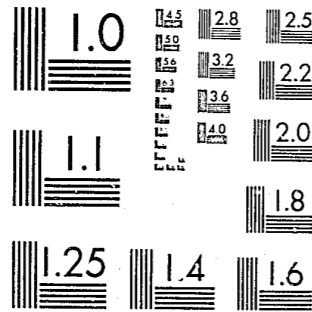


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CRIME AND PROTECTION IN AMERICA
A Study of
Private Security and Law Enforcement
Resources and Relationships

VOLUME I
CRIME AND PROTECTION RESOURCES
CHAPTERS 1-8

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ABSTRACT

This is a descriptive research report on relationships between private security and law enforcement conducted by Hallcrest Systems, Incorporated under a grant by the National Institute of Justice. The report describes the increasing role of private security in the protection of America--their programs and resources, contribution to crime prevention, deficiencies in security services and personnel, and interaction with law enforcement agencies. The report reveals that primary protection responsibility is shifting from the public to the private sector, and that the private sector diverts significant amounts of crime from the criminal justice system. The private security resources of business, institutions, government, and citizens--guards, alarm systems, investigators, armored cars, etc.--exceed federal, state, and local law enforcement expenditures and personnel.

Specific topics of discussion include profiles of security program content, services and personnel; an assessment of economic crime impact; police "moonlighting" employment in private security, response to false alarms and other problems in police-security relationships; the impact of security technology; and security education, training and regulatory controls. Recommendations are made for more effective use of private security and law enforcement resources to combat crime and to relieve police agencies of their large workload of non-crime-related calls for service.

Project research techniques used national and local surveys and interviews of police and security managers and employees, site studies in two urban counties, a literature review, and an economic projection of private security spending.

FOREWORD

The co-principal investigators of this research project were William C. Cunningham and Todd H. Taylor. Principal consultants for the project were Dr. J. Thomas McEwen, research methodology and data analysis; and Dr. Robert F. Dyer, economic analysis of the private security industry.

Inquiries concerning this report should be directed to William C. Cunningham at Hallcrest Systems, Incorporated, 7316 Hooking Road, McLean, Virginia 22101.

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PREFACE

This volume is one of a series of four reporting a 30-month descriptive research project performed by Hallcrest Systems, Inc., under Grant No. 80-IJ-CX-0080 from the National Institute of Justice, U.S. Department of Justice.

The primary purpose of the project was to develop strategies and recommendations to use more effectively the extensive resources of private security and law enforcement in their respective roles in crime prevention and control. The research emphasized the relationships between law enforcement and private security operations as they deliver protective services in communities throughout the United States.

Major research tasks included a literature review, interviews of more than 400 people in law enforcement and all facets of proprietary and contractual private security, surveys of 1600 law enforcement and security managers, a survey of state agencies regulating private security, an economic analysis and forecast of the private security industry, and field studies in two urban counties--Multnomah County (Portland), Oregon, and Baltimore County, Maryland.

Four volumes comprise the project report:

VOLUME I: CRIME AND PROTECTION RESOURCES (Chapters 1-8)

This volume describes the resources of public law enforcement and private security directed at crime and loss prevention. Specific emphasis is placed on citizen protective measures, the size and scope of proprietary and contractual security, and the impact of economic crime on business, institutions, and the public.

VOLUME II: POLICE AND PRIVATE SECURITY RELATIONSHIPS (Chapters 9-13)

This volume discusses the protective roles of law enforcement and private security, interaction and cooperation between them, problems in operating relationships, mechanisms for upgrading private security, and the impact of security technology on relationships.

VOLUME III: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Chapter 14)

Major findings and conclusions are presented. Where appropriate, recommendations and future research needs have been suggested to maximize the role of private security as a crime prevention resource; and to improve interaction and cooperation with law enforcement; and to examine carefully economic crime, the private justice system and private security protective measures.

VOLUME IV: TECHNICAL APPENDICES

This volume contains the methodological approach to the project; it displays survey questionnaires and data from national surveys of law enforcement and security managers, national and regional security executives, and field study survey data. Included also are key provisions of state regulatory legislation; an economic forecast of the U.S. private security industry; and a list of selected security-related associations.

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We are also grateful for the insight and assistance provided by the advisory panel members in the two case study

sites, Baltimore County, Maryland, and Portland/Multnomah County, Oregon.

In the Baltimore area, our appreciation is extended to advisory panel members: Cornelius J. Behan, Chief of Police, Baltimore County Police Department; William J. Campbell, Senior Security Officer, First National Bank of Maryland; Wayne Carpenter, Corporate Director of Protection, Hochschild Kohn and Company; Joseph G. Deegan, Supervisor, Security Services, Baltimore Gas and Electric Company; Charles E. Dennis, Jr., President, Dennis Detective Agency; Steve Dooling, Branch Manager, ADT Security Systems; James L. Dunbar, President, Federal Armored Express, Inc.; Henry W. Gittings, Sparrows Point Security Director, Bethlehem Steel Corp.; Robert H. Gutermauth, Commanding Officer, Crime Reduction Division, Baltimore County Police Department; Hayes C. Larkins, Chairman, Department of Administration of Justice and Public Safety, Community College of Baltimore; Marshall M. Meyer, President, Marshall M. Meyer Security Associates, Inc.; Harvey V. Peters, Branch Manager, Wells Fargo Guard Services; Donald D. Pomerleau, Abacus Corporation; Lynwood G. Satterfield, Manager of Security, Westinghouse Electric Corporation; Joseph A. Shaw, Commanding Officer, Field Operations Bureau, Baltimore County Police Department; and Stephen B. Tabeling, Director of Security Services, Johns Hopkins Medical Institutions.

In the Portland/Multnomah area, we thank the advisory panel members: William Admire, President, Portland Security, Inc.; George Baucum, Vice President and Director of Security,

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CHAPTER 1

INTRODUCTION

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CHAPTER 1
INTRODUCTION

1.1 PROJECT BACKGROUND

1.1.1 Crime and Protection Resources

Crime and the fear of crime over the past decade have become a national phenomena. The responsibility for protection from crime in American communities has been primarily borne by law enforcement agencies and the public criminal justice system. As crime rapidly increased in the 1960's and 1970's, law enforcement agencies--especially local--significantly increased expenditures, personnel and activities to stem the rise in crime. Police, public safety and sheriffs' departments were also assisted by the massive infusion of federal funding through the Law Enforcement Assistance Administration (LEAA). This program provided direct assistance under legislative provisions of the Omnibus Crime Control and Safe Streets Act of 1968.

Longitudinal studies of law enforcement resources and crime rates have indicated that little impact has been made in reducing the amount of crime in communities, regardless of size and demographic characteristics. Ironically, instead of controlling crime and creating safer streets, a "reign of terror" exists in some cities, in the words of Supreme Court

Chief Justice Warren Burger, which leaves some Americans "hostages within our own self-styled, enlightened, civilized country."¹ Attorney General William French Smith observed that America does a better job of protecting its citizens from predators from outside the country than it is able to do against predators on the streets and alleys of its cities.² FBI Director William H. Webster commented that "no segments of the criminal justice system...had individually or in concert with others been able to stem the creeping tide of criminality."³

Law enforcement had been forced to examine other resources to assist them in the "war on crime." Police agencies heavily emphasized crime prevention staffing and programs and began forging partnerships with citizen-initiated programs. When the Uniform Crime Reports measured its first ever drop in crime in 1982, law enforcement administrators were vocal in attributing the decline to thousands of Neighborhood Watch and similar community-based cooperative approaches to crime prevention.

However, 1982 was also the year in which public employment and expenditures declined for the first time since World War II. California's Proposition 13, a citizen initiative to reduce property taxes and government spending in 1978, set a precedent soon followed by other state and local governments. Many police administrators adopted "cutback management" policies--that is, laying off police officers and cutting programs

and services--as legislative limitations on taxation revenue and spending became commonplace.

All but ignored or forgotten in the search for resource alternatives has been the over \$20 billion spent each year for private protection provided by a labor force of 1.1 million employees in various facets of private security in the United States. Today, the expenditures for private security programs, goods, and services exceed the combined total of local, state, and federal law enforcement expenditures. Commerce, industry, and institutions daily rely on the personnel and technology of private security to protect the assets of, and prevent losses in, their organizations. Private security protects organizations from a broad range of hazards, among which crime is only one concern. Private security and its associated private justice systems daily dispose of countless incidents meeting statutory definitions of crime which otherwise would inundate the resources of the public criminal justice system. Criminal justice system resources are generally invoked only when the organization is incapable of resolving problems in a way that suits their own interests.⁴

Private security resources have begun to play an increasing role in the protection of America. This report documents the accelerated growth of private security resources in the past decade, and discusses a fundamental shift of primary protection responsibility from the public to the private sector. Individually and collectively, the resources of private

security--guards, alarms, armored cars, locks, electronic access control, computer security devices, etc.--are being used more widely at a time when law enforcement agencies have been experiencing staffing and funding limitations or retrenchment. Private security offers a substantial resource for reducing police workload and redirecting police officer time to crime-related activities, especially street crime or violent crime, through such mechanisms as (1) contracting out of non-crime-related police workload to contractual security firms, and (2) transfer of responsibility to private security for minor incidents occurring on property being protected by them. In addition, private security and law enforcement can provide better protection in our communities through (1) improved cooperation, interaction and sharing of resources, and (2) application of both existing and emerging security technology to law enforcement operations and support services.

In this report, Hallcrest Systems, Inc. describes the results of a 30-month descriptive and exploratory research project supported by the National Institute of Justice, U.S. Department of Justice. The report documents in detail the resources, contributions and deficiencies of private security, their relationships with law enforcement agencies, and the prospects for forging a partnership to combat crime.

1.1.2 Private Security Research

Private security traditionally has been treated by sociological research as a private adjunct to the public criminal

justice system. The first major study to focus solely on private security in the United States was conducted by Kakalik and Wildhorn (1972). Their seminal work for The Rand Corporation provided the first in-depth look at the dimensions of private security, with an emphasis on contractual security. The "Rand Report" provided a glimpse of the size and growth trends of private security which were generally confirmed with their 1977 update based on 1970 Census data. Two distinct impressions were left by the Rand report--neither of which was well-received by the security community. First, the vast resources and programs of private security were overshadowed by characterizations of the "average security guard"--"underscreened, undertrained, undersupervised, and underpaid," and in need of licensing and regulation to upgrade the quality of personnel and services. Second, private security was depicted as "private policing" and "policing-for-profit" to meet the needs of special interest groups, as opposed to public policing which serves the larger community.

The growth of private security, its potential for interaction with law enforcement, and the problems listed by the Rand report led to two other major study efforts. A Private Security Advisory Council (PSAC) to the LEAA was established in 1972, and in 1975 a Private Security Task Force (PSTF) was formed to the National Advisory Committee on Criminal Justice Standards and Goals. The creation of these bodies recognized the pervasive involvement of private security in safety and

protection, succinctly stated by the Chairman of the National Advisory Committee in his Foreword to the PSTF Report: "There is virtually no aspect of society that is not in one way or another affected by private security."⁵ The membership of both bodies was multidisciplinary including members from the academic, law enforcement, business and security communities. Problems related to the interaction and cooperation of law enforcement and security resources were tangentially addressed by both groups. In general, the members of both groups felt that establishing standards would help upgrade the quality of private security and prevent abuses and unethical practices, thus increasing the probability for a greater contribution by private security to crime prevention and control in the community.

The wide-ranging standards developed by the Task Force were designed, in part, to motivate private security to begin upgrading its various components. The standards addressed the selection of personnel, training, conduct and ethics, alarm systems, environmental security, law enforcement agencies, consumers of security services, higher education and research, and governmental regulation.⁶ Among the publications prepared by the PSAC and published by the LEAA were: model statutes for burglar alarms and state licensing of security guards, a code of ethics for security management and operating personnel, and standards for armored car and armed courier services. In addition, the PSAC published documents outlining the scope

of legal authority of security personnel and areas of conflict between law enforcement and private security.⁷

In the traditional academic sense, security is not a body of knowledge girded with a strong research base, although the field of security itself constitutes a specialized area of knowledge. Separate security academic programs were few at the time of the PSAC and PSTF research efforts. Like the overall field of security, security academic programs then--and still today--tended to be treated as an adjunct to law enforcement programs. Security academic programs had to compete with other academic programs to be established and recognized, let alone successfully compete for the requisite grants, stipends, fellowships, etc. to build a research base. Indicative of a sparse research base, most of the hundreds of publications on security listed by the National Criminal Justice Reference Service catalog useful information and technical knowledge for the practitioner, but yield little empirical data or theory on security, asset protection, loss prevention or economic crime. In addition, the publications of other disciplines (especially administrative and social sciences) focus minimal attention on security-related topics--e.g., the tremendous impact of crime in the work place and the development and impact of security-related technology.

The American Society for Industrial Security (ASIS), the largest single security organization, established the ASIS

Foundation in 1974 to sponsor education and research programs; and the National Burglar and Fire Alarm Association established an Alarm Industry Research and Educational Foundation. Neither of these efforts, however, has been sustained with any substantial financial support. Thus, the Rand, PSTF and PSAC research efforts, along with a few market research reports, provide the only real baseline data for Hallcrest's research efforts. Most other empirical research has been sketchy and tends to yield "soft" numbers rather than hard empirical data on the nature and size of private security. Therefore, it is extremely difficult to construct tight research hypotheses in a normal research environment which can then be accepted or rejected on the basis of empirical testing.

1.2 SCOPE OF THE PROJECT

Notwithstanding empirical data limitations, private security was identified in both PSAC and PSTF baseline research as a massive and under-utilized resource. The National Institute of Justice (NIJ), U.S. Department of Justice, as part of its priority research program, "The Utilization and Deployment of Police Resources," thus funded Hallcrest Systems, Incorporated, in September 1980, to undertake descriptive research to facilitate the effective utilization of both private security and law enforcement resources in preventing and controlling

crime. The specific research objectives identified by the NIJ were:

- (1) To gather information on the general character of the private security industry in the United States, updating previous work completed on the subject;
- (2) To describe the contribution private security makes to the overall problem of crime control and order maintenance and to identify improvement opportunities; and
- (3) To describe the working relationships between private security and public law enforcement agencies and to develop recommendations for improving these operating relationships.

The major research issues or questions addressed by the Hallcrest project staff were the following:

- (1) What are the Roles, Functions, and Contributions of Private Security and Law Enforcement to Crime Prevention and Control?

The resources of private security and of law enforcement agencies are directed toward protective functions in society. Both private security and law enforcement have as their primary mission the prevention of crimes and criminal activity and the protection of persons and property. However, there are clear differences in their organizational structures, their protective roles and the primary beneficiaries of their services. These differences were to be documented and examined, so that recommendations could be made regarding utilization of their respective talents and resources in a complementary and coordinated attack on crime.

(2) What Are the Expectations and Perceptions of Law Enforcement and Private Security?

Prior research efforts indicated a lack of mutual respect among law enforcement and private security personnel; also identified was a lack of knowledge by law enforcement personnel concerning private security, and this has often been manifested in mutual negative stereotyping. The project examined the expectations and perceptions of private security resources and capabilities held by law enforcement, private security personnel, and proprietary security managers as consumers of security services.

(3) How Much Communication and Cooperation Exists Between Law Enforcement and Private Security?

Lack of communication and cooperation was consistently identified as a problem among law enforcement and private security personnel. Obtaining criminal history records, response to alarms, and reporting of various criminal incidents were often cited as problem areas. The project looked at the following aspects of information exchange: (1) information requirements and needs; (2) types of crime and information sought and exchanged; (3) formal and informal channels of cooperation and communication; and (4) frequency of communication and cooperation.

(4) What is the Extent of Competition and Conflict Between Private Security and Law Enforcement?

Although there is a general assumption that the respective roles, functions and activities of law enforcement and private security are complementary, in some situations they may be independent, duplicating or even competing. The project examined police "moonlighting" in private security; private security's selective reporting of crimes; use by private security of "police-like" badges, uniforms, insignia and equipment; and other examples cited in prior research efforts.

(5) What are the Respective Characteristics and Standards of the Labor and Technology Resources of Law Enforcement and Private Security?

Moving beyond mutual expectations and perceptions of resources and capabilities, here we were concerned with documenting the actual standards, practices, and characteristics of human and technological resources of both private security and law enforcement. Again, recommendations were to be made, where appropriate, for using their combined resources to maximize protection of American communities.

(6) What is the Nature, Extent, and Growth of Private Security?

Estimates of where and how the growth of private security is occurring varied greatly among available government documents and market research reports. An updated profile of the private security industry was prepared, covering such topics

as revenues, expenditures, employment, industry growth within consumer segment, and industry trends and developments in various mixes of technology and labor. The purpose was to gain an understanding of (1) the dynamics of the marketplace for private protective services, and (2) the relationships between public and private expenditures to prevent and control crime.

1.3 METHODOLOGY

1.3.1 Project Organization

Hallcrest formed a well-balanced national advisory panel of 16 prominent leaders from the law enforcement, security, business, legal and educational communities. The panel was established to assist in defining key research tasks, and to provide a critical review of study methodology, research progress, and preliminary and final research reports. Members of this panel included the Chairman or Presidents of the International Association of Chiefs of Police; the American Society for Industrial Security; the National Burglar and Fire Alarm Association; and the Committee of National Security Companies. The panel also included leaders in the National Sheriffs' Association and the Retail Merchants Association; and former members of the Private Security Advisory Council and the Private Security Task Force. In addition, equally well-balanced local advisory panels were formed at the two field study sites.

One of the purposes of both the national and site advisory panels was to provide access to information and to recommend personnel who could provide candid assessments of private security and law enforcement operations and relationships. Subsequent to the negative reception of the Rand report by the security community, we felt it was important to have representative bodies identified with the project that would be enlisted to "pave the way" and neutralize any open resistance or negativism toward this research effort.

1.3.2 Reconnaissance

One of the important dimensions of this project was extensive interaction with members of the law enforcement and private security communities. During the course of this project, 327 persons were anonymously interviewed by members of the project team throughout the country, excluding the 133 structured interviews conducted in the two field study sites. These interviews occurred in approximately 40 cities and counties in 22 states, plus England, and Ontario, Canada. This extensive reconnaissance effort also included formal presentations before several of the national security and law enforcement associations as well as discussions with their working committees. Among them were the National Burglar and Fire Alarm Association (NBFAA), the International Association of Chiefs of Police (IACP), the American Society for Industrial

Security (ASIS) the Committee of National Security Companies (CONSCO), the National Council of Investigation and Security Services (NCISS), the Academy of Security Educators and Trainers, the Radio Frequency Committee of the Central Station Alarm Industry, the Private Security Liaison Council, and the Joint IACP-ASIS Committee on Private Security/Law Enforcement Liaison. These reconnaissance efforts added a significant dimension to the data collection of the project, especially the ability to discern uniquely national trends and characteristics in growth of the private security industry and relationships between law enforcement and private security.

1.3.3 Literature Review

A comprehensive literature review was conducted during the project. At the outset, 1,435 abstracts were reviewed from the National Criminal Justice Reference Service spanning a ten-year period through 1982. A review was conducted of project-related Ph.D. dissertations and Master's theses abstracts from University Microfilms International and the Library of Congress. In addition, document searches were conducted of the following information sources: the FBI Academy's Learning Resource Center, National Technical Information Service, Defense Technical Information Center, Brookhaven National Laboratory Library, and Research Summaries of the Federal Emergency Management Agency. Also virtually every

issue of major law enforcement and security-related publications over a three-year period was reviewed by the project staff. A content analysis of major newspapers was also conducted, especially to discern any documented patterns of abuse or questionable business practices by private security. The members of the national and local advisory panels provided valuable assistance to the project staff by securing relevant literature.

1.3.4 National Surveys

Three distinct groups were targeted in five levels of nationwide surveys: (1) law enforcement and security managers, (2) senior executives of major national and regional contractual security companies, and (3) state agencies responsible for licensing and regulating private security.

