over the previous 12 months. The incidence is clearly high with at least half of the respondents in each of the three business sectors having experienced crime of some sort. What is most notable here, of course, is the high response for the retail/distribution sector which stands at nearly three-quarters (74%), against around half for the other two

sectors - manufacturing (53%) and business services (50%). At first sight, one answer to the question of why the retail/distribution sector appears to suffer so badly could be simply that there is more likely to be a tangible product that can easily be sold on. Another would be the exposure of their business to a significantly larger population of the public at large.

The bulk of the small business respondents fell into three age groups as can be seen in **Figure 2**. Here there is a very distinct correlation between age of small business respondent and the probability of having encountered crime over the past 12 months.

Looking at the oldest cluster (55-64 years), 49% had encountered business crime of some sort in a 12-month period, compared with 79% amongst the youngest group aged 35-44 years. The reasons for this are not immediately clear from the survey, other than to suggest that older respondents may be more experienced and thus more advanced or realistic in the use of techniques to combat crime.

Experience may help to keep crime down



TYPES OF CRIME EXPERIENCED

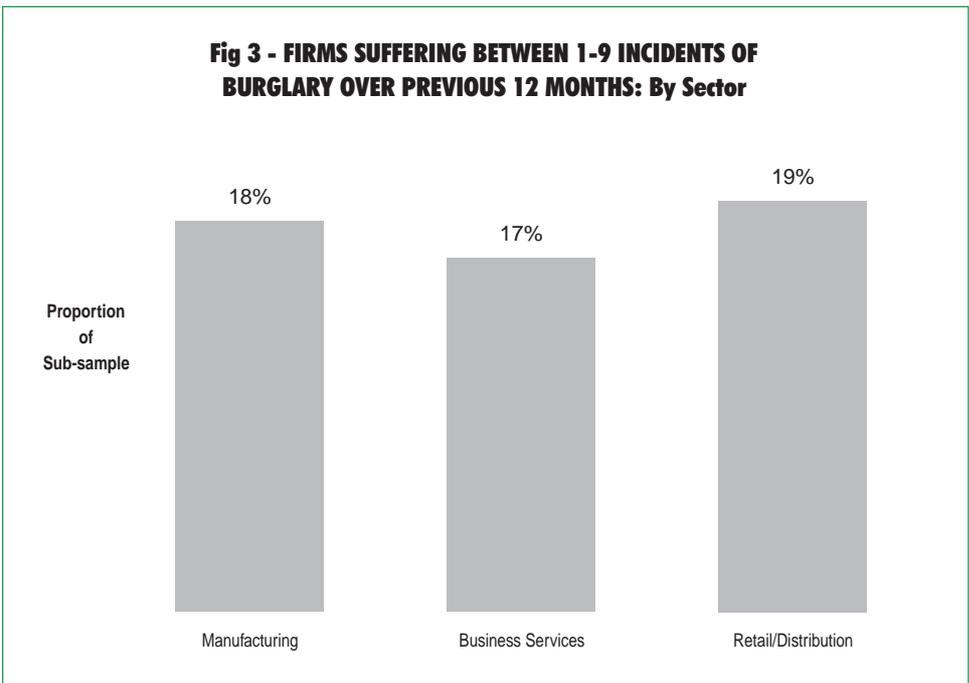
The types of crime examined embraced arson, burglary, fraud, graffiti, internet crime, malicious damage, personal violence, robbery shoplifting, staff theft, vehicle damage, and vehicle theft.

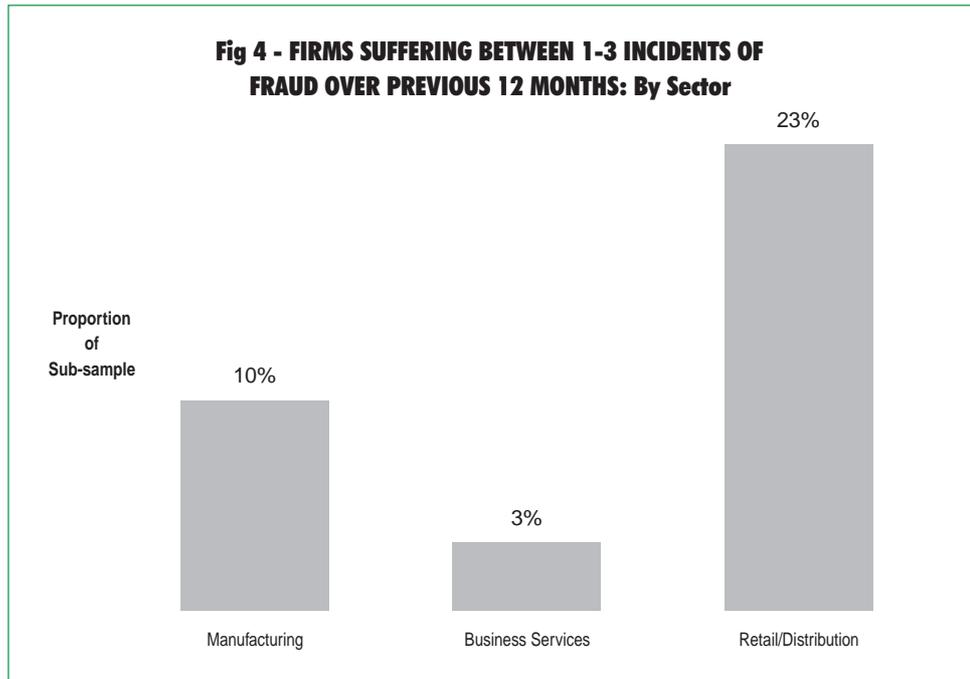
- Vehicle damage (affecting 23% of respondents)
- Malicious damage (21%)
- Burglary (18%)

Only one respondent added to the list of crime options offered, and this referred to a drug-related problem.

The most predominant activities in terms of widest impact across the sample, over the previous 12 months, were:

Figure 3 demonstrates that approaching 1-in-5 of the respondents had encountered burglary within the previous year. Usually,