Detailed questionnaires were distributed nationwide to law enforcement officials, proprietary security managers, and the local managers or owners of contractual security firms. Each of the three respondent groups was asked similar (often identical) questions concerning law enforcement operations and activities, private security operations and activities, private security and law enforcement relationships, private security legislation, personnel, law enforcement officer secondary employment in private security, and department and company descriptive information (force size, budget, sales, assets protected, etc.). The questionnaires are displayed in Appendix A, Volume IV.

The national surveys were treated as a multi-stage sampling problem. First, surveys were distributed to law enforcement agencies, anticipating a representative sample by region and population group. Second, a cluster sampling technique was applied in each population area by distributing surveys to a sample of proprietary and contractual security managers in zip code areas corresponding to the cities and counties of the law enforcement survey returns. This sampling approach assured that responses to common questions in all three survey instruments would be based upon knowledge, perceptions and opinions of the specific population of law enforcement and private security managers in that location, rather than upon generalized response to the larger universe of private security and law enforcement.

Using mailing lists obtained from the IACP and the National Sheriffs' Association, a total of 821 questionnaires were distributed to all law enforcement agencies in cities above 50,000 population and counties above 100,000 population, and to 100 cities under 50,000 population. Returns were received from 384 law enforcement agencies; this represents a 47% response and included replies from all 50 states. Responses were received from 259 municipal departments, 161 sheriff's departments, 17 county departments, 3 city-county consolidated departments, and 4 departments with no department type indicated. The surveys were typically completed by the chief, sheriff or top managers in their departments.

A stratified random sample was then taken from the ASIS membership list of proprietary security managers by zip code for each of the Standard Metropolitan Statistical Areas (SMSA) and counties from which law enforcement survey returns were received. A total of 2,226 questionnaires were mailed, responses were received from 676 security managers (30% response rate) whose aggregate business types were: commercial (33%), industrial (51%), and institutional (16%).

Similarly, from a population of over 12,000 firms, a stratified random sample was taken of 6,319 contractual security firms located in each of the SMSA's and counties using a mailing list compiled from nationwide listings from Yellow Page telephone directories. The total sample drawn from two mailings (less undeliverables) was 4,527 firms. Usable returns were then received from 545 contract security firms, representing a 12% response.

In addition, 37 state agencies with regulatory responsibility covering some aspect of private security were sent a separate questionnaire. Returns were received from 19 states, representing a 50% response.

Finally, questionnaires were sent to senior executives of 40 of the largest national and regional (multi-state) security companies. This survey population included top executives of major guard and investigative firms as well as alarm and armored car businesses. Returns numbered 16, representing a 40% response.

1.3.5 Field Studies

Hallcrest also completed field studies in two urban counties--Multnomah County (Portland), Oregon, and Baltimore County, Maryland. Twenty-seven cities and counties were initially evaluated using extensive site selection criteria. Although both sites had a good fit with the selection criteria and provided interesting demographical differences, in the end our selection was influenced by the ability to form a site advisory panel which could provide access to key individuals and firms representative of security and police viewpoints in their area.

The national surveys examined expectations and perceptions of roles and obtained descriptive information on interaction between private security and law enforcement, but they did not afford an opportunity to explore the dynamics of daily interaction--how the job of protecting a community gets done among proprietary and contractual security and law enforcement resources. The primary objective of the site work was to substantiate and elucidate the findings and major public policy issues emanating from the national surveys, while examining the operations, trends, opinions and attitudes of security workers and operational law enforcement officers.

The primary data collection techniques were questionnaires, structured interviews, and observations of management, supervisory and operational personnel of law enforcement,

proprietary, and contractual security. Interviews, with promised anonymity, were conducted with 133 operational personnel at both sites. Both the proprietary and contractual employee site questionnaires replicated some of the key survey items in the national surveys, the Rand study, and a 1976 survey of 10,000 contractual employees in Ontario, Canada, by Shearing and Stenning. The national surveys had collected no data on operational employees except managers' statements pertaining to selection processes and training.

A cluster sample taken in each law enforcement agency resulted in questionnaire responses from 130 officers in Baltimore County and 64 officers in Multnomah County, for a total of 194 officers (119 patrol officers, 37 supervisors, 38 detectives). Participation in the security employee surveys was voluntary, and the actual sample yield was dependent on the cooperation received from contractual and proprietary security managers and their employees. Security managers were asked to randomly distribute questionnaires to workers in a variety of work sites. The combined questionnaire returns from both sites was disappointingly low--78 contract employees and 110 proprietary employees. The low survey returns were due in part to (1) the length of the survey (over 75 items), (2) requirements by some employers that the survey be completed on the employees' own time, and/or (3) reluctance of some employers, upon review of the questionnaire, to allow their employees to participate.

Resistance in the sites was not unexpected. Some major security companies declined to participate in both national surveys (local security managers and senior executives) and also the site work. We speculate several reasons for such resistance: (1) some companies still felt "burned" by characterizations of the security industry put forth in the Rand report and, by not participating, might feel more freedom to openly criticize the results of our research; (2) other firms were sensitive to questions dealing with levels of training and supervision and company revenue (even though returns could only be identified by zip code--not by company name nor by name of individuals completing questions); (3) a general concern may have existed that this study was simply a ploy--disguised as research--to justify more government control in an industry that some feel should be solely regulated by the marketplace. In addition, some resistance was even encountered from law enforcement agencies in the case study areas and the national surveys. Reasons for declining participation included heavy workload, sensitivity to survey questions, or lack of interest in what they considered a frivolous exercise. Given the exploratory and descriptive nature of the research effort, the site information collected was extremely useful. Despite the limited sample, response agreement was in the 80th and 90th percentiles for a broad-cross section of security and law enforcement employees on key survey items, and many responses were amazingly candid (e.g., admitting no training or

little supervision). The data from the employee questionnaires provided information from security and law enforcement employees never before collected on a comparative basis in such areas as: personnel characteristics, training, legal powers, supervision, uniforms and equipment, role and functions, interaction with each other, and interaction with the public.

1.3.6 Economic Analysis

The PSTF report alluded to private security as a "massive," resource and security periodicals and other media consistently referred to the rapid growth of private security. The Rand report used government data sources to estimate the size of the security labor force and relied heavily on market research reports for assessment of security revenues. The commonly held assumption by all these sources was that the private security labor force and expenditures might now even exceed those of public law enforcement. If this assumption could be substantiated by objective data, it might have profound implications not only for the potential contribution of private security to community crime prevention and control, but also for its relationships with law enforcement. Private security as an "industry" is ill-defined and much of the obtainable data come from highly fragmented sources. In particular, Hallcrest noted several key problems in classifying,

defining, and obtaining consistent and comparable measures of security industry size, growth, market segments and trends:

- (1) Grouping of security product types within categories is inconsistent among various market research reports.
- (2) Absence of citations and source references.
- (3) Inconsistent growth rates are reported.
- (4) Failure to relate categories to the U.S. Department of Commerce's Standard Industrial Classifications (SIC), although it offers an accepted standard in estimating and forecasting of industrial and consumer goods market sizes, is frequent.

Hallcrest took a two-pronged approach to estimating and profiling the size and dimensions of private security in the United States. First, Hallcrest national survey and reconnaissance data, and Bureau of Census, Bureau of Labor Statistics, and Department of Justice data were used to estimate the total number of proprietary (in-house) and contractual security employees for 1982. Second, an economic analysis of the private security industry from a 1980 baseline was conducted in several steps:

- (1) Classification scheme and standardized definitions were developed for major security services and products, relying primarily on SIC codes.
- (2) Key measures of economic activity were defined for services (revenues, payroll, employment) and products (manufacturer value of shipments by Original Equipment Manufacturers [OEM] and number of firms).
- (3) Industry structure was determined from established firms and their relative size, market share and product/service concentrations.

(4) Key markets and demand trends were assessed which were expected to impact growth, including critical past and future growth; and finally,

(5) Growth projections were made for each category in constant and current dollar terms to 1985 based on statistical trend extension (least squares method) and a consensus of government, trade, funded studies, market research reports, and the Hallcrest surveys and reconnaissance data.

1.4 TREATMENT OF THE DATA

Since the project was largely descriptive in nature, several approaches to treatment of the data were mandated. First, unless otherwise specified in the text, reconnaissance, national and site survey data, interviews, economic analysis, and the literature review were reported together by topic areas within the chapters, rather than as separate sets of data. Second, as a multi-stage sampling problem, it was critical to obtain a representative sample in the first stage--law enforcement agencies--by department type, size, population group and region of country. Third, the voluminous amounts of data limited initial data analysis to frequency distributions and analysis of central tendency within and between respondent groups for the identical questionnaire items. Fourth, crosstabulations and measures of association (primarily Chi-square) between variables would be applied only as trends became apparent. Fifth, considerable qualitative analysis of site and reconnaissance data would be required. This report only begins to "scratch the surface" of potential

secondary data analysis which can be performed after review of this report and the formation of tight research hypotheses by academicians, and researchers. Law enforcement returns were received from 146 SMSA's and from 33 counties, with a representative distribution among population groups and geographic regions of the country. Sixty percent of law enforcement survey returns were cities below 100,000 population, yet 59% of the cities and counties of greater than 500,000 population in the U.S. are included in the sample returns. In anticipation of differences in responses based on size and type of department and regions, cross-tabulations were performed on many survey items by department type and aggregated population classes and regions.

In the proprietary national surveys, 22 primary business types were aggregated into the categories of commercial (33%), industrial (51%) and institutional (16%) to facilitate cross-tabulation of key survey items by aggregate business sector. A wealth of information remains to be tapped by primary business sectors for both sizing and description of security programs and their relationships with law enforcement agencies. A representative distribution was also obtained for contract security firms by type of service and size (employees and revenues), and composite profiles were constructed for median values of firm sizes of less than 25 employees, 25 to 100 employees and greater than 100 employees. The largest category of contractual security firms was guard and patrol

service (32%), followed by local alarm firms (18%), central station alarm businesses (15%), and private detective firms (10%).

Three of the national surveys were directed to the chief or sheriff and to top corporate or contract security managers. About 90% of the law enforcement questionnaires were completed by the chief or sheriff, deputy chief or undersheriff, division commander or other top-level commanding officer. About 75% of the responding proprietary security managers indicated that their primary responsibility was for the entire organization, a corporate division, or a subsidiary company; both large and small businesses were represented in the returns. Contractual security surveys were generally completed by the local manager of national and regional firms or the owner or chief operating officer of local security firms.

1.5 ORGANIZATION OF THE REPORT

The report has been organized into volumes and topics with a logical flow and progression. Chapters 2 and 3 in Volume I discuss the common objective to which both public and private protective resources are directed: crime. Chapter 2 focuses mostly on "crime in the streets" (ordinary crime), while Chapter 3 takes a more extensive look at workplace crime and "crime in the suites" (economic crime), the most frequent type of crime addressed by private security. Chapters 4 through 8, also in Volume I, describe the resources of proprietary and

contractual security--their concerns, characteristics, problems and deficiencies. The level of detail in these chapters was deemed appropriate to impress upon the reader the inescapable conclusion that private security is, in fact, a massive, potential resource for community crime prevention and control.

Chapters 9 through 13 (Volume II) begin with a discussion of the respective role orientations of law enforcement and security as public and private protective resources. Their interaction and cooperation is described in terms of frequency and type of contact, exchange of resources and information, cooperative programs, impediments to relationships and recommendations of managers and operational personnel to improve relationships. Two problems of national dimensions--police moonlighting in security and false alarms--are highlighted. Strategies for upgrading security operations and personnel are reviewed. Finally, an assessment is made of the impact of existing and emerging security technology on police/security relationships.

Chapter 14 is a separate volume (III) of findings, conclusions and recommendations. Recommendations and a future research agenda are outlined following presentation of each section of major findings and conclusions. Volume III is a blueprint for action to achieve greater utilization of private security as a crime prevention and control resource, to initiate greater interaction and cooperation between law enforcement and private security, and to learn more about economic

crime, the private justice system, and private security protective measures.

Volume IV consists of technical appendices which support the research project. Appendices A and B discuss the national and site survey methodologies and display frequency counts for each survey instrument. This information should assist those wishing to conduct additional research. Appendix C contains the economic analysis with detailed baseline data for each major category of security products and services. Appendix D is a compendium of key provisions of state regulatory legislation. Appendix E lists major security-related associations.

FOOTNOTES

Chapter 1

1. Time, March 23, 1981, p. 16.
2. Address to the 89th Annual Conference of the International Association of Chiefs of Police, September 1982, in Police Chief, March 1983, p. 53.
3. Federal Bureau of Investigation, U.S. Department of Justice, Crime in the United States: 1981 (Washington, D.C.: U.S. Government Printing Office, August 1982), p. iv.
4. Clifford D. Shearing and Phillip C. Stenning, "Private Security: Implications for Social Control," Social Problems, 30 No. 3 (June 1983) 500.
5. National Advisory Committee on Criminal Justice Standards and Goals, Report of the Task Force on Private Security, (Washington, D.C.: U.S. Government Printing Office, 1976), Foreword.
6. The 83 standards and goals with supporting commentary contained in the 580 page volume were summarized in a digest prepared by Learning Systems, Inc. (Boston), Digest of Private Security Standards and Goals (McLean, VA: Hallcrest Press, 1978).
7. Private Security Advisory Council to the Law Enforcement Assistance Administration, U.S. Department of Justice: A Report on a Model Hold-Up and Burglar Alarm Business Licensing and Regulatory Statute; A Report on the Regulation of Private Security Guard Services, Including a Model Private Security Licensing and Regulatory Statute; Terroristic Crimes: An Annotated Bibliography; Potential Secondary Impacts of the Crime Prevention Through Environmental Design Concept; Private Security Codes of Ethics for Security Management and Security Employees; Prevention of Terroristic Crimes: Security Guidelines for Business, Industry and Other Organizations; Law Enforcement and Private Security Sources and Areas of Conflict and Strategies for Conflict Resolution; Scope of Legal Authority of Private Security Personnel; Model Security Guard Training Curricula; Standards for Armored Car and Armed Courier Services; Guidelines for the Establishment of State and Local Private Security Advisory Councils. A number of these reports were published in the Security Monograph Series (McLean, VA: Hallcrest Press, 1978).

CHAPTER 2

CRIME AND FEAR OF CRIME

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CHAPTER 2
CRIME AND FEAR OF CRIME

2.1 CRIME AND PUBLIC PROTECTION RESOURCES

2.1.1 Rising Crime and Increasing Resources

Crime in America has been the subject of presidential commissions, congressional inquiries and massive infusions of federal, state and local funding. Although in 1981 the rate of citizen-reported crimes to the police "stabilized," in the three preceding decades crime rates rose gradually at first and then began increasing steadily. Crime became a national phenomenon not specific to one kind of community. In old, declining cities like Newark, New Jersey, property crime rates increased by a factor of seven, while violent crime rates increased by a factor of more than eleven.¹ In the growing cities of San Jose and Phoenix, for example, property crime rates more than doubled, and violent crimes more than quadrupled. Nationally, crime victimization studies have consistently shown since 1975 that about one-third of households have been "touched by crime"-- individual members of the household became victims of violence or theft.²

In an NIJ-sponsored 31-year longitudinal study of crime rates (1948-1978), Jacob and Lineberry (1982) found that between one-seventh and one-fifth of all front-page newspaper stories concerned crime and that by 1974, "law and order" had emerged as the "most salient issue" in local politics--more

frequent than race, economic growth, government reform and municipal corruption.³ Attorney General William French Smith commented on crime as a national phenomenon:

In recent decades, however, American government has not succeeded in protecting its citizens against predators from within. In recent years, this nation has been plagued by an outbreak of crime unparalleled in our history and unequalled in any other free society.⁴

Jacob and Lineberry found that rises in crime rates were very similar over a 31-year period despite quite different characteristics in ten cities that represented a broad spectrum of American urban life.⁵ In addition, they gathered baseline comparison data from 396 cities greater than 50,000 population. The combined data show that crime did not adhere to easily identifiable demographic patterns, even for such commonly accepted variables as race, poverty and youth. As independent variables, minority race was associated with higher levels of violent crime; poverty levels were only marginally related to crime rates; and youth population was not significantly related to crime rates.

In response to rising crime, local governments accounted for 59.4% of criminal justice systems expenditures by 1978.⁶ Jacob and Lineberry found that police expenditures, personnel and activities significantly increased during the 31-year period. Police expenditures in constant dollars rose about 350% over the period, while police officers per 1,000 population increased in all population categories. The 1.33 ratio of police officers to 1,000 population in 1948 had increased

to 1.96 officers for every 1,000 people by 1978. From 1970 to 1978, major cities like Boston increased their officers by 25%, and Atlanta increased its personnel by about 33%. Correspondingly, police activities significantly increased over the 31-year period as measured by the arrest-to-offense ratio, arrests per police officer, moving violations per officer and the police "focus" on violent as opposed to property crime. Yet, the study concludes, these activities had little effect on rising crime, regardless of city size and size of police forces.

Despite the ability of police departments to obtain larger budgets and personnel increases from city councils, Jacob and Lineberry saw police departments as unable to transform those resources into activities that could curb a "soaring rate of serious crime." Likewise, court and prosecutorial resources had little impact on crime: "over the same period, the resources of courts and prosecutors stayed even with, or actually increased faster than, the demands on them, measured by crime and arrest rates."⁷

The Federal Government has also contributed substantial resources to combat crime over the past few decades. Even using the Census Bureau's narrow definition of law enforcement, federal law enforcement costs grew from \$70 million in 1946 to \$1.2 billion by 1976.⁸ In the decade of the 1970's alone, Federal Government spending for criminal justice grew fourfold. Although only twelve federal agencies have a direct

law enforcement mission, there are 101 other federal organizations with programs and activities in law enforcement, police, or investigative areas. One-third of these agencies did not even exist at the beginning of 1970.⁹ In addition, the Federal Government spent in excess of \$8 billion in direct financial assistance to state and local government through the Law Enforcement Assistance Administration (LEAA).

Jacob and Lineberry conclude that crime had in fact become a serious national problem which neither local, state, nor Federal Government resources have seriously affected.

Of transcendent importance is our finding that crime has become a national problem. We have shown that the crime problem has grown more serious in all kinds of communities in the United States over the past generation... crime has surged everywhere in the United States regardless of local efforts to stem the flood tide. Whether local officials engaged in herculean efforts or none at all, the crime wave affected their community. Even the period during which federal aid to law enforcement efforts through LEAA grants rose significantly did not fundamentally alter the situation.¹⁰

Similarly, FBI Director William H. Webster summarized the ineffectiveness of the criminal justice system to "stem the tide of criminality" in his Foreword to the 1981 Uniform Crime Report:

As has been pointed out by many knowledgeable students of the crime problem, large expenditures of public resources will not alone result in significant inroads on crime. No segment of the criminal justice system, whether it be law enforcement,

courts, prosecution, corrections or rehabilitation, has individually or in concert with others been able to stem the creeping tide of criminality.¹¹

2.1.2 Stabilizing and Declining Resources

The growth in law enforcement resources was due largely to the crime rate and the influx of LEAA funding, but it was also a part of the "boom years" of government growth in the 1960's and 1970's when public service employment was the fastest growing sector of the job market, according to the Bureau of Labor Statistics.¹² In 1982, however, public service employment declined, and state and local government spending, as a percentage of the Gross National Product, dropped for the first time since World War II. Local, state, and Federal Government labor forces were reduced by 316,000 positions for the twelve-month period ending October 31, 1982. While 29% of the 246,000 local positions were in education, police and sheriffs' departments were not immune to substantial reductions in government labor forces.

Through planned reductions in force (RIF's), hiring freezes, and normal attrition of personnel, both large and small departments alike experienced decreases in police personnel. Large departments like New York City and Detroit lost thousands of police officers. In Washington, DC, for example, the 5,000-member Metropolitan Police Department was reduced by about 1500 members from 1971 to 1981. In the Hallcrest national surveys, 44% of police and sheriffs' departments

reported the same or fewer personnel in 1981 than they had five years earlier. Another measure of stabilizing or declining law enforcement resources is the reduced number of police recruits participating in state-mandated training programs. In the State of Illinois, for example, the Police Training Institute at the University of Illinois trained less than 500 police recruits in 1982, down from just over 1,000 in 1979.

RIF's were also commonplace in state government. Nearly 30,000 positions were lost to RIF's in 44 state governments in 1981 and 1982. Overall, the Bureau of Economic Analysis estimated that state and local spending as a percentage of national income went from 12% of national income in 1960 to a record high of 18.7% in 1975; the U.S. Chamber of Commerce estimated a drop to 16.3% of national income in 1982.¹⁴ In 1980, the 50 states had a combined surplus of \$11 billion, yet cutbacks that year in state and local budgets totaled about \$33 billion. By 1983, the 50 states had a combined deficit of \$3.8 billion, with 22 states projecting budget deficits and 13 other states expecting to barely break even.¹⁵

Federal law enforcement agencies have also been faced with decreasing staffing levels. Between 1976 and 1980, for example, the FBI lost 800 agents. Another example is the Attorney General's economic crime investigation and prosecution program. Initiated with an allocation of 40 to 60 attorneys in 1979, only 27 positions were authorized in FY 1981, and by FY 1982 only 10 of the positions remained. Total Justice Department expenditures proposed for FY 1983 barely

exceeded the prior year's budget. Reductions in some federal law enforcement agency and U.S. Justice Department programs directly impact already strained local and state law enforcement resources. The FY 1983 budget, for example, included a decrease of \$5.7 million for discontinued local drug enforcement programs, at a time when drug abuse had again become a pervasive community problem.

The reduction in expenditures, labor forces and programs in local government have been attributed to such factors as depressed regional economies, population losses, federal aid cutbacks and political and public pressure to reduce the size of government. A Newsweek magazine article succinctly attributed cutbacks in government to the "3 R's": the recession, reduced federal aid, and the revolt of the taxpayers.¹⁶ The so-called taxpayer revolt has been perhaps the most visible of these forces that have reduced levels of government services. The Assistant Director for the Advisory Commission on Intergovernmental Relations noted that the tax revolt had "stopped state and local spending dead in its tracks and is now actually bending it backwards."¹⁷ The taxpayer revolt received its impetus from the passage of Proposition 13 by the voters of California in 1978 which amended the state constitution to achieve a 60% reduction in local property taxes. The main provisions included: (1) a roll back in property valuation for tax purposes to 1975-76 market values, (2) a 2% per year limitation on property value increases due to inflation, and, (3) the imposition of other forms of taxation (new or

higher) was made more difficult. Since California's precedent-setting citizen initiative, 18 other states imposed limits on local government spending.

The fiscal impact of Proposition 13 was predicted to be devastating to local government--a loss of about 23% in their expected total revenue. Several state legislative provisions, however, lessened the actual impact: (1) state assumption of certain state-mandated expenses formerly borne by counties, (2) block grants to schools, cities, counties and special taxing districts, and (3) a favored or protected status for police and fire departments in the state's bailout legislation, requiring a "maintenance of effort" in the first fiscal year of implementation. Ironically, the state's large accumulated \$3.8 billion surplus was used to fund the bailout--itself a major factor in the voters' passage of Proposition 13 by a 2 to 1 margin. Local government also attempted to cushion the blow by increasing other local taxes and drawing down reserves; nevertheless, a real loss in revenues was experienced by many local governments. Thus, the trend in usually steady annual increases in real revenue had been reversed.

Despite the public consensus that law enforcement should receive high priority in adapting to reduced revenue, the anticipated high priority on law enforcement service was not maintained relative to funding levels of other local government departments, according to an assessment of the impact of Proposition 13 on California's criminal justice system.¹⁸

Budget increases realized by law enforcement agencies were largely due to improved salaries and benefits, while uniformed force sizes remained constant or declined slightly. Similar to the Hallcrest national survey of chiefs and sheriffs, this study cited many law enforcement agencies already experiencing staffing limitations or retrenchment during the five-year period preceding passage of Proposition 13. Some sheriffs' departments, faced with external pressures and state mandates, withdrew resources from law enforcement and allocated them to corrections functions.

Law enforcement agencies in California and other communities throughout the country adopted a variety of measures to offset the impact of budget cuts, manpower and other resource reductions. Accustomed to "incremental budgeting" by adding a little to each successive year's budget, law enforcement administrators began adjusting to "reduced level" budgeting. "Cutback" management styles of police services delivery became commonplace. As one chief of police observed, "today, the management associated with declining or stagnating programs appears to be the rule, not the exception as in the past."¹⁹ In many communities support services were sharply curtailed and attempts made to lessen the police workload, while in other departments police patrols were reduced. At one extreme, the city council in Belvidere, Illinois, voted to eliminate all preventive police patrols, limiting police response to only emergencies and felonies. Common targets for budget reductions by police administrators included vehicle

replacement, training, overtime, and capital expenditures. The cutback management policies that have most seriously affected delivery of police services are those that reduce workload by screening calls for service and investigations, i.e., policy decisions not to respond or investigate certain calls for service, minor incidents, and crimes with few investigative leads. Chaiken and Walker (1981) label reduction of police workload by policy changes as "demand shedding."²⁰ In some instances, municipal police departments abandon an activity, thus obligating the county sheriff to assume responsibility. (Cities, for example, could stop providing prisoner detention facilities or serving certain court-ordered warrants.)

In most communities, law enforcement agency program and activity cuts were adopted with little citizen input on police service priorities. While some law enforcement agencies felt they had borne the brunt of local spending reductions, special tax levies to restore law enforcement expenditures were soundly defeated in many communities. In the City of Oakland, for example, with the highest crime rate in California, voters rejected Measure A which would have imposed more than \$39 million in extra taxes on homes and businesses over a four-year period to enable the city to hire 88 more police officers. The results were similar in Los Angeles, where only 42% of the voters--far short of the required two-thirds majority--favored a boost in property taxes over four years to increase the police force by 20% to 8500 officers. Overall, California

voters approved only 14 of 54 local proposals in November 1980 for new property taxes to fund additional police, fire or para-medical services. Voter rejection of such police budget restoration levies was not directed specifically at police services but rather at a general reduction of all government service levels.

The size of the police force is just a part of the larger picture--just a piece of it--and the trouble is that when you increase it, you decrease something else--maybe schools, maybe recreation. It all comes out of the same pot, and it is the pot that is getting smaller, not only the police force.²¹

As one law enforcement educator noted, "the public is irritated and worried about high taxes and inflation. Therefore, the citizens are looking for accountability to ensure that public money is well spent."²²

Citizens recognize that police have an impact on crime in the community, but they began to question at what point there are sufficient numbers of police officers and deputies to control or manage crime within some undefined but acceptable level.

What the statistics indicate is that there is no pattern. Crime does what it wants. No one would argue that the crime rate has nothing to do with the size of the police force. It has to. Logic and experience tell you that. But what logic and experience do not tell you is the point at which you have enough cops and the point which you have nothing more than the fiscal version of wretched excess.²³

Jacob and Lineberry concluded that in the absence of demonstrated police effectiveness at crime reduction and plausible solutions, the problem of crime in communities may end up simply suffering from "benign neglect" which could result in citizen acceptance of relatively high levels of crime.

Citizen input on police service priorities in cutback management programs is frustrated by the absence of objective standards to measure the adequacy of existing service types and levels and to evaluate police effectiveness. In the last few years, even time-worn indices such as ratio of sworn personnel to population were abandoned as small increases in personnel failed to keep pace with the population growth. For example, immediately after Proposition 13 in California, the force size of police and sheriffs' departments increased in cities with increasing population, but did not always keep pace with the population growth rate.²⁴ The standards currently being developed by the Commission on Accreditation for Law Enforcement could provide a norm against which citizens could measure police and sheriffs' department performance and also provide an independent guideline for justifying and allocating police resources. The lack of recognized standards or measures of police effectiveness in community crime control could become a distinct liability for maintaining adequate levels of public protection resources.

2.2 FEAR OF CRIME AND CITIZEN RESPONSE

Crime is not solely a concern of the public agencies or social institutions organized to combat it. Americans have a genuine concern about crime. Because people have been the victims of crime themselves and/or because they identify with a specific class of victims, the occurrence of crime in close social and spatial proximity generates a fear of crime for many citizens. The well-documented overrepresentation of violent and street crimes in the news media also greatly affects the public's image of crime and the adequacy of existing resources and strategies to cope with it.²⁵ People are more apprehensive about crime victimizations than they are about other dangers they face more often, according to a NIJ-sponsored five-year study on "Reactions to Crime."²⁶

Some authorities in research and the news media, as well as prominent national leaders in the criminal justice system, continually refer to increasing levels of crime and fear of crime in recent years.²⁷ The Figgie Report on Fear of Crime, commissioned by the parent corporation of several major security products and service firms, sees the fear of crime as "slowly paralyzing American society."²⁸ Chief Justice of the U.S. Supreme Court, Warren Burger, described a "reign of terror in American cities" that might be leaving Americans "hostages within our own self-styled, enlightened, civilized country."²⁹ In March 1981 Newsweek and Time magazines featured cover stories the same week on the "epidemic" and

"curse," respectively, of violent crime in America; both magazine covers pictured a loaded revolver with the barrel pointed at the reader.³⁰ Perhaps, as urban sociologist Charles Silberman observed in Criminal Violence, Criminal Justice, "crime is as American as Jesse James."³¹

The Figgie Report found that fear of specific violent acts (concrete fear) affects four of ten Americans and touches 70% of the population. Four of ten Americans also suffer from degrees of fear concerning their safety in the community (formless fear). This report described Americans as "extremely cautious and security-minded," since "crime and the fear of crime have, like a dark dye, permeated the fabric of American Life."³² A Gallup Poll conducted for the March, 1981, Newsweek article found that over one-half of the public is afraid to walk at night in an area within one mile of their home and feel they are "at least somewhat likely to be assaulted on the streets." In addition two-thirds feel they are somewhat likely to be robbed outside their homes. Citizens are much more likely to be victims of property crime, but the Reactions to Crime project found that burglary, in the aggregate, accounts for a great deal of fear of other crimes as well. Ironically, this project found that crime discourages neighborhood involvement in collective responses to crime, while at the same time it stimulates fear.³³

Similar concerns and fear of crime emerged in victimization surveys in the field study sites for this research project. In the Multnomah County, (Portland), Oregon, site

annual victimization studies by the Oregon Crime Analysis Center show that about 40% of citizens feel that crime increased in their neighborhoods in 1981 and 1982, and one-third of the survey respondents expected to be victims of crime in the coming year.³⁴ Similarly in Baltimore County, Maryland, 55% of surveyed county residents said their level of fear had increased in the past one to two years. The percentage was 70% for one major neighborhood with over 90% home ownership and permanent residency of over three years.³⁵ In this typical middle class neighborhood, over one-half of the surveyed residents, a member of their family living with them or an acquaintance had been a crime victim; 78% had a "firsthand" crime experience in the past year. One former director of the Bureau of Justice Statistics was quoted as saying that within four or five years "every household in the country will be hit by crime."³⁶

Other researchers disagree with the level of fear reported in such studies and the media, and they especially reject its implication that a new wave of fear is sweeping America. The Gallup and National Opinion Research Center surveys, the critics note, indicate that citizen concern about crime has been stable since the early 1970's, and Bureau of Justice statistics data show the victimization rate has been stable over the same period. Researchers question the appropriateness or rationality of these levels of fear, since studies such as the Reactions to Crime project and other research consistently show that those sub-groups of the population most

fearful of crime are also those least targeted as victims. Yet, people are tired of statistics, as crime victim advocate and former rape victim, singer Connie Francis, told the International Association of Chiefs of Police:

The American public has had it. They're not interested in statistics...they're interested in the freedom from fear for themselves and their families. They want to make it to the supermarket and to the subway or to work without getting maimed, raped, mugged, killed.³⁷

A similar viewpoint was expressed by syndicated columnist James J. Kilpatrick concerning the academic debate over crime statistics:

The figures no longer impress. We have heard them too many times. Crime has become like the weather. Everybody talks about it, but there is a dispirited acceptance that nothing can be done about it. Crime is a part of life.³⁸

Although Americans may have become more tolerant of higher levels of crime, their response has not been entirely apathetic. One of the most significant findings of Hallcrest's research project is that "self-help" measures,³⁹ both individually and corporately, are being taken at a time when law enforcement resources have stabilized and, in some cases, declined.

Growing numbers of Americans have undertaken "self-help" measures to better protect themselves--e.g., by using locks, lighting, guns, burglar alarms, citizen patrol, security guards, and engraving valuables. Forty percent of the people

responding to surveys in ten neighborhoods in Chicago, Philadelphia and San Francisco in the Reactions to Crime research project had installed some form of security device in their homes in the past few years because of their perception of crime. Similar data were found in the case study sites for Hallcrest's project. The Oregon Crime Analysis Center surveys found in 1982 that over one-half of the respondents had placed stronger locks on doors and windows, improved lighting of their homes and yards or installed burglar alarms in the past year. At the other end of the spectrum, 51,000 handguns were purchased in Dade County, Florida, in 1980 as homicides soared to the highest per capita rate of any American jurisdiction.

Regardless of statistical correlation, increasing numbers of citizens are protecting themselves in direct response to a crime event, identification with similar neighborhoods or victims, or a general fear of crime (founded or unfounded). Skogan and Maxfield (1981) found that purchases of home protective devices were most strongly linked with the variables of: (1) home ownership, (2) confidence in the neighborhood, and (3) long term commitment to actually remaining in the area.⁴⁰ In addition, Podolefsky and Dubow (1982) found communities of young professionals more likely to undertake protective measures.⁴¹ Insurance premium reductions are incentives for some homeowners to install security devices, with credits ranging from 15% to 20% for installation of central station monitored burglar and fire alarm systems and deadbolt

locks.⁴² Insurance premium reductions are also an incentive for installation of loss prevention equipment by business and government. The Insurance Service Office, for example, recommends up to a 70% premium credit for central station alarm systems with protected openings at the basement, first and second floor levels and central station response within 15 minutes of an alarm signal.⁴³

A developing area of law also suggests that landlords, businesses and other property owners may have a duty to provide adequate protection for their tenants, employees, customers, and visitors. In Butler V. Acme Markets, the New Jersey Supreme Court reviewed the issue of merchant responsibility to protect their customers from the acts of unknown third persons.⁴⁴ The court rejected the argument that personal security of individuals is solely a police function. (Organization responses to crime and establishment of security programs and measures are discussed more fully in Chapter 4).

Subsequent chapters of Hallcrest's research project document the growth of private security goods and services as measured by government data, market research reports and Hallcrest national surveys. In addition to the data, the majority of chiefs and sheriffs in the Hallcrest national surveys reported an increased use of private security in their communities during the same five-year period when they often reported police resources as stabilizing or declining. Private protection resources have begun to play an increasing role in the protection of America.

2.3 CRIME PREVENTION PROGRAMS

In the 1960's and early 1970's citizen-initiated crime prevention programs usually were not encouraged by law enforcement agencies. Citizen patrols, especially, were discouraged and often viewed as "urban vigilantes."⁴⁵ A decade later, the Guardian Angels also encountered police indifference and antagonism as their street patrols comprised of young adults and adolescents were established in major cities. Through the efforts of the Crime Prevention Coalition, the National Crime Prevention Institute and other organizations, crime prevention programming and materials greatly increased. The Hallcrest national surveys found that over 90% of police and sheriffs' departments had established formal crime prevention programs. Gradually, the police began to perceive limitations in isolated crime prevention efforts and began reaching out to the community to forge partnerships with neighborhood groups. The community both sought and embraced proactive programs such as block and apartment watches, property engraving, home security surveys and street and building patrols. As FBI Director Webster noted, crime prevention became a "watchword in almost every community."⁴⁶ From the "canyon watches" of San Diego to the "alley watches" of Minneapolis, residents have increasingly begun to "take a stake" in the safety of their neighborhoods.

Podolefsky and Dubow also examined the dynamics of local participation in crime prevention activities. Their data suggest that groups are not established in response to crime,

but rather crime prevention programs evolve from established groups to which neighborhood members already belong. Participation in crime prevention programs is most closely associated with membership in these organizations and there is no "systematic evidence" that participation in these programs is associated with an individual's attitude toward crime. Yet, Neighborhood Watch programs have been established in thousands of communities, often independent of any existing neighborhood association. In California, for example, over 50,000 such programs alone serve 85% of the state's population. Civic-minded volunteers have become active in patrolling their neighborhoods as "supervised offspring" of the police and have also started a renewal of police and sheriffs' auxiliary and reserve units.

Ironically, a literature review conducted by the Reactions to Crime project suggested that crime awareness and prevention programs sponsored by law enforcement agencies may increase citizen fears of crime. Nevertheless, the Neighborhood Watch and other community-based crime prevention programs since their inception have generally been acknowledged to have some measurable impact on crime. Interestingly, Jacob and Lineberry, in their three-decade study of police resources, concluded that citizens should take greater precautions with themselves and their property, but thought it unlikely that "individual" private actions will overcome the national trends which seem to generate crime. Yet in 1982, crime reported to the police had slightly decreased nationally

for the first time, according to the FBI Uniform Crime Report program. These decreases were experienced in many major cities, not just smaller communities. Law enforcement administrators began lauding Neighborhood Watch and other citizen crime prevention programs for having a measurable impact on crime in their communities.⁴⁷

[These citizens] and several thousand other Washington area residents, the region's police chiefs among them, are convinced that the army of citizens participating in such Neighborhood Watch programs played a major role in reducing crime in every jurisdiction here last year.⁴⁸

We are proving property crimes can be deterred and prevented. It is no coincidence that during this period...the number of Neighborhood Watch groups in Fairfax County passed the 250 mark.⁴⁹

Conspicuously absent from police-based crime prevention programs, however, is the input of the 1.1 million persons employed in private security. Crime prevention and proactive approaches to crime control have long been a primary orientation of private sector protection programs. Yet, there is little cooperation between the public and private sector in crime prevention programs. The February 1983 Police Chief feature on "Reducing Residential Crime", for example, failed to even mention private security as a potential resource. The remainder of this report will document the resources, contributions, and deficiencies of private security, their relationships with law enforcement agencies, and prospects for forging a partnership to combat crime.

FOOTNOTES

Chapter 2

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CHAPTER 3

CRIME IN BUSINESS

AND INSTITUTIONS

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CHAPTER 3

CRIME IN BUSINESS AND INSTITUTIONS

The common ground for interaction between law enforcement and private security resources is crime. Most crime confronting individuals and neighborhoods is expressed as index or "ordinary" crime in the Uniform Crime Reporting (UCR) system. Crimes against business and "white-collar" crime and the closed environments of institutions pose a different set of problems and demand organizational responses to crime in addition to those provided by law enforcement agencies. This chapter explores the nature, extent and impact of economic crime; some international aspects of crime affecting business; and methods for resolution of crime in business and institutions. This discussion provides the structure within which to examine the resources of private security in subsequent chapters of Volume I and to explore the interrelationships of private security and law enforcement in Volume II of this report.

3.1 THE EXTENT AND COST OF ECONOMIC CRIME

3.1.1 Introduction

Much of the public's perception of crime and protection resources is formed by impressions of the local "crime rate" which is based on the UCR index of crimes. This standardized index, along with periodic victimization studies, provides a fairly systematic measurement of "crime in the community" for

the average citizen. Law enforcement executives and community leaders commonly discuss allocation of police resources and enforcement programs on the basis of the crime index. In the business community, however, there is no readily acceptable measure of crime. In fact, the lack of standardized definitions, classifications, and the underreporting of crime contribute greatly to problems of measurement. This section presents a working definition of economic crime, its impact, and an updated estimate of the cost of business crime. The following discussion is not intended to be an in-depth, scholarly treatment of this subject; rather, it is an attempt to convey the magnitude of the crime problem to which the resources of law enforcement and private security are directed.

3.1.2. Economic Crime and Its Impact

Most of the literature and study projects tend to classify "crime in business" as crimes against business, as internal and external theft (its major components), as ordinary crime and white-collar crime, or as economic crime. We suggest that the differences are more than just semantics, and that focusing on the "economic" aspect of crime provides a fuller appreciation of the true economic impact or overall cost of "work place" crime to business, government, and the public.