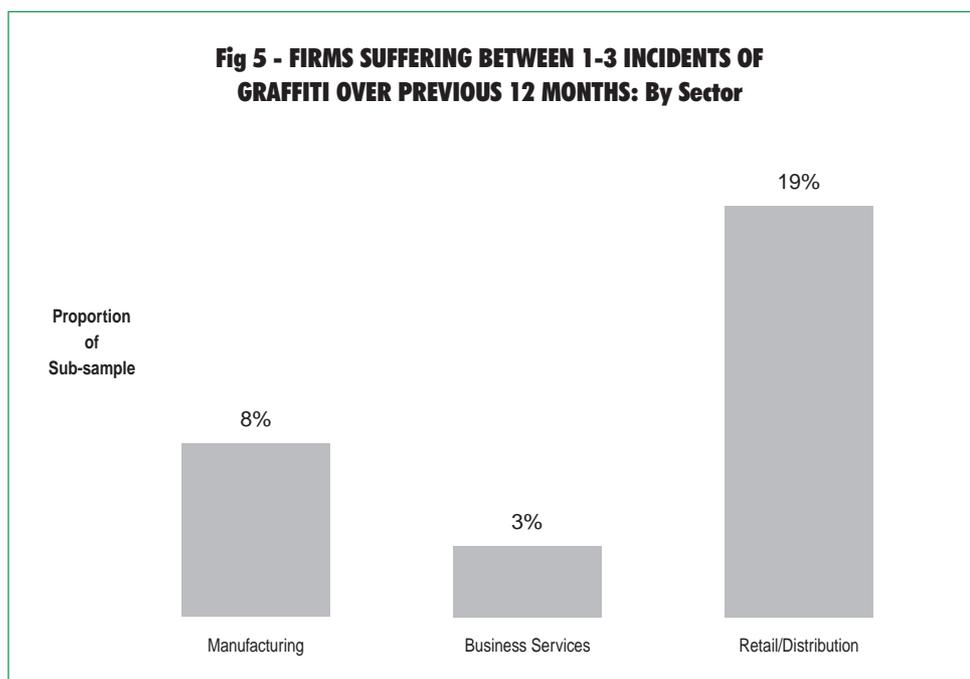


the number of incidents suffered by a firm was between 1 and 3, though in isolated cases for manufacturing and retail/distribution firms, rates of between 4 and 9 incidents were recorded.

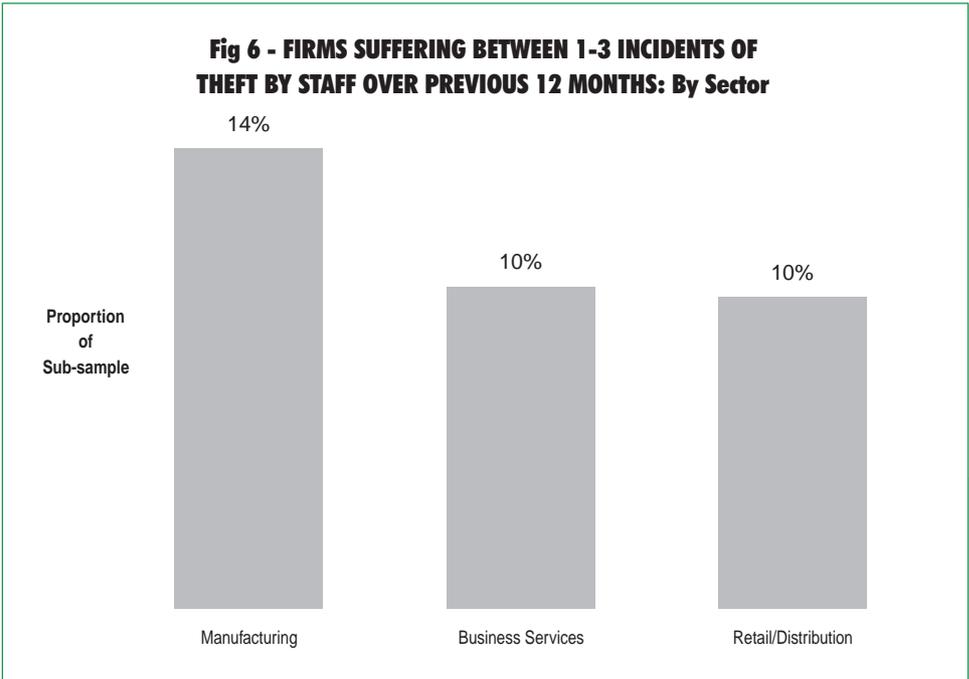
Figures 4 and 5 demonstrate markedly higher figures for retail/distribution firms when fraud and graffiti are considered. Firms drawn from the business services sector were relatively free of problems on these fronts, although they did record

higher levels of internet crime where 10% had had negative experiences over a 12 month period compared with 6% from manufacturing and zero from retail/distribution.

Perhaps the forms of crime that the general population fear most are those of robbery and violence. But only the retail/distribution sector encountered robbery on any scale, with 13% reporting between 1-3 incidents over the previous year. Respondents from



Manufacturers, with typically larger workforces, appear at a marginally greater risk

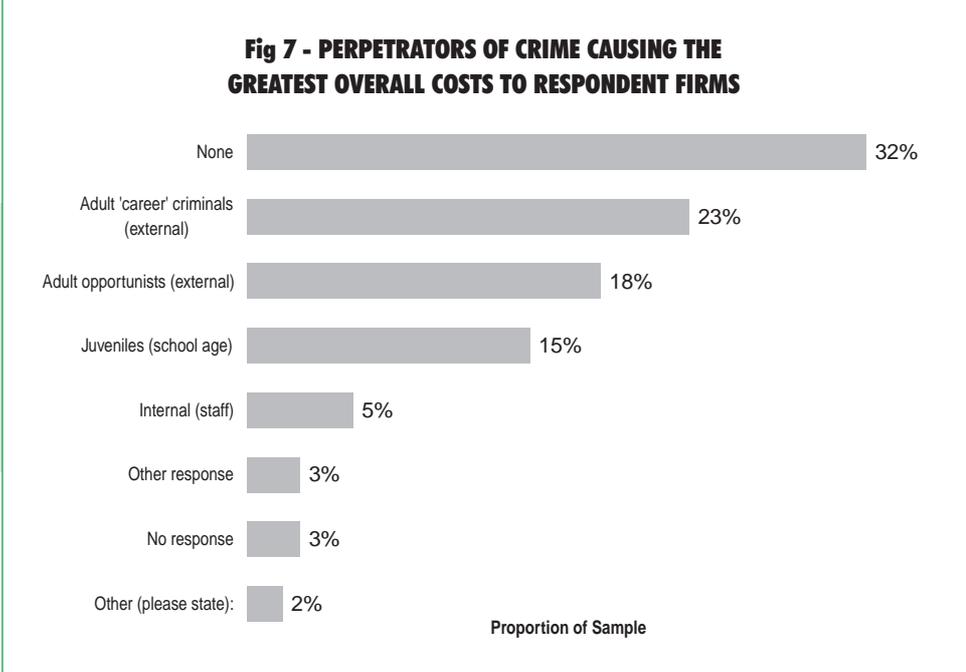


this sector also registered most frequently on the issue of personal violence, with 6% having had negative experiences during the previous 12 months compared with 2% from manufacturing and zero from business services. Not surprisingly, retail/distribution firms again came out as a victim on the issue of shoplifting where 28% complained of incidents within a 12-month period. Usually here, respondents reported 1-3 incidents though there were instances of 10 incidents or more (6%).

Respondents from all 3 sectors reported examples of staff theft (**Figure 6**) and here the responses were broadly similar across sectors, at 10-14% over the previous year.

Firms from all 3 sectors experienced instances of vehicle damage though at varying rates. The retail/distribution sector fared worst with 29%, followed by the manufacturing sector with 24% and, finally, the business services sector with 13%. However, when considering vehicle theft, business services on 13% came out worse than manufacturing (4%) with retail/distribution firms again suffering the most, on 16% (around 1-in-6 firms).

Further analysis revealed that female-owned firms were particularly exposed to juvenile crime



WHO COMMITS CRIMES ?

Respondents were asked to try to identify the perpetrators of crime that caused the greatest losses. Their replies (Figure 7) suggest that adult 'career' criminals posed the greatest threat (to 23% of respondents), followed by adult 'opportunists' (18%), juveniles (15%), and staff (5%).