3.1.2.1 Defining Economic Crime

Most crimes against business fall into the traditional legal category of crimes against property. These include arson, burglary, robbery, and various forms of theft or fraud--both external and internal. Crimes against business at first glance would not seem to include crimes against persons, but some persons become the victims of crime because of their connection (direct or indirect) with a business enterprise. For example, business executives have been kidnapped for ransom to be paid by their companies, and bank officers and/or their families have been held hostage as part of bank robberies. One source estimated that business paid more than \$250 million in ransoms during the 1970's.¹

As early as 1949, Sutherland in his pioneering book, White-Collar Crime, sought to document the existence of crime committed by otherwise noncriminal stereotypes. Law enforcement agencies directed virtually no resources to investigation and prosecution of what is now colloquially referred to as "crime in the suites" as opposed to "crime in the streets." Today, the existence of white collar crime--largely acts of fraud and embezzlement--is unquestionably accepted by researchers and law enforcement agencies. The Federal Bureau of Investigation (FBI) has labelled it "the crime of the 1980's" and has nearly 25% of their available manpower (1700 special agents) assigned to its detection.² Yet, there is not uniform agreement among researchers, the business community, and law enforcement on definitions, classification and measurement of

white-collar crime. Dinitz (1982) provides an excellent analysis of white-collar crime issues, including a content analysis of important business periodicals and an evaluation of leading authors in the field of white-collar crime.³ Focusing on white-collar crime, however, ignores the economic impact of "ordinary crime"⁴ against business, especially small business.

Legitimate business enterprises not only are concerned about crime perpetrated directly against their business, but also are greatly concerned about forms of crime that represent themselves to the public as ordinary businesses. Every form of fraud on the consuming public has a strong impact on businesses trying to sell the same product or service honestly. For example, pirating of copyrighted recorded music or video tapes deprives both the customer of the genuine item he thinks he is buying and the recording artist and studios of the rightful reward for their talents. The Record Industry Association of America estimated that more than 600 million of the two billion records and tapes sold in the U.S. in 1980 were unauthorized in some way--a loss of as much as \$1 billion in entertainment industry revenue.⁵

Thus, we offer for consideration a working definition of economic crime which suggests its breadth and pervasiveness in America and a basis for measurement of its true impact and cost:

Economic crime is illicit behavior having as its object the unjust enrichment of the perpetrator at the expense of the economic system as a whole and its individual components. The consequences of economic

crime are increased costs that are passed on to consumers and taxpayers and that place a financial burden upon the business community, the government, and, ultimately, the public. This working definition of economic crime is intended to encompass the terms of white collar crime, crimes against business, management fraud, ordinary workplace crimes in organizations, and fraud against the government and consumers.

This definition accommodates crimes against both business and government, thereby recognizing the major role government expenditures play in the operation of the economy. This definition could be supported by most standardized definitions of economics which contain generalized descriptions of how resources are used to produce goods and services for distribution and consumption. Economic crime is crime that keeps the economy from operating in accord with society's reasonable economic, social and political expectations. For example, in his basic text, Economics, Paul A. Samuelson defines economics as follows:

Economics is the study of how men and society choose with or without the use of money, to employ scarce productive resources to produce various commodities over time and distribute them for consumption, now and in the future among various people and groups in society.⁶

Of the many significant concepts in that brief definition, consideration of how money is obtained and used to produce goods helps to illustrate how crime affects the economy. Business enterprises obtain money in three major ways: by selling interests in the business, by borrowing money, and/or

by selling the products or services they produce. These methods have historically had problems which have necessitated the enactment of criminal statutes; the following section examines some of those problems.

3.1.2.2 The Direct Impact of Crime

States have "blue sky" laws to control schemes to persuade investors to invest money in worthless enterprises. The Securities and Exchange Commission regulates public issues of stock and the operation of stock exchanges. Nevertheless, a variety of stock frauds are still perpetrated. In one large-scale stock fraud, for example, six persons were indicted for scheming to defraud more than 200 investors of nearly \$40 million in fraudulent coal-mining ventures.⁷

Business borrowing also entails opportunities for crime. Corporate bonds can be counterfeited or stolen. In August, 1981, for example, the FBI recovered \$50 million of stolen bonds and arrested three persons on charges of embezzlement, theft and conspiracy.⁸ This has an impact on the corporation, the brokerage firm and the legitimate bond holders. Money or goods can also be obtained as part of a planned bankruptcy, with the creditors (ordinarily other businesses) being the victims. Even financial institutions themselves have collapsed as a result of planned bankruptcy through fraud and embezzlement.⁹ In addition, credit is paid for by interest, which gives rise to the possibility of usury. The high prime interest rates during the recent recession and the restricted

money supply policies of the Federal Reserve Board certainly encouraged usury for companies caught in the recession with limited cash reserves, declining sales and a desperate need for cash.

Selling often involves the extension of credit to customers, and the extensive use of credit cards. The advent of Electronic Funds Transfer, and Automatic Teller Machines dramatically increased opportunities for credit card fraud or "electronic crime." Now a single bank credit card and personal identification number allows a thief to not only obtain goods and money with the card, but also to direct monies into other accounts and form the basis for elaborate check-writing schemes. The rapid real-time transactions allow many illicit funds and goods to be obtained before internal auditing controls can detect the unauthorized use of an account or credit card. Merchants suffering adverse effects from lagging cash sales in a recessionary economy have often had to accept major bank credit card purchases, thus risking additional business losses through potential fraudulent use.

The most common ways of illegally taking money from a business enterprise have been robbery, burglary, larceny, and embezzlement. Stealing, however, has become more sophisticated and complicated, and can involve acts not generally thought of as "crime." Falsification of records, for example, leads to payments for goods never received and for hours never worked, sometimes to nonexistent employees. In an annual study of waste and abuse of on-the-job time, it was estimated

that in 1981 employees cost the American economy "a staggering \$120 billion" resulting from employee "time theft"--excessive socializing, conducting personal business on employer time, late arrivals, abuse of sick leave, etc.¹⁰ An interesting example of fraud is the estimated \$73.2 million a year lost by the Bell Telephone operating companies through fraudulent billings, that is, telephone calls charged to a number that is not the caller's own.¹¹ About \$48 million of the loss is from pay phones. While falsification of records, theft of time, and fraudulent telephone billings may seem like insignificant items, in the aggregate they can have just as devastating economic impact as many more traditional forms of crime.

Computer crime has been one of the more dramatic changes in organizational crime patterns in the 1970's and could become the most economically devastating crime of the 1980's. Although the real figure is unknown, the average loss from a computer crime has been estimated at \$500,000 by the FBI.¹² Manipulation of computer programs and access codes can move money from one account to another or even out of the business account altogether. The \$21.3 million embezzlement of Wells Fargo Bank in 1981, to set up boxing promotion companies of Harold Smith, was accomplished by manipulation of computer entries between two Wells Fargo branch offices. An elaborate scheme of credits and debits was posted in amounts just under one million dollars to avoid detection by the internal auditing controls.¹³

In the preceding paragraphs we have sketched some problems in raising and retaining money for the production and distribution of goods. By focusing on other elements of Samuelson's definition of economics, we could identify other crimes that would affect the production and distribution of goods. For example, sabotage of high-technology machinery can interfere with the production of goods, weaken the company competitive position from excessive downtime, and greatly increase capital or maintenance expenditures if the damage is especially severe. Cargo theft disrupts the distribution of goods for the manufacturer and wholesaler and restricts available inventory for the retail merchant. Like the other examples of crime cited above, these crimes against business viewed in economic terms (as economic crime) have far-reaching impact beyond the direct dollar loss of money or goods.

3.1.2.3 The Indirect Costs of Crime

The secondary or indirect costs of economic crime against business can be conveniently grouped into three categories: costs to business, government and the public.

The effects on business include:

- increased costs of insurance and security protection;
- costs of internal audit activities to detect crime;
- cost of investigation and prosecution of suspects measured in terms of lost time of security and management personnel;
- reduced profits;

- increased selling prices and weakened competitive standing;
- loss of productivity;
- loss of business reputation;
- deterioration in quality of service;
- threats to the survival of small business.

The effects on government include:

- costs of investigation and prosecution of suspects;
- increased costs of prosecuting sophisticated (e.g., embezzlement) and technology-related (e.g., computer) crime;
- costs of correctional programs to deal with economic crime offenders;
- cost of crime prevention programs;
- cost of crime reporting and mandated security programs;
- loss of tax revenue (e.g., loss of sales tax, untaxed income of perpetrator, and tax deductions allowed business for crime-related losses).

The effects on the public include:

- increased costs of consumer goods and services to offset crime losses;
- loss of investor equity;
- increased taxes;
- reduced employment due to business failures.

These effects are concerned only with those related to nonviolent business crime, but if the total crime environment

of institutions (school, hospitals, museums, etc.) were also considered, the effects on institutions would include:

- declining enrollment, attendance, or occupancy due to crime-related incidents;
- employee turnover and recruitment costs due to fear of crime incidents;
- increased costs of service;
- increased costs of insurance and security protection.

The Department of Commerce suggests that three out of ten business failures are related to crime losses.¹⁴ A 1967 Small Business Administration study, which measured loss as a percentage of total receipts, found that the impact of crime was significantly greater in small businesses than in large businesses.¹⁵ The smallest businesses (less than \$100,000 in revenue) suffered an impact three times greater than the average business in their study, and 35 times greater than businesses with receipts greater than \$5 million. In addition, researchers in the Crime in Retailing study found that food retailing inventory shrinkage increased as sale volume decreased.¹⁶ If this correlation were true for all retailing or all business, then one could expect greater amounts of loss in the past few years during a recessionary economy. The latest National Mass Retailing Institute (NMRI) retail theft study noted a dramatic increase in employee theft in the past year. During 1982, businesses have been filing bankruptcy at the rate of about 500 every week. Dun and Bradstreet predicted total commercial and corporate failures to approach

24,000 by year's end.¹⁷ This total does not include an estimated 4,000 firms weekly that "simply fold up and quit after paying off their debts."¹⁸ The role of crime-related losses in this massive number of business failures may be significant, especially given the impact of small business on the economy of communities.

3.1.3 Sources for Measuring Economic Crime

3.1.3.1 The Extant Literature

The Uniform Crime Reporting (UCR) system primarily addresses specific crime types and their incidence across a large number of victim populations. Until recently, most victimization studies tended to focus on the citizen victim and households rather than on the commercial victim. A body of literature exists on crimes against business and institutions as well as the crime prevention and response techniques utilized by them. The major sources of available literature, listed on the basis of volume of information found, are private security publications, government publications, business publications, criminal justice/social science publications, law journal articles, and association/corporate publications.

Since Security Management (published by the American Society for Industrial Security) and Security World began publication in 1957 and 1963 respectively, several other security-related publications have emerged which provide both

general and specific information on crime and security, e.g., Journal of Security Administration, Assets Protection, Alarm Signal, Security Systems Administration, and Security Distributing and Marketing. In addition, several subscription newsletters provide information from proprietary sources, news articles and surveys and other studies; e.g., The Alert, Security Letter, Security Systems Digest, Corporate Security, and The Lipman Report. Newsletter and journal articles are typically oriented toward the operating security practitioner. With the exception of the Journal of Security Administration, these publications are not intended to be scholarly publications. Articles on the cost of crime are infrequent because the above-mentioned journals, magazines, and newsletters primarily serve as a forum for practitioners to present personal experiences, case studies and ideas for dealing with problems, articles on the cost of crime are infrequent. Furthermore, most statistical data in such articles are superficial, such as parenthetical references to association estimates or other studies.

A large portion of the literature emanates from the academic and business communities; here too, the focal point is not the cost of crime, but rather case studies or studies with a limited survey population or aspect of a particular crime topic. Some of the legal and business publications reviewed for cost of crime data include Harvard Business Review, Wall Street Journal, Forbes, Nation's Business, Business Week,

Dun's Business Month, Journal of Accountancy, Economist, Journal of Contemporary Law, Criminal Law Quarterly, Banking and American Criminal Law Review. In addition, several PhD dissertations and approximately 50 abstracts of dissertations were reviewed.

Among the criminal justice and government publications included in our review were periodicals, including Police Chief, the Journal of Criminal Justice, and the International Journal of Criminology and Penology; crime prevention manuals prepared by state and local criminal justice agencies; and reports by the U.S. Department of Commerce Small Business Administration, Bureau of Domestic Commerce, and LEAA. Association and corporation publications include such groups as the Chamber of Commerce of the United States, National District Attorneys Association, American Bar Association, Honeywell, Inc., Figgie, Inc., the National Retail Merchant's Association, Peat, Marwick, Mitchell and Co., Arthur Young and Co., and National Coalition to Prevent Shoplifting. This group of publications either utilized the cost estimates of other sources or reported on findings of special projects or surveys undertaken by their organizations.

The various publications bring a multitude of disciplines and fields to bear on the study of crime and measures to prevent and contain crime. However, no single source or set of sources currently available provides an overview of the cost of crime perpetrated against, and by employees of business, industry and institutions. As subsequently noted, there are a

multitude of problems in attempting to measure the severity and cost of economic crime. Several scholarly works address these methodological issues.¹⁹

3.1.3.2 Inconsistency of Data Sources

The most frequently quoted figure for the cost of crimes against business is \$40 billion a year, which has sometimes been expressed as 1% of the Gross National Product (GNP). This statistic and other supporting statistics usually come from one of five national efforts to estimate the costs of crime against business:

- Crimes Against Small Business, A Report of the Small Business Administration, 1969.
- The Economic Impact of Crimes Against Business, U.S. Department of Commerce, 1972 (Updated in 1974 and 1976).
- Handbook on White Collar Crime, Chamber of Commerce of the United States, 1974.
- Costs of Crime, A release of the Joint Economic Committee, Congress of the United States, 1976.
- Background, Findings, and Recommendations, Crimes Against Business Project, American Management Associations, 1977.

Table 3-1 compares the statistics of these projects for estimated costs of crime against business, by type of crime. These estimates are not truly comparable since they covered different time periods, used different methodologies, and did not consider the same offenses. Only two of the listed crimes (check fraud and pilferage/employee theft), for example, were considered by all four groups, and the number of crimes

TABLE 3-1

ESTIMATED COSTS OF CRIME AGAINST BUSINESS, BY CRIME

TYPE OF CRIME	SOURCES (\$ Billions*)			
	SMALL BUSINESS ADMIN. (1967-68)	CHAMBER OF COMMERCE OF THE U.S. (1974)	AMERICAN MANAGEMENT ASSOCIATIONS (1975)	JOINT ECONOMIC COMMITTEE (1976)
Arson			1.3	
Bankruptcy Fraud		0.08		.103
Bribery, Kickbacks, Payoffs		3.00	3.5-10.0	3.85
Burglary	.958		2.5	
Check Fraud	.316	1.0	1.0-2.0	1.12
Computer-related		0.10		.129
Consumer Fraud		21.0		27.0
Credit Card Fraud		0.1	0.5	.500
Embezzlement		3.0	4.0	3.86
Insurance Fraud		2.00	2.0	2.50
Pilferage/Employee Theft	.381	4.0	5.0-10.0	4.84
Robbery	.077			
Securities Theft/ Fraud		4.00	5.0	.291
Shoplifting	.504		2.0	
Vandalism	.813		2.5	
Receiving Stolen Property		3.50		
TOTAL	\$ 3.05	\$ 41.7	\$ 29.3-41.8	\$ 44.2

*(Total cost estimates may not be exact due to rounding.)

studied ranged from six to eleven. The Small Business Administration (SBA) study focused on "ordinary crimes" against business (burglary, robbery, shoplifting, etc.), whereas the Joint Economic Committee was concerned primarily with "white collar crime" (fraud, embezzlement, bribery, etc.). The primary reason for the difference in estimates is that the goals and methodologies of each study were different.

In Table 3-2 Department of Commerce estimates are presented, by business sector, for crime against business. As in the SBA study, ordinary crimes are used, yet there is neither a breakdown of the crimes nor a discussion of the methodology used to drive the estimates.

These studies do have one theme in common: the lack of consistency among data sources, preventing the development of a sound data base. Each of the major study efforts or reviews thereof clearly identified this issue as a shortcoming of the estimates of economic crime.

The most serious difficulty associated with analyzing the impact of crimes against business continues to be the sparseness and sporadic nature of the data available. Figures are seldom based on comparable definitions or time periods, and many data gaps exist.

The Cost of Crimes Against Business
U.S. Department of Commerce

The data which have been gathered are of 'questionable validity' because there are no uniform standards for collecting economic crime data among the relevant agencies.

Committee on Economic Crimes
American Bar Association

TABLE 3-2
U.S. DEPARTMENT OF COMMERCE
ESTIMATED COSTS OF CRIME AGAINST BUSINESS BY BUSINESS SECTOR
(\$ Billions)

<u>BUSINESS SECTORS</u>	<u>1971</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Retailing	\$ 4.8	\$ 5.2	\$ 5.8	\$ 6.5
Manufacturing	1.8	2.6	2.8	3.2
Wholesaling	1.4	1.8	2.1	2.4
Services	2.7	3.2	3.5	4.3
Transportation	1.5	1.7	1.9	2.3
TOTAL*	\$ 12.2	\$ 14.5	\$ 16.1	\$ 18.7

* The Commerce Department also estimated the cost of arson and the costs of business crime prevention. When including these costs, the total crime losses to business were, in billions, for 1971 - \$15.7; 1973 - \$18.3; 1974 - \$20.3; and 1975 - \$23.6.

There is no single, centralized compilation of white collar crime statistics similar to the statistics on street crime compiled by the FBI in its annual Uniform Crime Reports. Such statistics as are available are generally located in relatively inaccessible reports.

Congressional Research Service

There are little or no hard data on losses to business due to nonviolent crime, either at the macro or micro levels.

Crimes Against Businesses Project
American Management Associations

In part, due to recognition of this problem, an Inter-agency Committee to Assess the Impact of Crimes Against Business was established in 1974, chaired by a representative of the Department of Commerce. Original members of the Committee included the Small Business Administration, Departments of Treasury, Justice, Transportation, The Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. Membership was later expanded to include the LEAA, the Department of Housing and Urban Development, and the Securities and Exchange Commission. The primary purpose of this Committee was to facilitate the collection and analysis of data on crime against business and to evaluate the effectiveness of measures to control this crime. Prior to disbanding, when its charter expired on June 30, 1977, the Committee published Federal Government Sources on Crimes Against Business.

The Deputy Director of Business Research and Analysis for the Bureau of Domestic Commerce, in testimony before the House

Small Business Committee's Subcommittee on Special Small Business Problems, urged a mandatory reporting process for business crime:

Government must focus its attention and initiatives on filling the data and information gaps...any proposal for improving data on a national level suffers from the necessity to impose reporting requirements on the private sector.²⁰

Stopping short of actually recommending that reporting be mandated by government, he recommended that "most importantly, the private sector must develop comprehensive crime loss measurement."²¹

Concurrent with the phase-out of the Interagency Committee and the Department of Commerce's Crimes Against Business program, (which published Crimes in Retailing, and Crimes in Selected Services Industries), various groups recommended the establishment of a national economic crime/private security institute. In response, Attorney General Griffin Bell established the National Economic Crime Project (NECP) in May 1978. Among the concerned groups were the Private Security Task Force to the National Advisory Committee on Criminal Justice Standards and Goals, The Private Security Advisory Council to LEAA, the Crimes Against Business Council of the American Management Associations (AMA) and the Business Advisory Panel on White-Collar Crime of the Chamber of Commerce of the United States. A major recommendation of the AMA Crimes Against Business Council was to establish a National Economic Crime

Center. The Attorney General's NECP did not pursue its establishment, but both the AMA and the Chamber of Commerce raised some key issues concerning inadequacy of economic crime data which are still viable issues five years later:²²

- Information Clearinghouse. There is no central source of economic crime and security statistics or research, nor is there a clearinghouse for security-related research literature oriented to the needs of business and industry.
- Business Crime Research. Most federally funded security research is aimed at government's needs. Very little research is directed to the needs of business or private security.
- Private Security Research. Substantial effort should be directed toward improving and increasing private security's abilities to prevent and reduce crime.

3.1.4 Problems in Measurement of Economic Crime

3.1.4.1 Industry Reporting

As noted above, the largest problem in comparing the major study efforts and other data is inconsistency--in time periods, in methodologies, and in the offenses included. There have been four major obstacles preventing development of an ongoing program of reporting crime and loss data by business and industry: (1) lack of accepted definitions,²³ (2) lack of a data base upon which to build and measure trends, (3) business and industry have not developed good measures of reporting crime-related losses, and (4) organizations are generally reluctant to release financial loss data that could reflect adversely on them. Thus, updating an estimate of merely the

direct cost of crime becomes a new, independent effort "from scratch" each time it is undertaken, and results in a duplication of effort.

Two reports published by the U.S. Department of Commerce on crimes against business, Crime in Retailing and Crime in Service Industries, highlight the problem of industry reporting of crime. In the Crime In Retailing report, over 50% of the survey respondents in the food retailing sector stated that they did not even keep records of loss experiences--they were unable to determine whether inventory shrinkage was due to shoplifting, internal theft, shorted shipments of merchandise, accounting errors, etc. Yet, this industry is among the most vulnerable to crime through shoplifting and employee theft. The Introduction to the report noted the problems of nonreporting:

Most crimes against retail store operators are not reported to law enforcement officers, and therefore do not appear in statistical reports on the incidence of crime. In the case of shoplifting or theft of merchandise by employees, the crime is often not discovered until an inventory is taken.²⁴

In the Crime in Service Industries report, significant mention was made of underreporting of crime and the lack of reporting systems while estimating a \$9.2 billion cost of crime for this business sector.

Most important, the figure cannot be adjusted for unreported crime, which is substantial in the services sector as it is in all business. For some entire industries,

there is a complete lack of figures. Although the phrase has become over-quoted, know crime in the services sector is merely the 'tip of the iceberg.'²⁵

In some industries there is concern for public embarrassment, adverse publicity, and decline in business from reporting losses due to crime. The lodging industry, for example, tends to minimize its crime losses for fear of adversely affecting occupancy rates. Researchers for the report found that the only industries computing and reporting losses at that time were the transportation and financial sectors, where some reporting is mandated by federal regulations. Even in these sectors, it is difficult to get accurate reporting.

In cargo transportation services, for example, carriers regulated by the Interstate Commerce Commission (ICC) transport only carry one-third of all manufactured goods tonnage in the United States. Crime loss figures could not be computed for the private carriers, shippers, manufacturers or merchants using their own vehicles to carry another one-third of the total tonnage. In addition, despite the emphasis on hijacking (less than 1% of total claims), "the crimes that cause far greater losses, in the aggregate, are the 'nickel and dime' thefts and pilferages."²⁶ These crimes are excluded from both the non-ICC regulated carriers and from the regulated carriers since reporting is required only if the losses exceed \$100. The major sources of the report's air cargo losses due to crime were Airport Security Councils (ASC) at major airports which collect data on air cargo losses. Yet, it is not the

airport that sustains the loss, but the individual airline, which may or may not choose to release loss data. Air cargo losses are only estimated losses from those which airlines choose to report.

The following quotation, taken from the U.S. Chamber of Commerce 1974 Handbook on White Collar Crime, illustrates some of the techniques used in developing "estimates":

...The 'not less than \$40 billion' estimate does not pretend to be the result of a rigorous statistically valid survey and should not be regarded as 'the cost of white collar crime.' No one has ever really computed even a reasonably accurate figure. The estimate cited here is based on (1) previous estimates by responsible authorities (even their figures for a given kind of crime may differ by many billions), (2) inferences drawn from reasonably accurate loss ratios, and (3) the evaluation and adjustment of (1) and (2) in light of research for this Handbook.²⁷

Compounding this problem is the fact that the major study projects tend to build upon one another, as evidenced by the Joint Economic Committee and the AMA estimates. In spite of these problems, noted by the U.S. Chamber of Commerce in its data, the costs of white collar crime projected by the Joint Economic Committee are largely based on:

...data presented in Handbook on White Collar Crime, Chamber of Commerce of the United States, 1974, multiplied by the rate of inflation 1974-1976 inclusive.²⁸

The AMA's "best judgement estimates" were drawn from the Chamber of Commerce of the United States, the U.S. Department of Commerce, The American Mutual Insurance Alliance, the National

Retail Merchants Association and various private communications.

Figures are for 1975 and in some cases were arrived at by extrapolation of trends and allowances for inflation. They are extremely tentative figures but do bring home the gravity of the problem.²⁹

3.1.4.2 Association Surveys

The major study projects relied heavily upon the surveys of national associations, which are the more available sources of estimates on crime loss. However, two major problems arise in using association estimates. First, the association surveys only its own membership and then often tries to generalize to all similar businesses based upon average loss experience in their survey. Although there is an assumption of a statistically valid sample, there is no way to verify the validity of the member sample, the level of survey participation, or the extent to which the membership and sample is representative of similar businesses throughout the United States. There also can be differences in the categories of business surveyed among different major national associations.

In retailing, for example, annual loss surveys are conducted by the National Mass Retailing Institute (NMRI) for mass merchandise, discount, department and speciality stores; the National Retail Merchants Association (NRMA) for general merchandise, department and speciality stores; and the National Coalition to Prevent Shoplifting for food, drug, and

general merchandise stores. In the NMRI 1981 survey, responses were received from 50 retailers representing 5,600 individual stores, and the 1982 survey received responses from 127 retail organizations representing more than 25,000 stores. The NRMA surveys its membership to obtain an average shortage or shrinkage ratio (the difference between actual and book inventory expressed as a percentage of sales), then applies the shortage ratio to the full membership's sales. The National Coalition to Prevent Shoplifting surveyed nearly 3,500 retailers in 37 states in their National Research Report on Shoplifting, 1981-82, but the report focuses on shoplifting in food, drug and general merchandise stores. The NRMA and NMRI studies, however, examine the overall problem--"shortages" that are either unexplained or due to internal theft or other forms of external theft in addition to shoplifting. Data from the NRMA and the NMRI suggest that the other forms of crime loss are far greater than shoplifting.

Even when using data from two studies that focus on shoplifting in retailing, the aggregate national estimates from the survey data can vary greatly. The National Coalition estimated 1981-82 shoplifting losses as 7% of sales revenue for the surveyed stores, yet the NRMA, in annual member surveys since 1970, estimates total shortage (i.e., all loss) consistently to be only about 2% of sales revenue. In the 19th annual survey (1981) of shoplifting by Commercial Service Systems of Van Nuys, California, data from 27,198 shoplifting apprehensions were reviewed from 668 supermarkets, 151 drug

stores and 92 discount stores.³⁰ Of the stores which participated in the study, 92% were located in Southern California, and 8% were in Arizona, Colorado, Oregon, Utah, and Washington. Based upon an average supermarket loss value of \$10.06 per incident, occurring at the rate of eight incidents per day, they estimated that direct loss of shoplifting for the 34,900 supermarkets in the U.S. would be \$1 billion per year in 1981. This figure, just for supermarket shoplifting in 1981, is one-half of the total shoplifting estimate by the AMA in 1975 and about 15% of all retailing loss estimated by the U.S. Department of Commerce in 1975.

A second major problem exists in developing estimates of total national crime loss from national association survey data: the international representation or business interests of some members and the subsequent reporting and use of this data in the literature. Association data will often be reported in news articles as representing a U.S. loss figure, when in fact it represents the loss experience of the association's members. Data for similar associations in the same field can also be confusing in this regard. Earlier, for example, we noted the loss to the "entertainment industry" from unauthorized or fraudulent records and tapes. One major security publication reported a \$1 billion figure for the industry, which many could infer as being U.S. losses. In a Wall Street Journal article, the International Federation of Producers of Phonographs and Videograms estimated that about 314 million illegally copied records were sold in 1980 with a

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street value of \$1.1 billion--U.S. and Canada represented only \$560 million of the \$1.1 billion.³¹

Despite the two problems discussed above, trade and professional association surveys do provide valuable data for attempting to assess loss experiences and to evaluate security measures being used in various types of organizations. It is unfortunate that more organizations do not attempt to collect crime loss data on a regular basis. Until then and without their cooperation, the prospects of developing reasonably accurate crime loss data are poor.

3.1.4.3 Assets Protection and Loss Prevention Concepts

Both crimes against business and economic crime relate to the profit orientation of business, but the concept of asset protection/loss prevention also helps explain the nature of security measures against crime, the orientation to data collection and reporting of crime, and especially the impact of crime on institutions. Security programs in business and institutions are generally organized to prevent or control losses; such programs are called assets protection and loss prevention. The assets protected by an organization can be grouped into three major categories: persons, property and information. (A detailed discussion of assets protection and loss prevention is contained in Chapter 4.) In virtually all organizations, assets protection and loss prevention measures enable the organization to function in a more secure environment.

Data collection by most of the data sources mentioned in this chapter represent a crime event perspective--i.e., the incidence of the crime itself--and only occasionally (through victimization studies) do they focus on the environment in which the crime occurs. Business, government, and other organizations and institutions, however, look at the impact of events on the security and safety of their environments. Such events include not only crime, but also fire, occupational accidents, and unauthorized access into secure environments. In a prioritized listing of thirteen security functions reported by proprietary security managers in the Hallcrest national survey, crime investigation is in the lower half of priority functions, and crime reporting is among the three least important functions in all types of organizations-- industrial, commercial, and institutional (the only exception is the emphasis of retailing on shoplifting in the commercial sector). This response is contrasted with those of chiefs and sheriffs in the national survey who rate arrest and prosecution of suspects and the investigation of crime their number two and three priorities, respectively. Institutional security managers place a higher priority on access control and order maintenance than on crime investigation, although crime prevention is a high priority. (A discussion of the respective roles and functions of law enforcement and private security is presented in Chapter 9.)

The true impact of crime is hard to assess from data collected by the above sources, since it is collected on the

basis of accepted statutory definitions. The crime event is seen by private security as a breach of security through a modus operandi that may transcend several crimes. The Wells Fargo Bank case cited earlier, for example, involved a computer-related crime: unauthorized electronic funds transfer which resulted in the crimes of embezzlement, fraud and theft. Private security focuses on the hole in its "protective armor" or the "loopholes" in its internal controls allowing certain behavior or actions to occur which become manifested in a criminal event. The private sector attempts to orient its information collection and response on this basis, not on the crime event perspective of most data sources.

3.1.5 Deriving An Updated Estimate

Even though the crime loss estimates in the major study projects are at least five years outdated, the \$40 billion total business crime loss figure continues to be quoted. Quite simply, no organization has attempted to update the existing figures. As outlined in the preceding section, certain problems exist with the statistics developed by earlier projects. Several major difficulties are inherent in attempting to develop more recent loss figures from these estimates: (1) after arriving at an accurate estimate of the direct loss of crime, allowing for substantial underreporting, one must then compute the indirect costs of crime; (2) as difficult as it has been to estimate the losses due to ordinary crime, the losses due to economic/white collar crime are often greater

and much more difficult to estimate; (3) the growth rate of some economic crimes does not necessarily bear any relationship to the Uniform Crime Index; and (4) the growth in some crimes---computer-related crime--has been phenomenal because of technology growth and vulnerability associated with the crime.

The most frequently used technique for estimating economic crime has been to apply an inflationary index. The U.S. Department of Commerce 1975 estimate for ordinary crimes against business was \$18.7 billion. The FBI Uniform Crime Index rose 17.0% for nonviolent crimes during 1975--1980, while the Consumer Price Index rose 53.1% during the same period. Applying these increases to the 1975 base period figure results in a \$33.5 billion direct cost of ordinary crime for 1980.

In the AMA project, the estimates for white collar crime (\$21.0 billion) were approximately the same as ordinary crime estimates (\$21.8 billion). If white collar crime is at least equal that of ordinary crime, then a "best estimate" for cost of economic crime in 1980 would be at least 67 billion (33.5 ordinary + 33.5 billion white collar). At this amount, the direct cost of economic crime alone would represent 2.5% of the Gross National Product in 1980 or 3.0% of the GNP for business. Retained earnings of business in the U.S. were \$331.2 billion in 1980, and before tax profits were \$241.8 billion.³² The estimated direct economic cost of crime, then, in 1980 would have been nearly equivalent to 20% of retained earnings and about 28% of before tax profits of business in the United States.

Peat, Marwick, Mitchell Foundation recently completed a study on fraud which is entitled, How to Prevent and Detect Business Fraud.³³ This study estimated the total cost of just white collar crime and fraud in 1981 to be \$200 billion! Although no methodology was offered for arriving at the estimate, are these figures plausible? Estimates of other areas of "extraordinary" crime suggest that the impact of economic crime is, indeed, far-reaching.

Tax evasion fraud alone is estimated at \$100 billion by the IRS in 1983 from such sources as nonfiling of returns, illicit criminal enterprises, unreported income, capital gains, dividends and interests, and profits from partnerships and small business.³⁴ One independent source for Time magazine estimates untaxed profits from illicit criminal enterprises at \$25 billion; City University of New York Economics Professor Peter Gutmann estimated that undeclared income from the "underground economy" totaled \$420 billion in 1981--larger than the retained earnings of legitimate business!³⁵

Estimates and surveys of experts (usually persons and firms who thoroughly investigate a particular crime type) and national associations would also suggest that an annual economic crime figure of \$200 to \$300 billion may not be exaggerated, especially given the amount of underreporting of crime by business. A study of 339 known cases of computer fraud in 1974 reported that 85% of the cases (with an average loss of \$500,000) never resulted in criminal proceedings.³⁶

Losses from management fraud frequently overshadow computer-related crimes--several instances involve losses of over \$100 to \$200 million to shareholders alone.³⁷ The theft of proprietary information (not normally recorded as a crime category) was estimated by one source to cost business \$20 billion annually in 1982.³⁸ The total direct and indirect costs for shoplifting alone were estimated to be \$26 billion by the National Coalition to Prevent Shoplifting in their 1981-82 survey. For cargo theft, the Air Transport Association estimated air cargo theft at \$1 billion in 1980, and an estimate provided to a Congressional committee for truck and maritime cargo theft was \$12 billion in 1981.³⁹ The Associated General Contractors estimated \$700 million in thefts of heavy construction machinery in 1979.⁴⁰ Expert estimates of losses from such diverse items as art and crude oil and oil well equipment were offered at \$1 billion and \$2 billion respectively in 1982.⁴¹

Perhaps the greatest technological change since the past study projects has been in video, electronic, and computer technology, resulting in a whole new category of criminal acts. The explosion of portable stereo tape recording devices and home video recording units had not yet occurred at the time of the previous studies, but now the industry, as noted earlier, is reportedly plagued with a billion dollars in losses. The advances in miniaturized integrated circuitry have created a new generation of electronic toys and business machines, including the personal home computer. Theft of

silicon wafers, integrated circuits and other electronic components is a major problem in the electronics industry. A "grey market" is acknowledged to exist where illegal shipments are routinely purchased at below fair market value (see Section 5.3.1).

By 1980 there were approximately 680,000 installed computer systems in the U.S., with increasing numbers of people gaining access to systems. In addition to unauthorized manipulation of computers by authorized employees, a senior executive of a major security company commented on the now available technology for computer crimes which did not even exist several years ago:

Readily available equipment lets almost anyone intrude on a data base from remote sites, including foreign soil. Data communications testing and monitoring equipment available from at least four vendors, rentable for less than \$1,000 per month, permits anyone tapping the resource targeted to watch the protocols, control characters, ID codes and frontend software information, and record them on a cassette for home-based encryption.⁴²

3.1.6 Summary

It is impossible in this project to develop an updated estimate of the economic impact of crime in business and institutions. This would require an entirely separate research project, involving the cooperation of many diverse business and government data collection and analysis efforts, as well as an econometric analysis. In recommending that an

econometric analysis be undertaken, the AMA Crimes Against Business Council commented:

The costs to society of economic crimes against business are totally unknown. Even if the costs to business can only be crudely estimated there is no necessary equivalence between the costs to business and the eventual costs to society.⁴³

The important point to consider is that estimated costs of crime not only are subject to an inflationary factor, they are an inflationary factor in the economy! The cost of crime is passed on to the consumer, adding as much as 15% or more to the costs of goods paid by the consumer at the retail level.⁴⁴ The total costs of crime, however, are much greater than those absorbed by the retail consumer, or the sole loss of an asset by business. The scope of the problem increases significantly when secondary or indirect costs of crime outlined earlier are added to the direct losses from workplace crime.

Thus, after reviewing the available crime cost data, it appears that the costs of economic crime are not precisely known. The literature provides estimates which are, to a large degree, based upon earlier estimates adjusted for inflation. Even using similar crime index and inflation-adjusting techniques, the direct cost of economic crime was at least \$67 billion in 1980, and other estimates, though not substantiated, would place economic crime at \$200-\$300 billion. The cumulative direct and indirect costs are much greater, and valid estimates are necessary if public and private organizations are to allocate their resources cost effectively. But

gross estimates of overall costs are useful for only gross policy decisions. Truly effective programs for specific crimes or specific industries must rest on data pertaining to those crimes or industries.

Clearly, there is a substantial amount of crime in the community which impacts business and institutions but which may not be that visible to law enforcement because of their primary concern with violent crime and order maintenance. Any strategies for improving public and private resources in addressing economic crime must be based upon a much more accurate description of the economic crime problem.

3.2 THE SEVERITY OF INTERNAL THEFT IN THE WORKPLACE

In the literature, executives and security managers in all types of business and institutions indicate that employee theft or internal theft is a much more serious problem than external forms of theft. A 1979 U.S. Chamber of Commerce survey, for example, revealed that business executives view employee theft as their most serious crime problem.⁴⁵ The data from the Hallcrest national survey of proprietary security managers supported this assumption. Table 3-3 lists in rank order the investigation frequency across all sectors (commercial, industrial and institutional) for twenty different types of internal and external crime. Pilferage or employee theft was the only crime consistently reported as being investigated on a weekly or even a daily basis. Clark and Hollinger found, in their study of Theft by Employees in

TABLE 3-3
PRIVATE SECTOR CRIME INVESTIGATION
RANK ORDER OF INVESTIGATION FREQUENCY

1. pilferage/employee theft	11. cargo theft
2. vandalism	12. arson
3. burglary	13. terrorism/bombings
4. check fraud	14. insurance fraud
5. shoplifting	15. industrial espionage
6. robbery	16. computer related
7. embezzlement	17. commercial bribery
8. drug abuse	18. extortion
9. credit card fraud	19. securities theft/fraud
10. receiving stolen property	20. bankruptcy fraud

N = 676

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981.

Work Organizations, that about one-third of employees in any organization steal, as measured by self-reporting of stealing by approximately 9400 employees.⁴⁶ One survey suggests that employees in the retail business steal \$15 of merchandise for every \$1 stolen by a nonemployee.⁴⁷ Overall, it has been estimated that executive-level thefts account for only 15% of internal theft but account for 85% of the total value of losses.⁴⁸ Yet, the pervasiveness of employee theft with just "one employee stealing a few dollars a day will bleed your business dry in no time."⁴⁹ Above we noted the failure of businesses due to theft in general, but Fireman's Fund Insurance Co. estimates that one-third of all business failures are caused by employee theft.⁵⁰

On the surface, it would seem incredible that so much employee theft occurs. Why is there so much employee theft, especially the pilfering of "nickel and dime" items? A survey of 100 CPA's and 90 data processing specialists revealed they think employees steal or embezzle from their employers because (1) they think "stealing a little from a big company" won't hurt; (2) most employees are caught by accident rather than by audit or design, thus fear of being caught is not a deterrent; and (3) employees "steal for any reason the human mind and imagination can conjure up" (i.e., rationalizations).⁵¹

Clark and Hollinger's study and an NIJ-funded study by Holzman and Mueller (1982)⁵² provide some empirical insight to these "opinions." Clark and Hollinger did not find any correlation between levels of income, but rather noted that where

there was an overriding concern for "finances" in the employee's lifestyle, there was more of a tendency to steal. Both studies found that there was not sufficient deterrence to prevent employees from stealing--"it is evident that workplace expectations and sanctions are permissive enough, in practice, to allow for a wide range of taking of material and non-material company resources."⁵³ Many employees, especially younger ones, accurately perceive dismissal as being the ultimate sanction for stealing. Organizations simply do not convey in strong enough terms that these behaviors are expressly forbidden, evidenced in part by lack of prosecution and in part by poor employee education programs, concluded Clark and Hollinger.