However, there were variations across sectors. For instance, firms in the business services sector felt that their greatest threat was from professional 'career' criminals rather than simply opportunist criminals, whereas more business services and retail/distribution firms (7-10%) than manufacturers (2%) felt most vulnerable to internal theft by staff. It was mentioned earlier that more younger respondents appeared to experience crime than their older counterparts. They appeared particularly vulnerable to adult 'opportunists' and juveniles. There were no obvious differences by firm size here but there were some by gender with female small business people suffering less criminal impact by 'career' criminals (24% of males, vs. 13% of females), but noticeably more by more juveniles (33% of females, vs. 12% of males).

A couple of respondents added to the list of perpetrators, both referring to 'travelling people' as an issue.

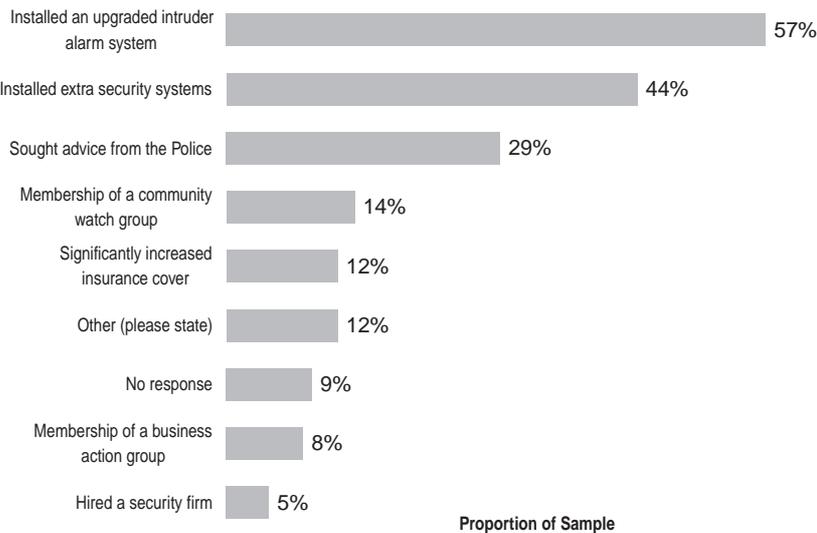
RESPONSES TO CRIME

Figure 8 shows responses to business crimes headed by the installation of upgraded intruder alarm systems. Nearly one-in-three sought police advice. Often the strongest reactions to business crime came from the retail/distribution sector. They were particularly active in installing extra security devices, participation in community watch schemes, increasing their insurance cover and joining business action groups.

'Other' options offered here by respondents included:

- Bell and bolt for late evenings - clients have to ring to get in
- 'Big dog'
- Fitted alarms to vans
- Internal accounting policies improved
- New padlock
- Night watchmen
- Radio link
- Security gates, high fences
- Security-coded computers
- Local authority premises fully secured

Fig 8 - PREVENTATIVE MEASURES TAKEN AGAINST CRIME

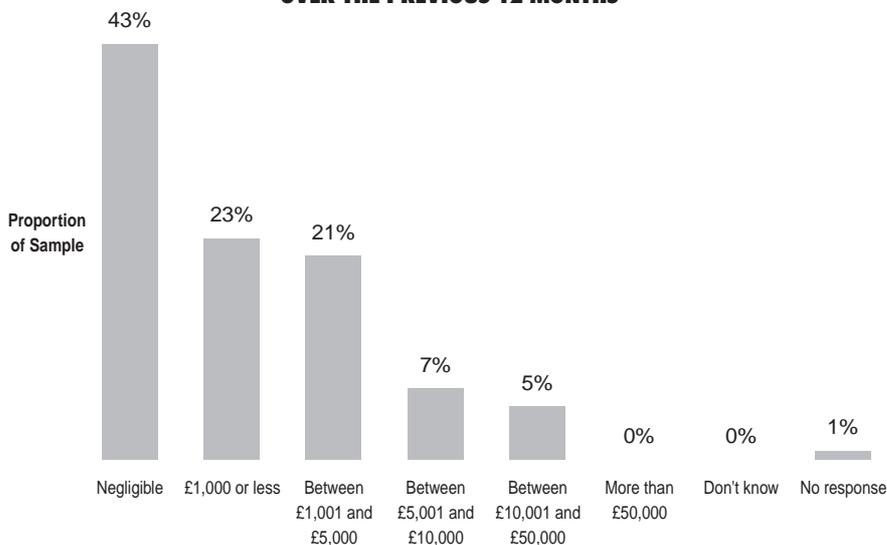


COSTS OF CRIME

Respondents from the business services sector found the costs of business crime to be fairly modest with 66% recording £1,000 or less over the previous 12 months.

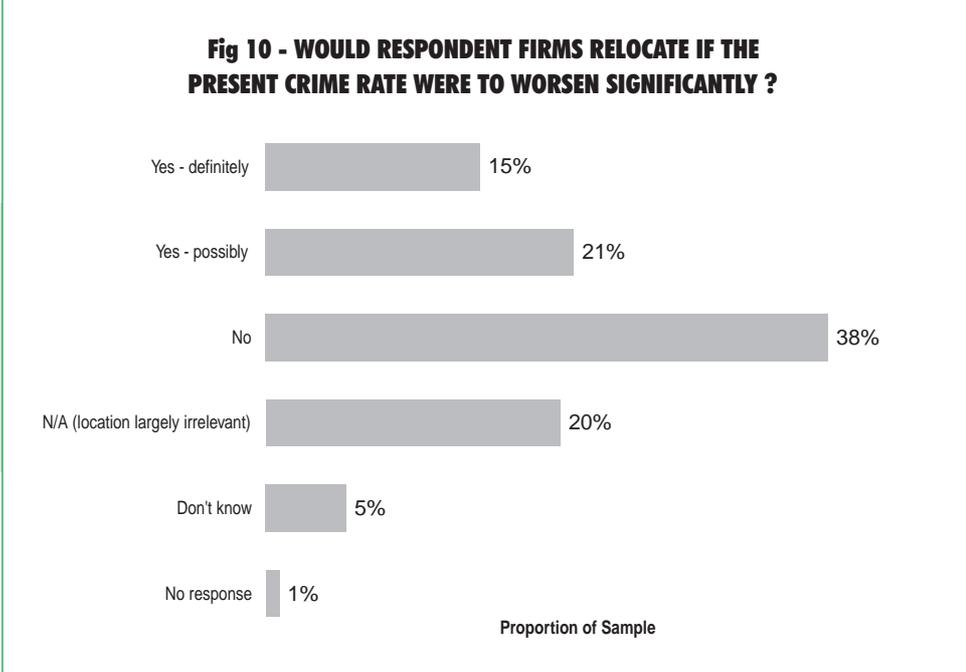
Against that, 42% of retail/distribution firms assessed their overall costs at between £1,001-£50,000, with 10% recording costs in the upper band of £10,001-£50,000 (Figure 9).