Holzman and Mueller argue that "rationalizations" do not account for the large volume of stealing, but rather, otherwise "law abiding" citizens feel they are committing "folk crime" when they steal from employers--much the same as in committing gambling and traffic offenses. Support for this position is found in a Westinghouse Evaluation Institute study on retail shoplifting and employee theft which concluded that the public views these as petty offenses.⁵⁴ Workplace larceny is viewed by the employee as a form of employment "perks." The authors' study of twenty-five retailing companies found more emphasis on "mechanical deterrence" strategies (i.e., limiting opportunities to steal) than emphasis on general deterrence strategies (i.e., transmission of information about

legal norms to an audience of potential transgressors). Private security practitioners, they suggest, operate under the assumption that employees know that removal of company property is stealing, but employees need a strategy of "enhanced awareness" that clearly communicates "unauthorized use of company resources" is stealing, plain and simple. Holzman and Mueller argue for equal emphasis on mechanical and general deterrence strategies.

Clark and Hollinger also noted the strong influence of peer perceptions of stealing on employee theft patterns in all types of organizations. In companies where "apprehension rates" were reported as being greater, the employees reported less theft involvement. It is not clear from either study, however, whether more aggressive prosecution policies would deter more employee theft. As noted later in this chapter, it appears that the majority of employee theft is not reported to law enforcement (police or prosecutor) and is frequently dealt with internally. If, in fact, mandatory prosecution for certain types of theft would have more deterrent effects on employee theft, then pursuit of this policy would have far-reaching impact on the criminal justice system. Yet, respondents in Holzman and Mueller's study reported the actions of judges "downright unsympathetic" to the impact of employee theft on business. Increased use of the criminal justice system by business would have enormous implications for the workload of police, prosecutors and the courts. The response

of the criminal justice system would be crucial, if employee theft deterrence programs are to be based largely upon successful prosecution and subsequent punishment of offenders.

3.3 INTERNATIONAL ASPECTS OF CRIME

3.3.1 Theft of Trade Secrets and Critical Technology

In Chapter 4 we note the concept of government-mandated protection of classified defense-related information and material, but the average citizen does not realize that U.S. military superiority over Soviet, Eastern Bloc nations and China is based upon technological advantages. Intelligence activity by foreign interests in the United States has been estimated to be at its highest level since the beginning of the Cold War.⁵⁵ The primary targets of foreign espionage are classified government information, unclassified but embargoed technological data and hardware, and proprietary information of U.S. competitor companies. Some Department of Defense (DOD) and National Aeronautics and Space Administration (NASA) research has been declassified for use in U.S. business and industry but embargoed from export to certain foreign countries. The Export Control Statute and International Traffic in Arms Regulation control the export of hardware and require Commerce Department licenses to trade in certain hardware and components. Controlling information on critical technology, however, is more difficult. Working through middlemen, "front" men, corporate "shells," and legitimate companies in

Western Europe which trade with the Eastern Bloc countries, the theft of classified, critical technology and proprietary information and hardware is often arranged for both foreign companies and intelligence agencies by the same people.⁵⁶

In the 1970's, controls on U.S. high-technology exports were restructured to allow the Soviet Union access to western technology and products ostensibly for the purpose of greater consumer goods production. During that time, however, the Soviet Union sharply increased and modernized its military arsenal. In Congressional testimony, intelligence officials, Senate staff members and the ASIS have taken strong positions that these relaxed controls "contributed directly to Soviet military modernization."⁵⁷ A Defense Intelligence Agency report stated that the Soviets used U.S. technology to "outstrip us by three to one in the production of most types of strategic and technical weapons."⁵⁸ The Reagan Administration took steps to control exports of critical production equipment and technology to the Soviet Union, but illegal shipments and theft apparently remain a large problem. Senator Henry Jackson (D-WA) cited a classified intelligence report stating that \$150 million worth of embargoed high-technology goods were illegally shipped to the Soviet Union between 1973 and 1977, even while controls were still lax and much of the exported technology was legitimately obtained.⁵⁹ The Soviets and other nations continue a "massive theft"⁶⁰ or "raid"⁶¹ on the U.S. technology base.

It is both ironic testimony to the current superiority of our technology and a possible harbinger of its impending decline that half the world seems bent upon stealing it. Imitation may be a sincere form of flattery, but larceny must be the most sincere form of all. The uncontrolled transfer of technology is one trend among several that places the future of our technological superiority in doubt.⁶²

For companies involved in critical high technology, the risks in theft of information or in illegal shipments are threefold: first, foreign competitors could use this technology to obtain an increased market share both in the U.S. and international markets; second, there is great potential for revocation of export licenses; and third, government and defense-related contracts could be jeopardized. In a statement submitted to the Senate's Permanent Subcommittee on Investigations, the American Society for Industrial Security (ASIS) noted that high-technology theft has also undermined "our ability to compete in world markets":⁶³

Technological discoveries that have taken American corporations many years and billions of dollars to develop have made their way to Moscow at little or no cost.⁶⁴

The Soviets, for example, illegally acquired IBM 360 and 370 mainframe computers from the West to engineer their own Ryad computer to be compatible with future generations of Western computer equipment--reportedly these computers use the same

repair manuals as the IBM.⁶⁵ The Soviets also acquired printed circuit boards that were "pin for pin compatible with those produced by Texas Instruments" for use in ocean buoys designed to help track U.S. submarines.⁶⁶

Stolen high-technology items such as semiconductor chips, integrated circuits and other American computer and electronics-related materials used in sophisticated missile guidance and tracking systems and other military hardware can also be used in all phases of the electronics industry. In one of the more infamous cases, the FBI announced in June 1982 that over half a million dollars had been paid to FBI undercover operatives by company employees of Japanese electronic giants, Hitachi and Mitsubishi Electric, in an attempt to obtain information on two new IBM computers which had not yet been released to the marketplace. The Yankee Group, a market research firm, suggested that a possible motive was a slipping Hitachi market position for "plug-compatible" computers that was expected to cost Hitachi as much as \$10 million in that year.⁶⁷ Allegedly, the two firms were attempting to ensure the compatibility of their computers systems with IBM.⁶⁸

Protection against these thefts and their investigation require extensive cooperation between the public and private sectors. Discovery of the thefts depends on reporting either by law enforcement agency informants or by the companies. Companies are often reluctant to report the thefts, fearing

adverse effects on the company image, future security compromises (through exposure of theft details and security weaknesses), loss of business to a competitor, or loss of a classified defense contract.⁶⁹ In the IBM-Hitachi case, IBM officials willingly cooperated with FBI agents who were conducting a "sting" operation against high-technology theft. The problem of nonreporting is compounded by the existence of a "gray" market for components in the electronics industry. Seemingly legitimate middlemen and companies offer components at prices substantially below market to willing buyers. The original manufacturing companies have items, e.g., silicon wafers, that could be represented as having been purchased from any number of manufacturers. In one case, an admitted 14-year trafficker in stolen semiconductors had a jobber stamp the logo of a well-known manufacturer on the stolen circuits. The jobber estimated in court documents that "over one million" integrated circuits had been counterfeited and then sold as legitimate circuits in the "gray" market.⁷⁰

The "Silicon Valley" of California is named after the large grouping of semiconductor and other computer-related firms, e.g., Intel Corporation, National Semiconductor, and Texas Instruments. In 1981, industry sources estimated that thefts of silicon wafers at Silicon Valley companies were running about \$20 million a year.⁷¹ The theft of 500,000 microchips from just one major manufacturer cost the company about \$2.7 million. In response, the U.S. Attorney in San Francisco created a Critical Technology Task Force in 1982 comprised of

local and federal law enforcement officials. In addition, the U.S. Customs Service established a special program nationwide and internationally, Operation Exodus, to stop the illegal theft of critical technology. A major focus of the program has been on Silicon Valley. In a speech to the Santa Clara World Trade Association, U.S. Commissioner of Customs, William von Rabb, summarized the objectives of the program:

The same technology which brings us the likes of Pac-Man is scaring the hell out of our enemies...Our job is to protect our nation's "crown jewels" in order that we can maintain our significant technological advantage.⁷²

In the first eight months of the project, through August, 1982, 627 seizures were made of materials valued at \$52 million, and 24 of those shipments, valued at \$1.7 million, were seized in the Silicon Valley area.⁷³ Because of the difficulty of detecting and receiving reports of this type of crime, the program will pay rewards of up to \$40,000 to employees of computer firms who report illegal technology shipments.

About the same time as the law enforcement efforts were organized, an informal Industrial Security Managers Group was formed in the Silicon Valley area as an outgrowth of security manager and manufacturer concerns for the problem. One of the major goals of the group is to seek close liaison with local law enforcement agencies who have the ability to penetrate the illegal distribution channels and "fences" for the stolen goods. It is interesting to note that both law enforcement

and private security have a group, task force, or program to address the problem, but it is not clear that information is exchanged on an equal basis. Federal law enforcement agencies may be permitted to share certain information with local law enforcement, for example, but might be prohibited through agency rules from sharing the information directly with private industry security personnel. In some cases, sub rosa channels may be established for exchange of information on a personal and confidential basis.

3.3.2 Terrorism

Terrorism has generally come to be associated with violence, coercion and political activity. Many Americans remember well some of the 00 bombings of the Weatherman Underground in the United States during the first year of their existence in 1969, or the bombings by foreign terrorist organizations like the PLO and the FALN in major U.S. cities. Terrorism occupied a prominent place in the media during the 1970's and achieved much of the attention which terrorists sought for their various causes.

The decade brought us the Lod Airport massacre, the murder of Olympic athletes at Munich, the takeover of OPEC headquarters in Vienna, the daring rescue of hostages at Entebbe and Mogadishu, the kidnapping and murder of Aldo Moro, the assassination of Lord Mountbatten, and the frustrating and continuing crisis that began with the seizure of our embassy in Teheran. Terrorists kidnapped or assassinated nearly a

hundred diplomats in the last decade. Embassies and consulates were seized on almost fifty occasions. Corporate executives and business facilities were the targets of hundreds of attacks. Letter bombing and kneecapping were added to our political vocabulary.⁷⁴

Figures 3-1 and 3-2 reflect the number of international terrorist incidents from 1968 to 1981 as compiled by Security Management and the Terrorist Activities Committee of the ASIS.⁷⁵ As a result of these 7,425 terrorist incidents, 8,298 persons were wounded and 3,841 persons were killed. After diplomats, corporate officials account for the second largest group of victims. Studies of terrorism by the Rand Corporation suggest that business facilities and executives are the single largest target, experiencing one-quarter to one-third of all terrorist attacks.⁷⁶ One source estimated in 1979 that 45% of terrorist activities are directed against businesses.⁷⁷ Figure 3-3 displays the Security Management assessment of international terrorist attacks on U.S. personnel and facilities for 1981. More attacks were recorded against American businessmen (over 50) than against military personnel. The high visibility of business, especially American business abroad, and their susceptibility to extortion and ransom payments has made the private sector the "principal target and unwilling financier of terrorism."⁷⁸

Western Europe and Latin America accounted for a disproportionate number of attacks on U.S. personnel and facilities in 1981 (Figure 3-3). Especially dramatic cases of kidnapping

Figure 3-1a

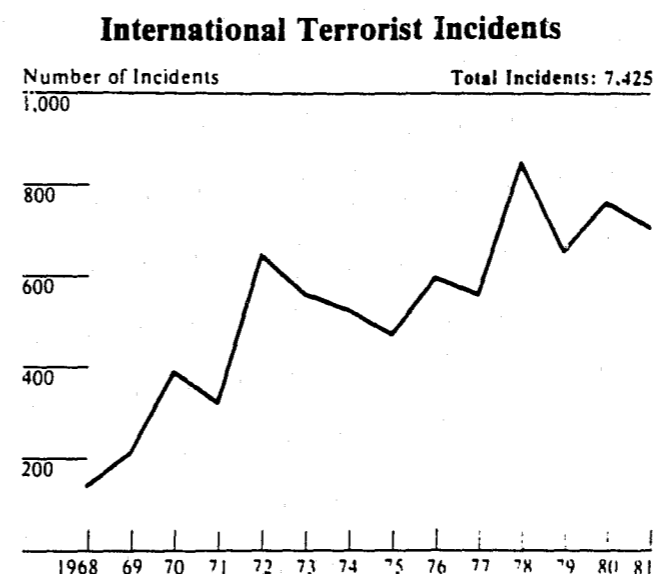


Figure 3-1b
Geographic Distribution of International Terrorist Attacks, 1968-81

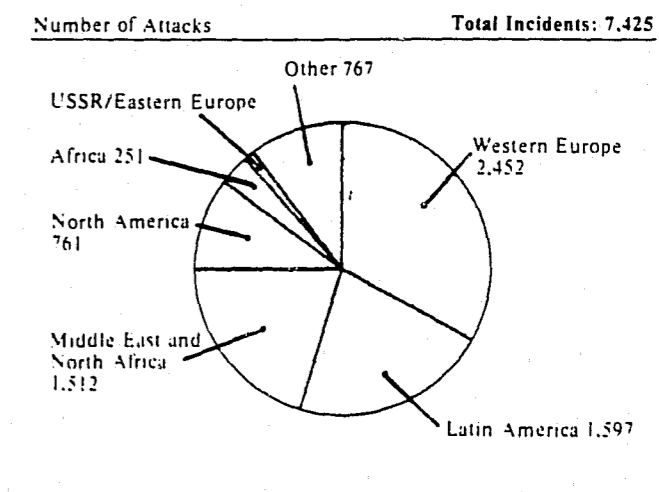
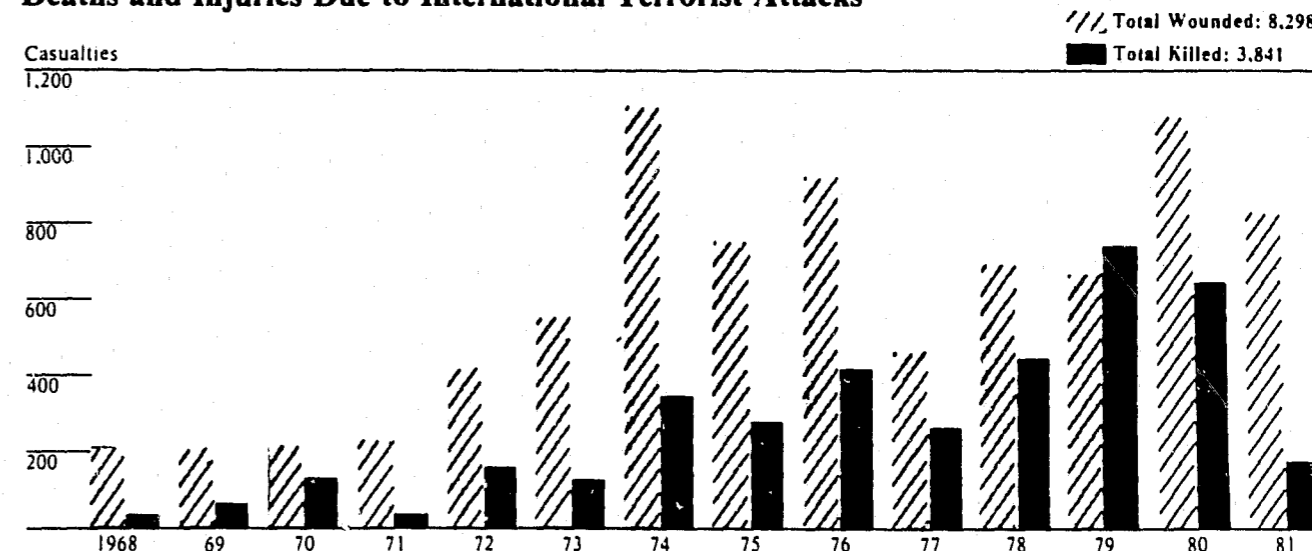
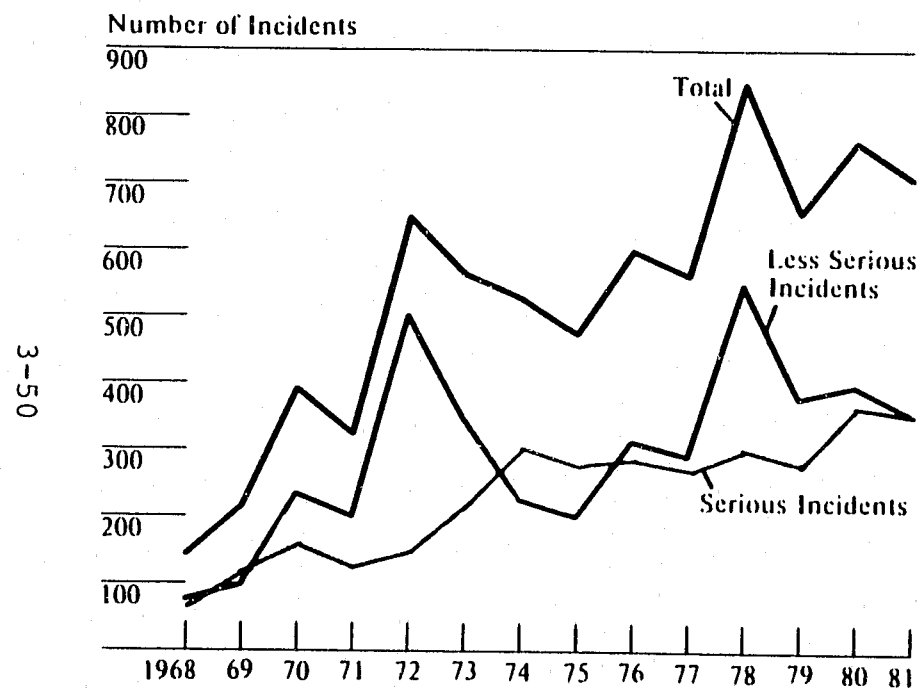


Figure 3-1c
Deaths and Injuries Due to International Terrorist Attacks



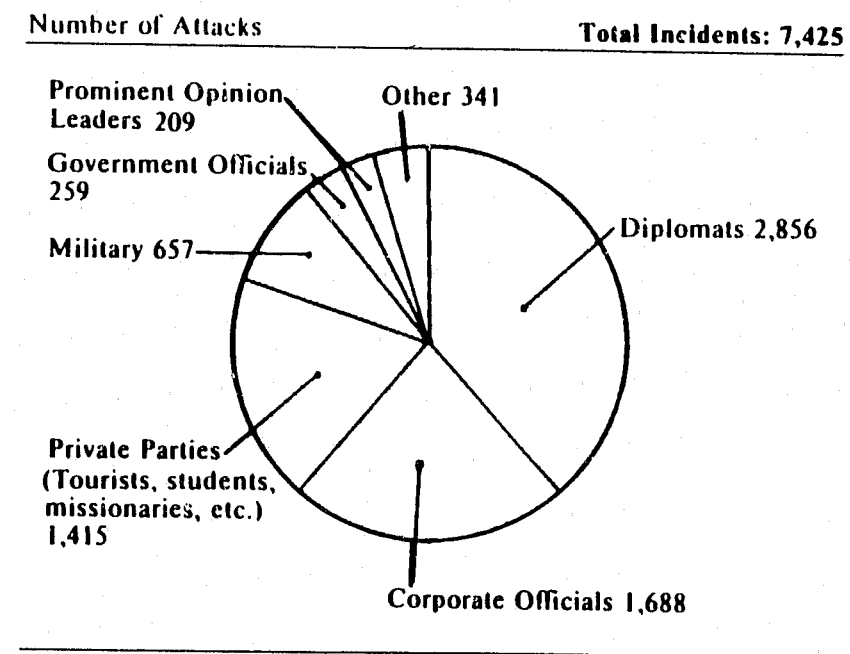
Source: American Society for Industrial Security, 1982

Figure 3-2a
International Terrorist Incidents, 1968-81



Source: American Society for Industrial Security, 1982

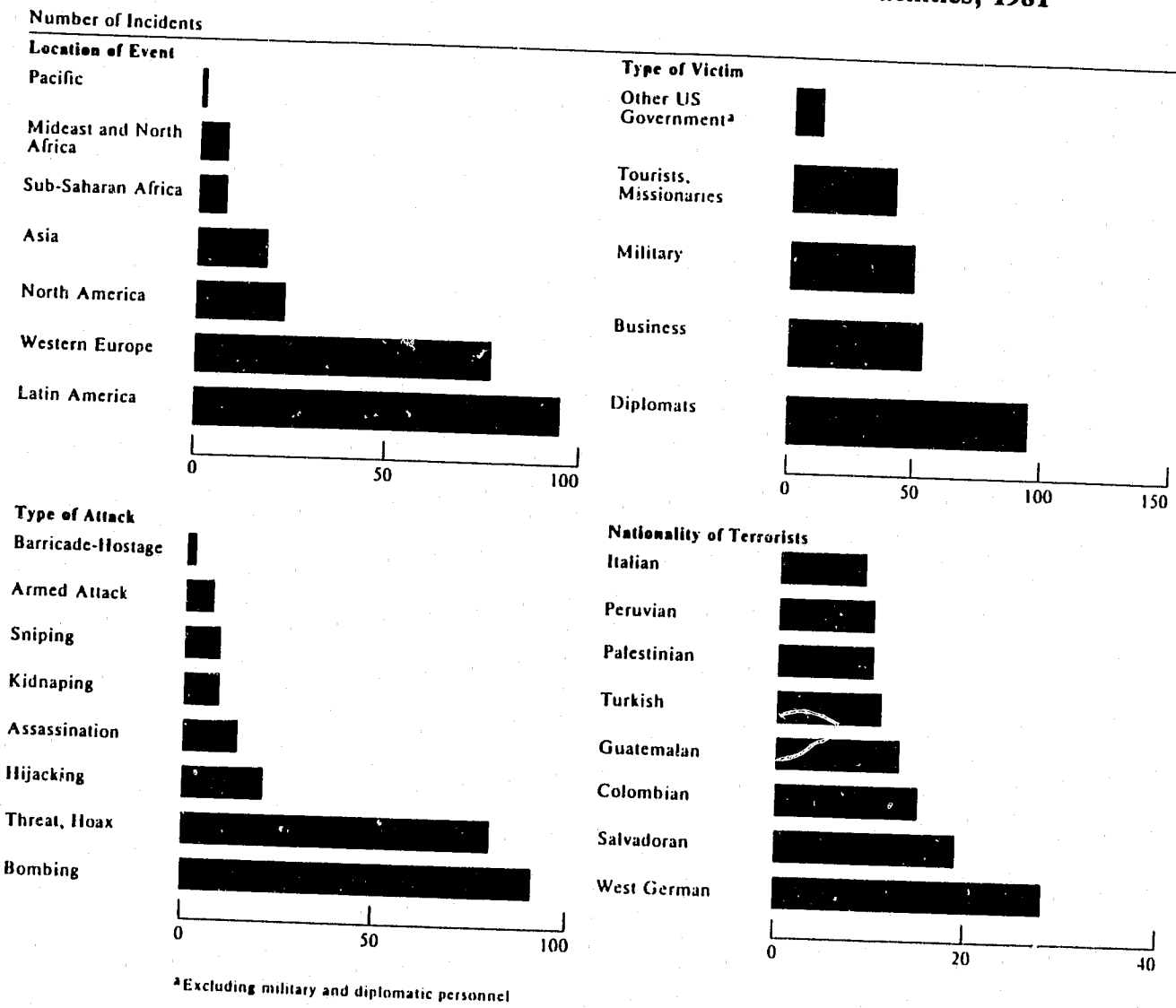
Figure 3-2b
Type of Victim of International Terrorist Attacks, 1968-81



Source: American Society for Industrial Security, 1982

3-51

Figure 3-3
International Terrorist Attacks on U.S. Personnel and Facilities, 1981



Source: American Society for Industrial Security, 1982

have occurred in Latin America:⁷⁹ (1) an executive of Beatrice Foods was held captive for eight months before being ransomed for an estimated \$500,000; (2) a negotiated settlement with terrorists led to the confiscation of Owens-Illinois assets by the government of Venezuela; (3) Exxon allegedly paid a \$14.2 million ransom for the release of its Argentina manager who was taken hostage by terrorists. An interesting aspect of these incidents is that subsequent civil suits were initiated against the corporations. The victims in the first two incidents alleged that the companies either took insufficient safeguards to protect the executives or had the company's interests at heart and not the employee's welfare. Two stockholders sued Exxon for exceeding their authority in making a ransom payment. One source estimated that businesses paid \$250 million in ransoms during the 1970's.⁸⁰

In the past (as recently as 1980), the U.S. Department of State Office for Combatting Terrorism often has assisted corporations in the negotiation with terrorists, but they now take the position that U.S. corporations will receive no assistance if they decide to negotiate with terrorists.⁸¹ Some countries have laws forbidding anyone to negotiate with terrorist groups. These laws have been enacted in part because payment of ransoms allows the terrorist organization to accomplish their objective with public exposure of their cause and continued funding for their terrorist activities (often directed against that country's government). In both the Columbia and Venezuelan kidnapping examples in the preceding

D
paragraph, the negotiations were conducted contrary to those countries' laws. In the Beatrice Foods case, the employee of a security consulting firm engaged by the company was imprisoned for negotiating with the terrorists and for currency violations in paying the ransom. The seizure of the Owens-Illinois assets was directly related to their terrorist negotiations forbidden by Venezuelan law.

Several observations can be made on kidnapping and ransom payments: (1) the refusal of the Department of State to aid in negotiations could lead to significant underreporting of such incidents; (2) businesses often will engage a specialized counter-terrorist security consultant to assist in responding to the incident; (3) many firms develop crisis management plans to assist in planning for response to terrorist activities; and (4) corporations could be held liable for insufficient preparation or inadequate response in terrorist actions against company executives.

Galvin (1983) suggests that much of what is known about terrorism or the literature is "impressionistic, and gives no answer to many of today's most pressing problems."⁸² Very little empirical research has been performed except for those who have access to their own data base (e.g., Rand Corporation, Risks International, etc.). Galvin notes several problems: (1) much of the information is sensitive and classified data to which only a "privileged few" have access; (2) much of the nonclassified information is compiled from journalistic

accounts with questionable sources and inconsistent classification of events and groups; and (3) there is a lack of consistency among definitions of terrorism which, in turn, leads to a lack of consistency in the data collected. On the one hand, terrorism is often perceived as terrorist groups (e.g., PLO, FALN, Omega 7, Croatian Freedom Fighters, Black Liberation Army, etc.), but there are also terroristic acts that are committed by individuals and groups not traditionally labelled as terrorist organizations. Webster's New Collegiate Dictionary defines terrorism simply as "the systematic use of terror especially as a means of coercion." This implies a broad range of coercive tactics, including merely the threat of terroristic acts--the category of "threats" in Figure 3-3 is the second most frequent "type of attack" against U.S. personnel and facilities. The Task Force on Disorders and Terrorism defined terrorism in the following manner:

Terrorism is a tactic or technique by means of which a violent act or the threat thereof is used for the purpose of creating overwhelming fear for coercive purposes.⁸³

Definitional issues notwithstanding, terrorism is a major concern for many, if not most, multinational businesses, firms involved in politically controversial fields, and firms which export their goods to foreign countries. Public figures, industrialist families and institutions are also vulnerable to terroristic actions.

Nuclear materials and weapons are another major category of concern as targets of terrorism. There are three primary

dangers connected with use of nuclear materials: (1) sabotage and theft at government and commercial nuclear facilities, causing a massive radioactive release; (2) the theft of "weapons grade" nuclear material for manufacture of nuclear devices; and (3) the theft or sabotage of some 30,000 nuclear weapons stockpiled at more than 100 installations throughout the U.S. Despite stringent provisions of the DOD and the Nuclear Regulatory Commission (NRC), the possibility of nuclear theft and sabotage looms as a very real one. Several "student" projects in the academic community demonstrated that a nuclear weapon could be designed by using nonclassified information available from the Library of Congress and the National Technical Information Service.⁸⁴ The Washington Post reported that in testimony before a classified Congressional hearing, seven counter-terrorist experts hired by the Department of Energy successfully took over the control room of the government's Savannah River nuclear weapons plant in 1980 as part of a security test of the facility.⁸⁵ The facilities of commercial nuclear power plants are protected by private security personnel with provisions (mandated by the NRC) for liaison and response by public law enforcement.

Private security relies upon both commercial security services and government agencies for intelligence gathering and crisis management planning. In recent years, a number of specialized executive protection and crisis management simulation training programs and specialized intervention services

and equipment have been developed to assist business in combatting the threat of terrorism. In addition to an annual unclassified report on International Terrorism published by the CIA, other Federal Government organizations provide information and assistance in combatting terrorism: the U.S. Departments of Defense, Energy, Justice, State and Transportation; the Federal Emergency Management Agency (FEMA); the U.S. Secret Service; The Joint Chiefs of Staff; and U.S. Senate Subcommittee on Security and Terrorism. FEMA has overall coordinating responsibility for the Federal Government in the event of a large-scale disruption of social, economic or political significance due to a massive terrorist or nuclear incident. In December, 1982, the ASIS sponsored a Government/Industry Conference on Terrorism which brought together for the first time with business every U.S. Government organization concerned with counter-terrorism.

Very little is known about the precise relationship between these government agencies and the actual development of counter-terrorism programs in industry. Similarly, while most major law enforcement agencies have Special Weapons and Tactical (SWAT) teams and intelligence units, there seems to be little counter-terrorism planning involving local private security managers and these police resources. Based upon nationwide interviews during this project, the issues of executive protection, crisis management plans and terrorism are topics not discussed freely or "for the record" by corporate security directors and their staffs. In general, much

of the information obtained by business comes from well-protected private sources, and there is reluctance to report international incidents of terrorism in order to avoid adverse publicity and future vulnerability for the corporation. Information--beyond officially published documents--which could be of great help to the international operations of a company, is usually obtained through sub rosa channels of communication with contacts in various federal or foreign government organizations. Yet, information is regularly passed to U.S. Government and embassy personnel, but "this is usually a one-sided affair with no feedback from the government side, except in those unusual cases where information is developed concerning specific targeting of a company by terrorists."⁸⁶

3.4 RESOLUTION OF CRIME AND THE PRIVATE JUSTICE SYSTEM

3.4.1 Reporting of Crime

In 1976, The Private Security Advisory Council (PSAC) to the Law Enforcement Assistance Administration published a report on sources of conflict between law enforcement and private security.⁸⁷ In this report, law enforcement appeared to be quite critical of the motives of private security in not pursuing criminal prosecutions of all criminal incidents. In the 1981 Hallcrest national surveys, both law enforcement and proprietary security personnel were asked about their perceptions of crime reporting by private security and the means used by private security to resolve criminal incidents in their organizations.

Despite the earlier criticism of private security by law enforcement reported by the PSAC, 62% of the law enforcement executives rated private security as "good or very good" in reporting criminal incidents. Proprietary security managers had a much lower perception of law enforcement ratings of them, with only 36% feeling that law enforcement would give them a "good" rating in reporting incidents. On the other hand, 71% of proprietary security managers rated themselves as "good or very good" at reporting criminal incidents. Yet, as noted earlier, reporting of crime is a low-priority function, especially as rated by industrial and institutional security managers.

Although both law enforcement and private security agree that private security does a "good job" of reporting criminal incidents, law enforcement perceives private security as reporting more crime to them than private security indicates that it does. In the national survey, proprietary security managers were asked how their organization "usually" resolves a number of external and internal crimes. Respondents chose among three options: (1) reporting to law enforcement agencies, (2) reporting directly to the district attorney or prosecutor's office, or (3) resolving the incident within their organization through other methods, e.g., firing the employee, obtaining restitution, absorbing the loss, etc. Eight out of ten law enforcement executives feel that crimes of extortion and check and credit card fraud are reported to them, but approximately 40% of private security personnel

indicate that check and credit card fraud incidents are reported directly to a prosecutor or are resolved by other methods. Similarly, nine out of ten chiefs and sheriffs perceive private security as reporting shoplifting and vandalism to them, but about 30% of the private security managers usually report these incidents directly to a prosecutor or resolve them through other methods. The crimes most frequently reported to a law enforcement agency would generally be classified as UCR index crimes: arson, burglary, robbery, cargo theft, extortion, receiving stolen property, and terrorism/bombings.

For the crimes of pilferage/employee theft, insurance fraud, industrial espionage, commercial bribery and computer-related crimes, the majority of proprietary security managers report that the incidents are resolved through direct contact with a prosecutor or through other methods within the organization. For most of these latter crimes, resolution through other methods is reported almost twice as frequently as taking the case to a prosecutor; about one-half of the respondents use other methods for resolution of these crimes. In general, law enforcement accurately perceives that they are not highly involved with these economic crimes. In addition, police report these crimes as the ones they least frequently investigate. In confirming the data presented in this chapter on crimes against business, proprietary security in all sectors (industrial, commercial, institutional) report in the national survey that the most frequently investigated crime in their

organizations is employee theft. Nearly one-half of the security managers report resolving these employee theft incidents within their own organization. In a 1979 FBI assessment of factors affecting the volume and type of crime in business, the strength of police personnel resources and prosecution policies were mentioned as key factors, but no mention was made of the crime reporting and prosecution policies of private organizations.⁸⁸

The nonreporting of criminal incidents does not appear to be a major conflict between private security and law enforcement as reported by the PSAC, since the majority of law enforcement executives rate private security good or better in criminal incident reporting. Moreover, law enforcement groups accurately perceive that private security resolves a significant amount of economic crime without the direct involvement of the police. This finding certainly raises an issue: why does private security tend to report UCR index crimes to law enforcement, but seemingly avoids or bypasses the police in the resolution of white collar or economic crime?

3.4.2 Lack of Police Involvement

Perhaps the single most important reason for lack of police involvement in economic crime is the workload of street crime and other calls for service which place heavy demands on reduced or stabilized police resources. The law enforcement survey responses indicate that economic crimes are simply a lower priority for police resources; and, in addition, law

enforcement agencies seem to be more interested in dealing with street crime and offenses which are more visible to the community. In Chapter 2 we commented on the existence of special white collar or economic crime investigation and prosecution units. Our national survey data indicate that these units are partially dependent upon the formal reporting of crime by business and institutions or by "whistleblowers."⁸⁹ As noted earlier, the FBI has allocated nearly 25% of its manpower to investigation of white collar crimes, but one respected security authority pointed out that only two of his investigations became federal cases during 31 years of security experience.⁹⁰

McDonald (1981) in his study of Police and Prosecutor Relations in the United States views police and prosecutors as "information processors" and suggests that communication theory helps explain the quality and quantity of information processed.⁹¹ The more people and agencies involved in collecting, processing, and communicating case information, the greater the chance for distortion of communication, i.e., the greater the chance for error. This fact is important to successful prosecution since the quality of information available "affects the speed and related efficiency of case processing."⁹² For maximum communication--and, in turn, maximum prosecutor efficiency and effectiveness--McDonald asserts that the best possible arrangement is for the police officer who

"made" the case (i.e., who knows the most about the case) to bring it directly to an experienced prosecutor for preliminary case review.

McDonald's observations have some direct parallels in police and private security relations in pursuing economic crime. Cases brought to the police by private security are usually well developed by the time the police are notified, often leaving them as intermediaries or "information processors" between private security and the prosecutor. Since private security often has a strong case (in its opinion) before they seek prosecution, little is to be gained by bringing the police and the prosecutor into the case at the initial stages. Some complex cases could also involve several levels and types of law enforcement agencies (e.g., state and local law enforcement, FBI, IRS, SEC, U.S. Attorney, etc.).

Aside from the few specialized economic crime investigation units in major police departments or partial mergers of police and prosecutor personnel in such units, police agencies generally do not have the expertise spread among a large number of investigative personnel to investigate many of these economic crimes. Thus, a few investigative personnel are assigned a heavy workload of cases, and assessment of their productivity or effectiveness is difficult because of the considerable time and paperwork involved in an economic crime investigation. The adoption of case management criteria by some police departments may not be appropriate in view of the complexity of some economic crimes, although an offense such

as employee pilferage (not usually reported) is typically a straightforward theft or larceny case.

In addition, many cases are disposed of in court by plea bargaining, which many police officers do not understand or support. Yet, for the company that is more interested in the deterrent value to other employees of a criminal prosecution for a flagrant theft, embezzlement or fraud, it may not be worth involving reluctant police officers, especially when it is possible to deal directly with a prosecutor. However, several key variables determine the amount of police assistance sought for investigation and prosecution of economic crime: (1) the size of the local security organization, (2) the prosecution policies and degree of investigative support by corporate security staff, (3) the level of police investigative expertise, and (4) local prosecutor policies.

3.4.3 Avoiding the Criminal Justice System

In the national surveys the most revealing aspect of the resolution of economic crime within organizations is not the minimal police involvement, but rather the fact that for some crimes private organizations commonly avoid the public criminal justice system altogether. It appears that this trend has to do with both criminal justice system and private-sector organizational concerns.

Concerns about the criminal justice system center around five areas: (1) charging policies of prosecutors, (2) administrative delays in prosecution, (3) prosecutorial policy

objectives, (4) differing "output goals" of criminal justice and business, (5) the Freedom of Information Act and rules of discovery, and (6) an unsympathetic attitude by the courts concerning business losses due to crime. At the initial offense charging stage, disagreement may arise over the appropriate federal or state statute to invoke. The business may not feel it is worth pursuing the case for a lesser charge than they feel their privately developed case deserves. On the other hand, businesses may acquiesce to plea bargaining so that prosecution of the case would provide deterrent value in their company. Prosecution of economic crime cases, especially complicated cases of fraud, can result in delay of trial dates and postponements that stretch over months, as well as the involvement of corporate legal counsel, investigative and accounting staffs. For cases involving minimal monetary loss but flagrant violations of company rules and internal controls, the end result could be a prosecution process that is as costly and time-consuming as the incident itself. In a 1979 U.S. Chamber of Commerce survey, over half of the 446 business executives surveyed felt that law enforcement and the criminal justice system do a poor job in fighting crimes against business.⁹³

McDonald notes the four prosecutorial policy objectives distinguished by Jacoby (1980): legal sufficiency, system efficiency, defendant rehabilitation, and trial sufficiency.⁹⁴ Under the legal sufficiency policy, little effort is made to pursue cases that initially do not have sufficient probable

fact encourage the company to resolve the crime internally, since the offender is not part of the normal criminal element to whom the court system is normally exposed. The prosecutor may encourage the organization to pursue only civil restitution rather than a criminal prosecution.

It is possible for all of these prosecutor policy objectives to be present within a single prosecutor's office, or for a company, through branch operations and facilities, to be exposed to each of the policies throughout a state and the country. This further complicates the process of formulating a corporate policy on prosecutions.

McDonald's study of police and prosecutor relationships also noted the five criminal justice system output goals of Pincoffs (1966): deterrence, rehabilitation, retribution, incarceration, and restitution.⁹⁵ In business, the primary output goals of an investigation generally would include only those of deterrence and restitution. From the perspective of assets protection and loss prevention, a business first wants to determine in detail the prevailing conditions or lack of controls which allowed the criminal incident to occur. Personnel and resources must be committed by the organization at some expense in order to conduct an internal investigation. If the criminal justice system is not willing to pursue a prosecution for merely the deterrent value it might have for other employees, contractors, or suppliers of the company, then the company may feel that it is more cost effective to direct their own internal resources toward civil restitution.

The company then has an opportunity to recover some of its actual losses and investment in investigative resources.