Fig 9 - ESTIMATE OF THE OVERALL COST OF CRIME OVER THE PREVIOUS 12 MONTHS



Two-thirds reported overall crime costs of £1,000 or less

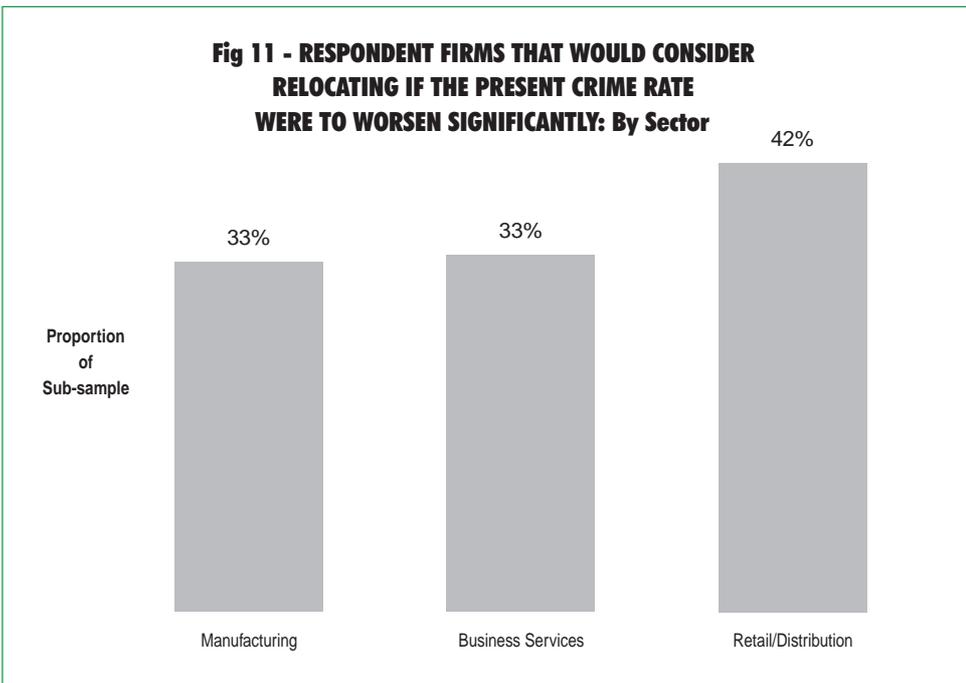
Over a third of the respondents would consider moving if things got much worse

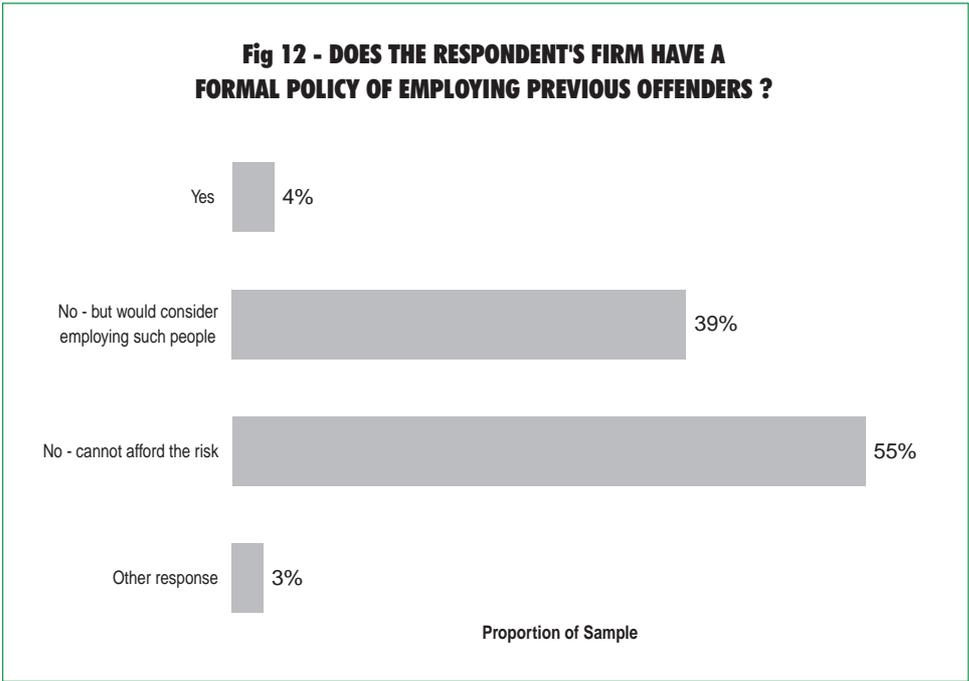


FIGHT OR FLIGHT ?

Most small businesses are located where they are for good reasons. Issues of availability, rents, access to facilities and transport links, custom-base and suppliers, nearness to owners' home, all play a part. Thus, the idea of moving location is not always an easy one to grapple with. In **Figure 10**, however, there is a substantial proportion (36%) saying that, should crime rates deteriorate significantly, then they

would be ready to consider moving. A similar proportion said they would definitely not move, whilst 20% said that location was irrelevant for them. Retail/distribution firms felt under greatest pressure here with 42% indicating that they would consider moving should crime levels get worse in their area (**Figure 11**). Thus, at worst, a flight of small firms from crime trouble spots is a definite possibility.



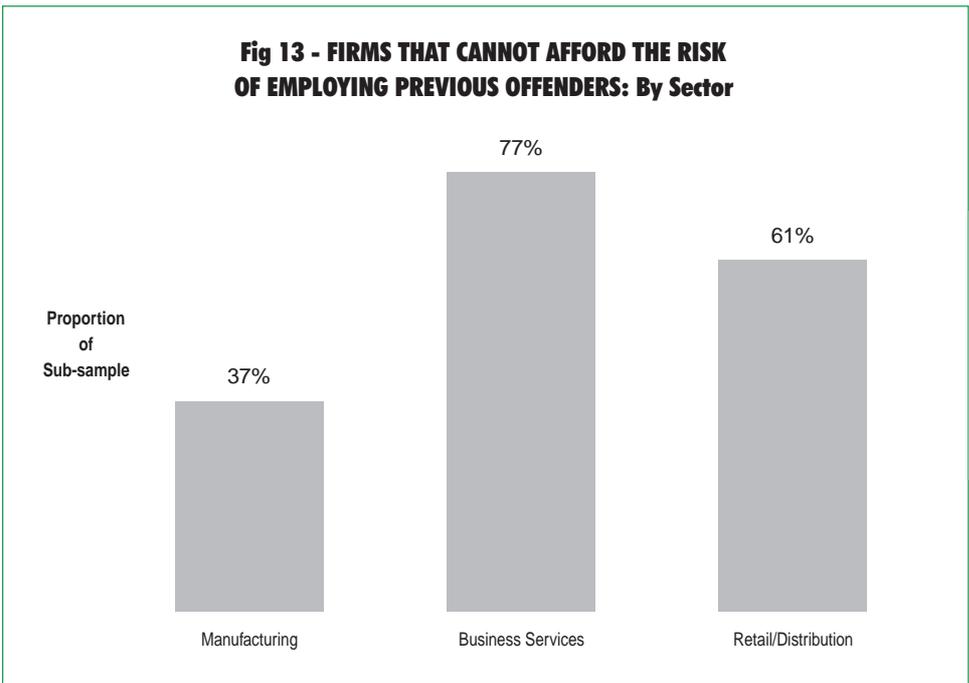


DO LEOPARDS CHANGE THEIR SPOTS ?

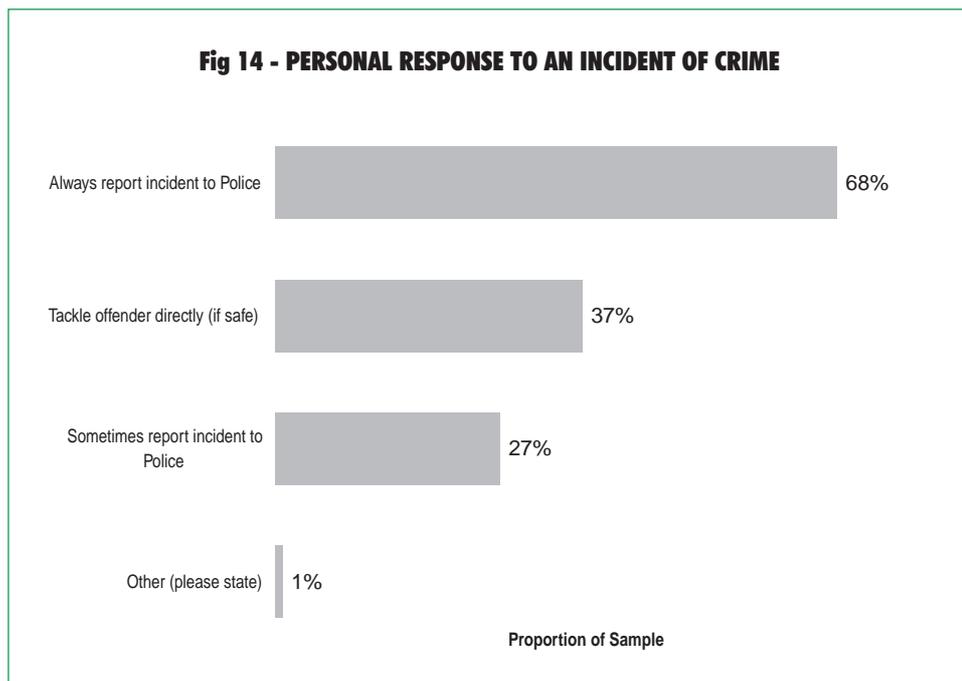
Respondents were asked if they would be willing to give an unemployed offender a chance to work in their business (Figure 12). The vast majority did not have a formal policy, though 39% said that they would consider it. However, over half (55%) said that they simply could not afford to take the risk. The response was highest in business services and lowest in manufacturing, as

illustrated in Figure 13.

It is interesting here that a willingness to take a risk with employing offenders dropped with the age of respondent. In fact, 54% of the younger group of respondents (35-44) were willing to consider the possibility, against only 26% of respondents in the 55-64 years age group. On the gender front, only 27% of female respondents said that they would be willing to consider employing an ex-offender



Some larger workforce firms may be better placed to take a risk with ex-offenders



compared with 41% of male respondents.

HAVE-A-GO ?

Finally, the small business owners were asked what they would be prepared to do following a crime (**Figure 14**). Not surprisingly, the most common response was that of reporting crime to the police. Interestingly, however, it appears that over a third (37%) would be willing to confront an offender directly, should it be safe to do so. This response rose to 45% for retail/distribution firms.

Typical Comments from Respondents

The impact of crime in the light of personal experience was noted by some respondents:

“In the eight years we have been in our current premises we have been broken into five times and suffered an unprovoked arson attack. ... The resulting losses and damage have run into many thousands of pounds.”

“Virus writers and Internet criminals including those sending spam

should be dealt with severely, they seriously hamper our business and waste hours each week.”

And frustration over the lack of satisfactory remedies was self-evident:

“In our case, not one of the perpetrators has ever been caught. There is absolutely no disincentive for them to try again – having seen the contents of our building once, they know what’s inside. If they were caught, what would be the penalty anyway ?”

Thus the police – as the primary government agency responsible for tackling crime – came in for criticism from many respondents, for instance:

“The lack of visible police presence contributes to local ‘petty’ crime on our industrial estate.”

“Talking to other local firms, we find it hard to understand the lack of police patrols and the willingness of the courts to let criminals out on bail only to re-offend.”

Investigations were criticised, too, but several respondents thought that insufficient resources was an issue:

“Police officers attending site have told us (unofficially) that they do not have the resources to protect business and we are therefore ‘on our own’.”

“[I] Have noticed significant lack of effort by police when dealing with minor crime to catch offenders, maybe due to lack of manpower.”

“Too little money is available to the police to have enough officers in the town centre - but look at the number of police that attend football matches !”

The extent of negative comment about the police suggests that there is much more to do in improving the goodwill amongst the small firms population. One respondent suggested that businesses should lobby for action locally, and another implied that their local authority should do more:

“Tell anyone who will listen that we need more police on the beat.”

“Half-decent street lighting would contribute significant improvements in our location !”

However, some areas seemed to be faring better:

“Crime rate [is] very low, since bobby back on walking streets. Should have happened years ago.”

“We live in a rural area and to date have had no serious crime problems.”

RESPONDENTS' COMMENTS

These commence in verbatim form on p.18

REFERENCES: CRIME AGAINST SMALL FIRMS

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply. N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate <http://www.bized.ac.uk/fme/xyz.htm> back to <http://www.bized.ac.uk/> – and look for a similar topic heading there.

- **Association of British Insurers**

Apart from offering information on insurance issues, the site has a limited small business homepage, which offers a guide, 'Protecting Laptop Computers From Theft', and also, 'Facts on Fraud' www.abi.org.uk/

- **BBC - Crime - Prevention**

A general purpose web site on crime prevention, but with reasonable breadth and depth of coverage, and links to other related sites. www.bbc.co.uk/crime/prevention/index.shtml

- **Business Hotline Publications**

They offer an extensive range of free guides for small businesses, including a Director's Briefing: 'Securing your premises' (4pp.) in the premises section; requires free registration. www.bizhot.co.uk/

- **Card Watch (APACS)**

“Card Watch is the UK banking industry’s body that works with police, retailers and organisations including Crimestoppers to fight plastic card fraud. Card Watch is run under the Association for Payment Clearing Services (APACS) ...” It includes a section specifically for retailers, and it offers a range of informative publications to download.

www.cardwatch.org.uk/

- **Crime Concern**

“Crime Concern is an independent, national crime reduction organisation. Our mission is to work with agencies, such as Government departments, the police, local authorities, housing, youth and voluntary agencies, to help reduce crime and create safer communities ... We manage .. evaluated national programmes of work and over 50 local projects, many of which focus on reducing youth offending.” It offers a range of publications in support of their work, including a briefing paper on business crime.

www.crimeconcern.org.uk/

- **Crime Reduction Website**

UK Government web site, covering an extensive range of topics, such as: CCTV, Designing Out Crime, Working with Offenders, Arson, Burglary, Business Crime, Drugs & Alcohol, Fraud, Rural Crime, Town/Shopping Centre Crime, Vehicle Crime, Victims & Witnesses, Violence at School or Work, Violent Crime & Street Robbery, Youth Crime. Business-oriented material includes: Business & Retail: ‘Making Arrests - A Guide for Retailers’; ‘Don’t Discount Crime: Crime Prevention Advice for Retailers’. Vehicle Crime: ‘Plant Theft Advice’. ‘Small Retailers in Deprived Areas’. There is an online Crime Reduction Toolkit for Business and Retail Crime offering background information about: Offences; Business sectors; Size of businesses; Location etc. at www.crimereduction.gov.uk/

toolkits/br020101.htm

www.crimereduction.gov.uk/

- **Crimestoppers**

“Crimestoppers Trust, set up in 1988 is the only UK charity aimed at putting criminals behind bars through an anonymous Freephone number: 0800 555 111. Callers with information on crime are not asked their name. This anonymity is the key to the scheme’s success, because it provides callers with complete safety from any reprisals.” Background information with links to regional web sites.

www.crimestoppers-uk.org/

- **Crimes of Persuasion**

A private but extensive web site: “White collar crimes such as prime bank fraud, pyramid scams, internet fraud, phone scams, chain letters, modeling agency and Nigerian scams, computer fraud as well as telemarketing fraud are fully explained.”

www.crimes-of-persuasion.com/

- **Fraud Reduction**

“The Fraud Reduction website is published by the National Working Group on Fraud on behalf of the UK Association of Chief Police Officers (ACPO). This website deals primarily with commercial fraud in a policing context. The information contained in these pages is intended to provide advice for individuals and businesses on how to recognise fraud, how to avoid it through preventative measures, and how to respond to suspected frauds.”

www.uk-fraud.info/

- **Home Office**

Research Development & Statistics

British Crime Survey available to download: “The British Crime Survey (BCS) is a very important source of information about levels of crime and public attitudes to crime and other Home Office issues.” It belongs to the Patterns of Crime Programme, which also includes the collection of recorded

crime statistics.

www.homeoffice.gov.uk/rds/

- **Internet Fraud: African Information Service Center**

Advance Fee Fraud (AFF), is known internationally as "4-1-9" fraud named after the section of the Nigerian penal code which addresses the issue. Look for 'fraud', or copy the suspected e-mail message to fraud@africaservice.com
www.africaservice.com/

- **Lawlinks**

Legal information on the internet - An annotated list of web sites compiled by The University of Kent at Canterbury.
library.kent.ac.uk/library/lawlinks/default.htm

- **Nacro**

"At Nacro [National Association for the Care and Resettlement of Offenders], the crime reduction charity, we make society safer by finding practical solutions to reducing crime. Since 1966 we've worked to give ex-offenders, disadvantaged people and deprived communities the help they need to build a better future." Recent publications include: 'To CCTV or not to CCTV? A review of current research into the effectiveness of CCTV systems in reducing crime', 'A Balanced Approach to Reducing Vehicle Crime and Disorder'.
www.nacro.org.uk/

- **National Anti-Fraud Network**

"NAFN deals with all types of local authority fraud, including Housing Benefits, Student Awards, Trading Standards, grant applications, false invoicing and internal investigations."
www.nafn.gov.uk/

- **National Criminal Intelligence Service**

Purpose: "To provide leadership and excellence in criminal intelligence to combat serious and organised crime". Interests include counterfeit payment

methods, economic crime and organised vehicle crime.

www.ncis.co.uk/

- **ripofftipoff.net**

Developed by Trading Standards and the DTI and designed to let the public report rogue traders, including: 'cowboy' builders, unscrupulous doorstep traders, counterfeit product sellers/ manufacturers, bogus homeworking schemes and e-cons.
www.ripofftipoff.net/

- **Safer Community**

Information and links to local community organisations, plus many links to other sources of information.
www.safer-community.net/

- **Safer Derbyshire**

An example of a localised crime web site, jointly supported by the police and the local authorities.
www.crimezone.co.uk/

- **Serious Fraud Office**

"The Serious Fraud Office is a government department and is part of the UK criminal justice system. Its aim is to investigate and prosecute serious and complex fraud and so deter fraud and maintain confidence in the probity of business and financial services in the United Kingdom." The web site provides background information to its operations.
www.sfo.gov.uk/

- **The Disclosure Service**

"We provide a regulated 'one stop' service for England and Wales offering access to records held by the police, together with those held by the Department of Health (DH) and the Department for Education and Skills (DfES)." Offers the following guides: 'Employing people with conviction' (26pp.), and a sample 'Policy statement on the recruitment of ex-offenders' (2pp), look for 'publications'.
www.disclosure.gov.uk/

MANUFACTURING

Cash Register Ribbons and Stationery	<i>"The biggest problem is Internet fraud - cloned and stolen credit cards. Police don't want to know as the criminal is in a different county - or country!"</i>
Design & Publishing	<i>"The police don't seem to care, nor does the landlord. My views of what to do with the offenders are unprintable!"</i>
Furniture Restoration	<i>"Crime starts at no point. It happens and will always happen ... Sort the courts out with proper sentences."</i>
Kitchen & Furniture Manufacturers	<i>"Have noticed significant lack of effort by police when dealing with minor crime to catch offenders, maybe due to lack of manpower."</i>
Manufacture Diving Suits	<i>"The lack of visible police presence contributes to local 'petty' crime on our industrial estate."</i>
Manufacturer of Transformers & Coils	<i>"I consider the police a waste of time on such crimes. Maybe they are understaffed? We found that CCTV was worth the cost in our previous unit."</i>
Manufacturing	<i>"We are very lucky where we are! Crime rate - very low, since bobby back on walking streets. Should have happened years ago."</i>
Manufacturing and Publishing Greetings Cards and Gift Stationery	<i>"The biggest problem in our area is computers being stolen. We lost 4, 3 years ago."</i>
Reprographics	<i>"ID cards would allow us to indentify persons who enter our premises uninvited."</i>
Resincast Giftware	<i>"Crime is probably more profitable than my business at the moment!"</i>
Special Purpose Machine Design & Manufacture	<i>"Crime will only stop when the punishment makes crime uneconomic."</i>
Steel Castings	<i>"Police officers attending site have told us (unofficially) that they do not have the resources to protect business and we are therefore 'on our own'."</i>

BUSINESS SERVICES

Accountancy, Audit, Tax & Management Consultancy	<i>"[It is] Very difficult to take on offenders because the risk of losing even one employee in a team can cause immense damage."</i>
Architects	<i>"We have have had two illegal entries from 'opportunists'. Wallets and credit cards were lost on the first occasion. Second occasion [intruder was] apprehended, surrounded by staff, escorted from building, nothing lost. Have installed extra security."</i>

BUSINESS SERVICES continued

Audit Accountancy and Taxation	<i>"Half-decent street lighting would contribute significant improvements in our location !"</i>
Chartered Civil Engineer	<i>"I am a sole practitioner. I don't see that crime distinguishes between employers/business sizes. So far, touch wood, I am lucky."</i>
Computer Consultancy	<i>"Virus writers and Internet criminals including those sending spam should be dealt with severely, they seriously hamper our business and waste hours each week."</i>
Food Technology & Quality Consultant	<i>"We live in a rural area and to date have had no serious crime problems."</i>
International Freight Forwarding Services	<i>"Talking to other local firms, we find it hard to understand the lack of police patrols and the willingness of the courts to let criminals out on bail only to re-offend."</i>
Tax and VAT Advice	<i>"The inability of licensing authorities to investigate the probity of businesses offering debt collection services etc. and the reluctance of the police and trading standards to take action is a major concern. No action, talk only."</i>

RETAIL AND DISTRIBUTION

Domestic Furnishings & Lighting	<i>"A more diligent police force backed by much more severe sentencing would be a more effective crime deterrent."</i>
Florist	<i>"I feel the statistics on crime are manipulated. The local press tell us there has been a 20% decrease but we can only see things remaining as bad as ever."</i>
Forklift Trucks	<i>"The are police are totally not interested in pursuing criminals - they advise they are too busy. They refuse to enter travellers' sites even when they know they have the goods and when repeat offenders are known. Police need major rethink and prioritisation for such crimes."</i>
Hardware and Pet Store	<i>"Always try to know names of local youth and if possible of their parents. Try to be aware of events outside your premises so as to contain any 'threat' before it occurs. Try to be part of local community, make your premises a 'zero tolerance' area. Tell anyone who will listen that we need more police on the beat. Visible deterrents work to stop crime before it happens."</i>
Health Foods and Herbal Remedies	<i>"Too little money is available to the police to have enough officers in the town centre - but look at the number of police that attend football matches !"</i>

RETAIL AND DISTRIBUTION continued

Importers of Machinery

"Law defends the criminals."

Importing of Speciality Foods

"We maintain strong vigilance over premises, stocks, etc.; which seems to be the right policy for us. However, we do work in a very low crime area."

Selling and Support of Computer Hardware and Software

"We have little stock, but are affected by goods in transit disappearing. We keep tight tabs on this."

Specialist Suppliers of Computer Systems to the Security Industry

"In the eight years we have been in our current premises we have been broken into five times and suffered an unprovoked arson attack. This is just the start of it. The resulting losses and damage have run into many thousands of pounds. However well property and contents are insured, the loss adjusters have their say in how much or little they will pay out, and premiums inevitably rise. Further costs always ensue in raising the security systems employed to yet higher levels of sophistication.

In our case, not one of the perpetrators has ever been caught. There is absolutely no disincentive for them to try again - having seen the contents of our building once, they know what's inside. If they were caught, what would be the penalty anyway?

If our situation is at all typical the costs of crime to business throughout the country must be huge, with no sign of any significant government action to put a stop to it. Until such time as the police have decent resources to dedicate to this kind of crime and the judiciary are able to mete out proper punishments the whole onus will be on the business sector to fortify their business premises to the teeth against ever cleverer criminals. If these people knew they would be caught and would be punished as a result, would they do it?

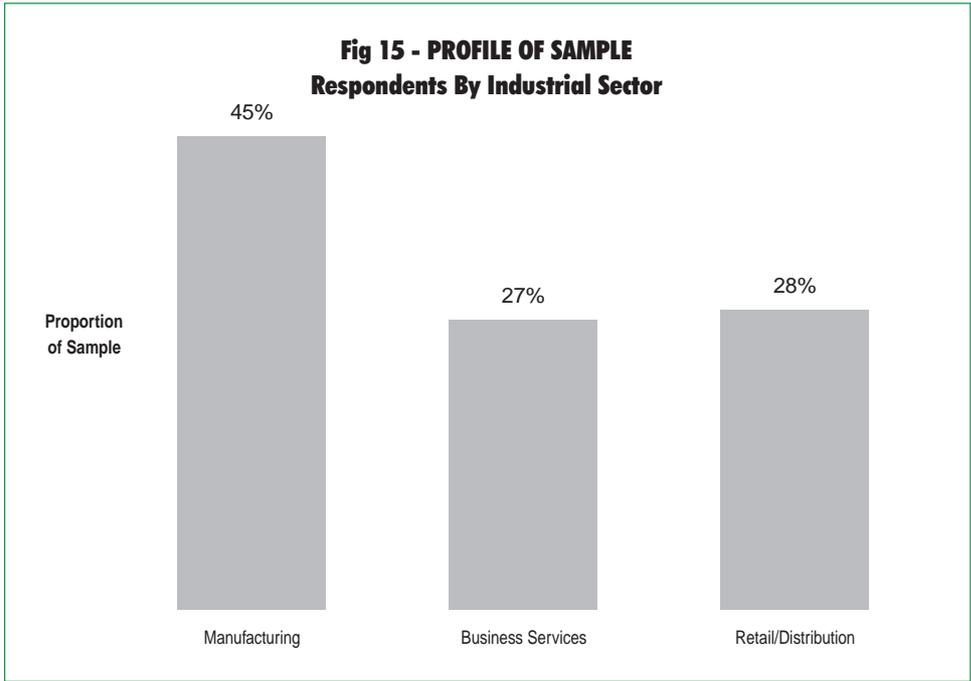
I accept my responsibility to do the best I can to provide safe and secure premises from which to run my business, but I feel strongly that not nearly enough is being done to help small business fight or respond to the threat of crime. My team and I have worked long and hard to make the business successful, and it is sad indeed that there are so many out there who want the fruits of my business without having to do any of the work."

Suppliers of Woodscrews, Adhesives, Fixings &c.

"'Sticky finger syndrome' is endemic in this country on building sites and within factories ! Why invest in the tools for the job when they will probably be stolen ? Crime reduces investment in business !"

Tank Container Haulage

"Apathy of the police. Lack of response by police. Lack of understanding and chances of detection and conviction very poor."



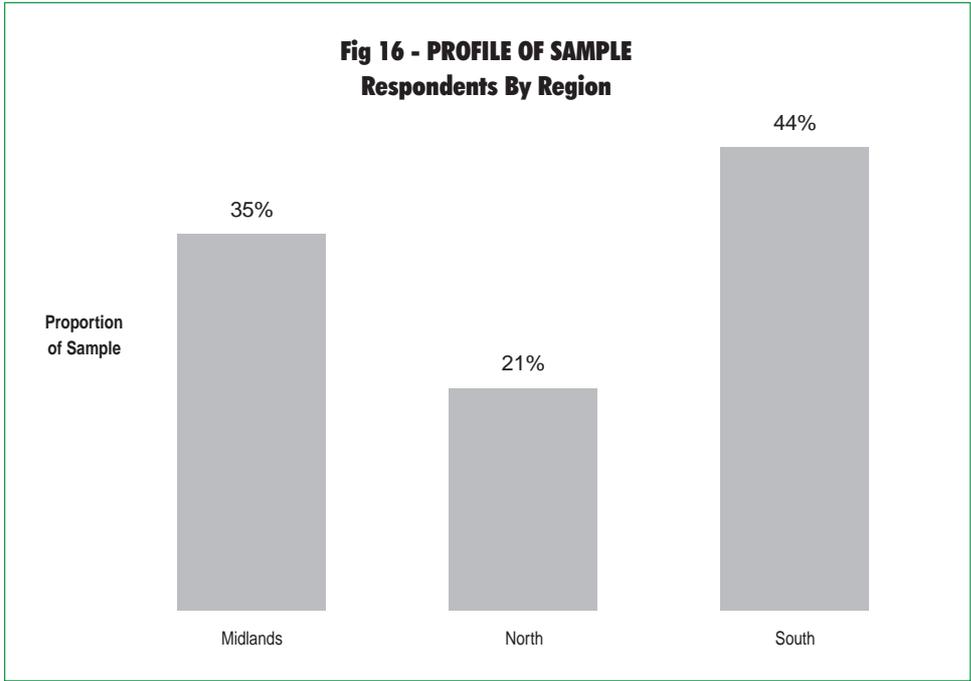
APPENDIX 1 - ADDITIONAL INFORMATION

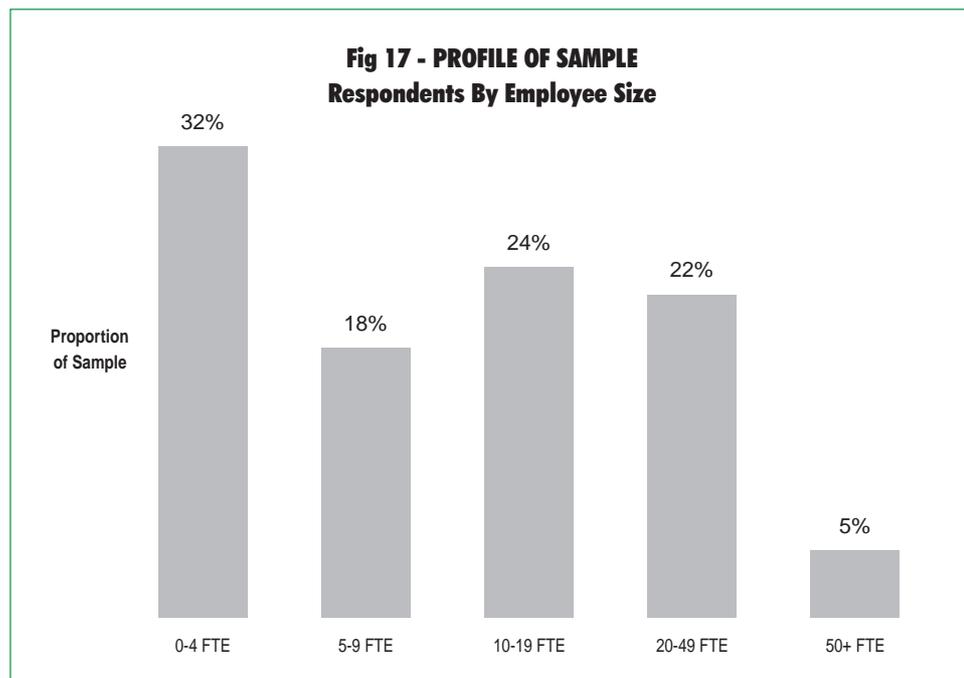
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less

prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands – previously classified as ‘other’ –





are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Figure axes/scales (histograms) - each figure uses a linear scale, with reference to a common zero axis, e.g. running horizontally across the bottom of each column, as in the figure above.

Distribution of firms

The highest proportion of respondents is in manufacturing (45%), as with the previous survey, see **Figure 15**. Previously, the samples have contained the largest proportion of firms in business services, but the composition has shifted slightly due to the introduction of additional respondents to the sample late 1998, and again, mid-1999.

In this survey, the Southern region has the largest representation, with 44% of the sample's respondents (previously it was 40%, see also **Figure 16**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/distribution have had fewer full-time equivalent employees. Likewise, the sample has been biased towards the smaller businesses, but since 1999 there has been an increase in the 20-49 FTE firms (**Figure 17**).

As on previous occasions, the sample is predominantly male (86%).

Small Business Management Report No.39

Sponsored by Lloyds TSB

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: Business Crime

1 a) Please indicate the number of people working in your business (including yourself):

Full-time : _____ A
 Part-time (16 hours/wk or less)..... : _____ B

b) Your age last birthday:

16-24 years..... A
 25-34..... B
 35-44..... C
 45-54..... D
 55-64..... E
 65 or over..... F

c) Your gender:

Male..... M
 Female..... F

2 **Crime over the past 12 months – From which of the following has your business, or your staff in connection with work, suffered ?**

Just ONE ✓ for each activity

	Number of Incidents (Either attempted or successful)				
	None	1 to 3	4 to 9	10 or more	
Arson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A
Burglary (illegal property entry)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	B
Fraud (by a third party).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	C
Graffiti.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	D
Internet crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	E
Malicious damage to buildings and/or contents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	F
Personal injury/violence to staff.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	G
Robbery (of staff, excluding shoplifting)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	H
Shoplifting.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	I
Theft/fraud by own staff (exc. 'overlooked' minor items such as stationery)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	J
Vehicle damage (non-accidental).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	K
Vehicle theft.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	L
Other (please state): _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	M
	1	2	3	4	

3 **Main crime costs to your firm – Which one of the following do you feel causes the greatest losses, including the cost of any related counter-measures ?**

Just ONE ✓ only

Adult 'career' criminals (external) A
 Adult opportunists (external)..... B
 Internal (staff)..... C
 Juveniles (school age)..... D
 None E
 Other (please state): _____ F

4 **Crime prevention/protection – Please indicate which of the following measures have already been taken by your business:**

✓ Against all which apply

- Hired a security firm..... A
- Installed an upgraded intruder alarm system..... B
- Installed extra security systems..... C
- Membership of a community watch group..... D
- Membership of a business action group..... E
- Sought advice from the Police..... F
- Significantly increased insurance cover..... G
- Other (please state): _____ H

5 **Cost of crime – Please estimate the overall cost of crime to your business, including preventative measures and insurance, over the past 12 months:**

Just ONE ✓ only

- Negligible..... A
- £1,000 or less..... B
- Between £1,001 and £5,000..... C
- Between £5,001 and £10,000..... D
- Between £10,001 and £50,000..... E
- More than £50,000..... F
- Don't know..... G

6 **Response to crime – Which of the following actions would you be prepared to pursue ?**

✓ Against all which apply

- Always report incident to Police..... A
- Sometimes report incident to Police..... B
- Tackle offender directly (if safe)..... C
- Other (please state): _____ D

7 **Possible change of location – If the present crime-rate suffered were to worsen significantly, would you consider re-locating the business ?**

Just ONE ✓ only

- Yes - definitely..... A
- Yes - possibly..... B
- No..... C
- Not applicable (location largely irrelevant)..... D
- Don't know..... E

8 **Rehabilitation – Unemployment often leads to re-offending: Does your firm have a formal policy of employing previous offenders (where suitable) ?**

Just ONE ✓ only

- Yes..... A
- No - but would consider employing such people B
- No - cannot afford the risk..... C

9 **'Small businesses and crime' – If you have any strong views, then please comment:**



Lloyds TSB
Business

ISSN 1478 - 7679
SB/06/03

Cover Design by Long Blue Cat

Printed by City Print