In retail operations, a number of states have specifically enacted statutes to allow store owners to seek civil restitution from the parents of shoplifters. California, for example, in 1982 upheld as constitutional a state statute which allows merchants to pursue civil penalties of \$50 to \$500. The case in question involved the Payless Drug Store chain, which submitted evidence that about 2300 civil restitution payments were obtained, with only ten individuals subsequently involved in a second apprehension.⁹⁶ Company officials estimated that each apprehension cost them \$101 to process. In this situation, the company obtains both deterrence and restitution, while minimizing the impact on its own security resources. Retail executives and security managers vigorously debate the cost effectiveness of shoplifting prosecution. In both case study sites the prosecution policies of retail security varied greatly. Without question, shoplifting prosecution policies can impact the workload of police and prosecutors.

Civil restitution is also utilized to recover large losses and in cases involving racketeering by or corruption of company officials. IBM, for example, pursued only a civil prosecution to recover damages from a firm that manufactured compatible devices to enhance the IBM Personal Computer--using

stolen IBM information.⁹⁷ The RICO anti-racketeering statutes used by law enforcement also contain provisions to allow for civil suits by victims to collect damages.⁹⁸

McDonald states that the Freedom of Information Act and "increasingly liberalized rules of discovery have opened police and prosecutor files to public inspection in a way that has never been possible".⁹⁹ Police are more reluctant to include certain information in their reports because of the potential for civil suits. This reluctance is closely related to an issue of importance to private sector organizations: protection of their reputation. A certain amount of public embarrassment is attached to the company or organization which sustains a significant loss because it is ultimately a reflection of management practices. In addition, officials may be concerned about possible adverse reactions or civil suits by stockholders of the company. The potential for embarrassment may be more acute for nonprofit institutions and organizations that receive a large portion of their operating funds from contributions.

One reason for not reporting or prosecuting certain crimes is to avoid the increase in insurance premiums. In some cases, it might be more cost effective to absorb a loss than to report it, since the increase in the premium can often exceed the value of the loss. Reporting the loss can also alert the insurance underwriter that the organization might have greater potential exposure to crime than was apparent when the policy was issued. In addition, some organizations

have no incentive to report certain losses because they are self-insured or because policies they carry have high deductibles which preclude the ability to recover the loss.

Calder (1980) suggests that there is a certain amount of indifference to crime in business, since "an all-important yet often ignored reality is that much crime committed is viewed as a cost of doing business for which there are numerous ways of distributing responsibility."¹⁰⁰ One of the most subtle but frequent ways of distributing responsibility and the cost burden for the loss is to increase consumer prices. The construction and retailing industries are good examples of this practice. An official for the Association of General Contractors stated that "some contractors routinely add 5% to their estimates to cover the cost of internal and external theft."¹⁰¹ An official of Burns International Security Services estimated in 1981 that shoplifting would cost each U.S. household an additional \$200 for their purchases in that year.¹⁰² Thus, the cost and expense of pursuing criminal prosecution might be foregone--notwithstanding any deterrent effects--if the loss could be recovered by redistributing the cost burden to the consumer through increased prices.

3.4.4 The Private Justice System

The overriding concern of the corporate entity is the impact of a particular loss incident on the overall operations of the company. Business crime is most effectively attacked

through sound management controls. When a loss occurs, private security, in conjunction with other internal control functions in the organization, reexamines policies, controls, procedures, and physical security measures. Thus, more attention is focused on preventing and deterring future losses resulting from similar incidents than on the "offender" involved in the incident. The emphasis on loss prevention, in private sector criminal incident response, is a distinguishing characteristic of private security.

Since the focus is on the management practices of the company and not on the "offender," the treatment of the offender can be expected to vary greatly. For some companies, collective bargaining contracts may guide the options available to the employer. For employee criminal acts, the options include suspension without pay, dismissal, transfer, job reassignment, job redesign (elimination of some job duties), civil restitution agreements, or criminal prosecution. Employees can also subsequently be denied advancement opportunities on the basis of a past incident, regardless of current job qualifications and performance since the incident.

In Chapter 9, we support the position that a fundamental shift in protection resources has occurred from public policing to the private sector. Shearing and Stenning (1983) feel that this shift in protection resources has also been accompanied by a shift in the character of social control; in

many ways, private security and the private justice system exert far greater control on citizens than the public criminal justice system.

The shift from public to private systems of policing has brought with it a shift in the character of social control. First, private security defines deviance in instrumental rather than moral terms: protecting corporate interests becomes more important than fighting crime, and sanctions are applied more often against those who create opportunities for loss rather than those who capitalize on the opportunity--the traditional offenders. Thus, the reach of social control has been extended.

Second, in the private realm, policing has largely disappeared from view as it has become integrated with other organizational functions and goals, at both the conceptual and behavioral levels. With private security, control is not an external force acting on individuals; now it operates from within the fabric of social interaction, and members of the communities in which it operates are simultaneously watchers and the watched. They are the bearers of their own control.

Third, this integration is expressed in the sanctioning system, in which private security draws upon organizational resources to enforce compliance.¹⁰³

Yet, very little is known about the structure and dynamics of private justice systems, especially in different types of businesses and institutions. Shearing and Stenning (1981), after years of studying private security in Canada, indicate that private justice systems "do not conform to any uniform model, but share relatively informal negotiated procedures and outcomes as common characteristics."¹⁰⁴

As yet, we have little knowledge about the structures and dynamics of such systems, the way they shape the activities of private security, and their impact on the relationships between private security and the public police and public criminal justice systems.¹⁰⁵

Calder also notes that "administrative justice can often ignore the principles found in public law and the notion of fairness."¹⁰⁶ A nationally recognized security expert and investigator of corporate crime stated that private security is often not bound by criminal justice system rules until the case enters the system at the charging stage.¹⁰⁷ Some states have ruled that Miranda warnings do not apply to private security interviews since they are not done under the coercive threat of arrest by the police.¹⁰⁸ Employers, however, can use other forms of coercion, most notably the threat of terminating employment. On the other hand, businesses exist to make a profit and are not obligated to put the welfare of an employee above that of the company. Calder suggests that a correlation exists between the level of position, amount of power and socio-economic standing of the employee in the company, and the subsequent amount of disciplinary action received.

If, in fact, as much crime is resolved through the private justice systems as the Hallcrest national surveys seem to indicate--especially for employee theft--then some valid concerns could be raised by civil libertarians concerning the fairness and consistency of these private justice systems.

Further research in this area would help to delineate the common characteristics of private justice systems, their reduction of public criminal justice system workload, and the significant amount of underreported crime which accompanies use of the private justice system.

FOOTNOTES

Chapter 3

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2. W.S. Albrecht, et al., How to Detect and Prevent Business Fraud (Englewood Cliffs: Prentice Hall, 1982), p. 24.
3. Simon Dinitz, "Multidisciplinary Approaches to White-Collar Crime," in White-Collar Crime: An Agenda for Research, Eds. Herbert Edelbert and Thomas D. Overcast (Lexington: Lexington Books, 1982).
4. "Ordinary Crime" was defined by the Small Business Administration in 1967 as the crimes of burglary, robbery, vandalism, shoplifting, employee theft and bad checks. The U.S. Department of Commerce subsequently added arson and credit card fraud in 1972 and 1975, respectively.
5. Mary Alice Kmet, "A Pirate's Treasure," Security Management, June 1981, p. 10.
6. Paul A. Samuelson, Economics, 11th ed. (New York: McGraw-Hill, 1980), p. 2.
7. New York Times, January 21, 1981 p. 14.
8. New York Times, August 31, 1981, p. 18.
9. One of the more notable examples is the collapse of the Franklin National Bank in 1974.
10. Herbert Swartz, "The \$120 Billion-a-Year Theft of Time," Dun's Business Month, (April 1983) p. 75.
11. USA Today, November 2, 1982, p. A-1.
12. An example of an often-quoted crime loss statistic, based upon studies of the Computer Abuse Research Project, SRI International, see, Donn B. Parker, "Computer Abuse Research Update," Security Management, September 1980, p. 92.
13. Security Letter, March 3, 1981.
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17. Alexander L. Taylor III, "The Growing Bankruptcy Brigade," Time, October 18, 1982, p. 90.
 18. loc. cit.
 19. See Gilbert Geis, and Ezra Stotland, eds. White-Collar Crime: Theory and Research, (Beverly Hills: Sage Publications, 1980); Hurbert Edelhertz, and Thomas D. Overcast, eds. White-Collar Crime: An Agenda for Research (Lexington: Lexington Books, 1982).
 20. Robert W. Francis, Sr., Testimony before the Subcommittee on Special Small Business Problems, House Small Business Committee, U.S. House of Representatives, June 16, 1977 p. 23,24.
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CHAPTER 4

PROPRIETARY SECURITY

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CHAPTER 4

PROPRIETARY SECURITY

4.1 ORGANIZING FOR SECURITY

4.1.1 Asset Protection and Loss Prevention

Security programs in business, government, and other organizations are generally organized to protect the assets of the organization and to prevent or control losses. The assets of virtually all organizations include: (1) personnel, including employees and other on-site personnel such as contractors, suppliers, patrons, and visitors to the organization; (2) property - physical facilities including buildings, equipment and machinery; negotiable documents (stocks, bonds, money); raw materials, merchandise, finished products, and supplies; and (3) proprietary information - information on production processes, research and development, personnel, trade secrets, and other confidential information of the organization.

Chapter 3 reviewed the major types of losses that occur in organizations through internal and external theft and fraud. Other losses are caused by vandalism, waste, accidents, fire and natural disasters. In virtually all organizations, assets protection and loss prevention programs enable the organization to function in a more secure environment. In business organizations, the security programs directly relate to the "profit retaining function."¹ Businesses exist to make a profit, and all losses reduce the net profit of the firm. A

security program which effectively protects assets can minimize the cost of losses which would occur in the absence of such a program, thereby increasing net profits. The more efficient the security program, from a cost-benefit standpoint, the more net profit is retained. Effective asset protection and loss prevention, then, summarize the basic function of private security and the management principles for establishing security programs. This is exemplified by a chief executive officer of a major oil company who described the transition of security in industry from merely physical security to protection of the total corporate assets as follows:

...industry has come to depend on a new breed of highly trained professionals who have helped to develop new concepts for security. Industrial security is no longer a matter of simply locking up company property. Now, it means a systematic approach to protecting all forms of corporate assets, including those intangible but precious assets - a company's reputation and ethics.²

4.1.2 Legal Authority

There are both civil and criminal implications for the organization's involvement in asset protection and loss prevention. Landowners, in 18th century England, hired armed gamekeepers to protect their property, and, in 1800, the River Police (a forerunner of modern policing) were established to protect the cargo-laden merchant ships in the River Thames.³ The legal basis for protection of one's property in the United

States is rooted in this English common law tradition and right to engage others to protect property, as well as the U.S. Constitutional right of persons to defend themselves and their property. Some states also have enacted statutes to delineate specifically the authority of individuals to protect themselves and their property, and their right to employ third parties to exercise those rights on their behalf. Organizations, then, establish proprietary security programs on the basis of the Constitutional, common law or statutory right of citizens to protect their property. When contract security services and products are used, contract law governs the provision of services to the client.

The authority of private security personnel is generally limited to that of a private citizen in making arrests, but there are some notable exceptions in the areas of detention, search, and interrogation.⁴ A Private Security Task Force survey in 1975 found that 30 states have specific statutes relating to citizen arrest authority for felonies, and 22 of the states also allow citizen arrests for misdemeanors.⁵ Felony arrests in most states can be made by a private citizen when there is "reasonable cause" or "reasonable grounds" leading one to believe a crime has been committed. For lesser offenses, the crime must actually have been seen by the citizen or security personnel. Private citizens or security officers usually cannot detain suspects or conduct searches without the suspect's consent, but in many states "shoplifting statutes" have been enacted to allow this practice for retail stores.

In addition, inspection of employee packages and personal belongings has been a traditional "right" of industrial security programs. Several states have ruled that when security personnel question suspects, the Miranda warnings (advising of the Constitutional right to remain silent or to have an attorney present during questioning) required of police officers are not applicable.⁶

Private security personnel in many ways are limited in their authority as agents of property owners, but in some instances they are permitted to take action prohibited by the public police. Shearing and Stenning (1981) are concerned about the "most potentially disturbing interferences with liberty and civil rights" that could occur to citizens using "private" property that in fact is frequently used by the public.⁷ They note that the exercise of powers of property owners originated in property and contract law and were intended to apply to strictly private places, yet the "mass private property" holdings of large commercial, and industrial complexes has somewhat blurred the distinction of public and private places (e.g., shopping malls). Traditional protection of citizen liberties and rights has been geared toward public places, but that protection becomes obscured "as soon as the individual steps into a privately owned public place."⁸ The authors suggest a reexamination of the "fundamental legal institutions on which the role, jurisdiction and powers of private security are founded."⁹

Private security personnel are sometimes designated as commissioned peace officers or special police officers. In such cases either state statutes or local ordinances permit these designations for certain security personnel. This legal status confers upon them full or limited police powers in a confined area (a plant, store, campus, mall, etc). In some situations, security personnel (transit, public housing, college campus police and railroad police) have the status of sworn police officers; they function as a police department with limited jurisdiction and are considered part of the police community. In the Hallcrest national survey of proprietary security managers, only 29% indicated that they have special police powers in the performance of their duties, but another 29% of the security managers would like their personnel to have these powers for certain situations. In the Baltimore area case study site, the security personnel of many manufacturing firms and retailers are granted these special police powers. In some states, such as New York, this special police officer (SPO) concept has aided retailers in the processing of shoplifting arrests, thus reducing security personnel "downtime" and minimizing police involvement. Under this recent New York law, personnel who successfully complete the approved course of training can act as their employer's agent in apprehending and citing the suspect into court and in preserving evidence.¹⁰

4.1.3 Liability

Security measures do not always derive from the right to protect property; there is also an overriding public interest issue and legal basis for the need to provide adequate protection for employees, customers, and visitors. Case law has held that citizens have a right to reasonable protection from harm when on the private property of organized entities. Several years ago this issue was highlighted by the robbery, rape and assault of a popular night club entertainer in a hotel where she was lodged for her singing engagement. The hotel was found negligent because security was inadequate. Thus, organizations can be, and frequently are, held civilly liable for failure to provide adequate security.

Organizations can also be held liable for the actions of their security employees in both intentional and negligent tort actions (i.e., civil actions resulting in liability). Depending upon contract terms and the degree of authority and direction exercised as the contracting entity, organizations could also be held liable for the actions of contract security services and products used by them. Generally, the literature and the media have focused on the negligence of security guards: personal injury resulting from excessive force; improper detention, search or arrest; malicious prosecution, and so forth. Among several reasons suggested by one attorney and law enforcement professor for the increase in litigation for inadequate security are: "rising expectations of the public

with regard to the quality of services" and "rise of consumerism, with citizens demanding protection of their rights."¹¹

4.1.4 Government-Mandated Security

The Federal Government operates the largest proprietary security program with more than 20,000 federally employed protective/security workers.¹² These federal guards and special police officers provide a wide range of security services throughout the many federal buildings, facilities, and agencies. Concurrently, the Federal Government is perhaps the largest single user of contractual security services.

Certain security measures can also be mandated for firms and individuals who provide services for the 26 Federal Government agencies included under the Defense Industrial Security Program (DISP). Nearly 12,000 "cleared facilities" and approximately 1.2 million cleared employees are engaged in classified work for these agencies throughout the United States.¹³ Before contractors are eligible to perform on contracts that require access to classified information, they must enter into a "security agreement" with the Department of Defense, and then implement and abide by the security measures outlined in the Industrial Security Manual. Firms involved in aerospace and the National Aeronautics and Space Administration (NASA) related work frequently come under the mandates of this program.

Another area of mandated security measures are those of the Nuclear Regulatory Commission (NRC). The NRC establishes guidelines for nuclear power plants and facilities using strategic nuclear material, somewhat similar to the areas covered by the DISP: a security organization, physical barriers, access requirements, and intrusion detection and other sensors. One important difference between the two programs is the emphasis placed in the DISP on "classification management," especially the security of classified information and classified work areas. The requirements for safeguarding classified information also extend to a firm's subcontractors, vendors and suppliers who have access to classified information, products and work areas.

4.1.5 Policy and Business Ethics

Chapter 3 noted that the direct economic impact of white collar crime is far greater than that of robbery, burglary, larceny and violent street crime which receive the most media and public attention. In discussions of economic crime, considerable emphasis is placed upon crimes against the organization and pilferage by employees. Other less notorious areas of economic crime are bribery, fraud, price fixing and other illegal and unethical practices that are used to gain unfair competitive business advantage, to increase profits or to avoid corporate responsibility to stockholders, the public, and the local community. A U.S. News and World Report survey

of government records found that 115 of the 500 largest corporations have been convicted in the last decade of at least one major crime or have paid civil penalties for "serious misbehavior."¹⁴ The offenses of environmental pollution and tax evasion were also included in the survey. Justice Department actions against these firms indicated that "12.2 percent of the [Fortune] 500 were convicted of or did not contest at least one criminal offense and an additional 10.8 percent were penalized for serious noncriminal offenses."¹⁵ The study further noted that records of the Administrative Office of the U.S. Courts list Federal criminal offense convictions from 1971 through 1980 against 2,690 corporations of all sizes.

Studies on internal theft and business ethics indicate lower theft rates and better business practices when top management undertakes "responsibility to assure integrity at the top and throughout the organization, and to communicate a strong moral commitment to do what is right."¹⁶ Clark and Hollinger (1982), in a three-year study of approximately 10,000 employees in selected U.S. cities, found that organizations with clear policies against theft and strong internal controls experienced less theft.¹⁷ Policy statements are considered more comprehensive than simple employee-manual prohibitions against stealing. This point was effectively made by a corporate officer of a Fortune 500 company:

The best security people in the world can't be effective if they have to function in a climate where integrity and honesty are the

exception rather than the rule. It's up to management to establish the highest ethical standards for business conduct and to see that those standards are adopted throughout the company. You can't establish such standards in proclamations, only in practice.¹⁸

In a survey sponsored by the Ethics Resource Center in Washington, D.C., it was found that three out of four of the larger corporations have established corporate codes of ethics.¹⁹ Ivan Hill, one of the leaders of the Center's sponsoring foundation, stated that "as an economy expands and as technology advances, the need for better ethics increases exponentially."²⁰ Hill feels that the very strength and freedom of the country depends upon the ability of business leaders to be trusted to obey self-imposed standards. Further, he sees a direct correlation between ethical conduct and the truly successful business--productivity and profits are increased by ethical practices and competitively good products and services. However, another study found that implementation or enforcement of business codes of ethics is seldom a top management priority.²¹

Effective proprietary security programs, then, must emanate from a policy that inculcates a strong sense of organizational ethics in all levels of the organization.

4.1.6 Security in the Organization Structure

One company president noted several "fundamental rules" for a successful corporate security program in an address to the American Society for Industrial Security.²² Citing the

most important as being a top-level commitment to ethics, he also noted that the chief executive must be committed to and support the security program by involving the security director in corporate goals and planning, and by giving the security director "the authority and responsibility to set security policy that is consistent with overall corporate objectives."²³ For these reasons, directors of security frequently report to the top management of organizations including the chairman, president or other senior executives. A 1981 Security World survey of corporate executives stated that 70% of the respondents had a security director who reported directly to the company chairman, chief executive officer, president, vice president of operations or finance, or a general manager.²⁴ In the Hallcrest survey of proprietary security managers (ranging from facility security manager to corporate security director), 46% of the security managers reported to a vice president or higher official in the organization, with one-half of all respondents reporting to a corporate officer. In the commercial and industrial sectors, security managers responsible for the entire organization most frequently reported to the president, executive vice president, or a vice president.

Perhaps, an emerging trend will be to place security within the larger "risk management" program. Risk management traditionally has been associated with transferring an organization's risk or loss exposure to a third party through insurance. More recently, risk management has come to encompass the

functions of safety, security, insurance, and fire prevention to control risk.²⁵ This approach brings a variety of disciplines together to focus on the central task of reducing losses. Under this structure, the security director reports to an overall corporate risk manager; or, in some cases, the security director's position has evolved into the risk manager's position.

4.2 SECURITY PROGRAM COMPONENTS

The specific protective measures undertaken by business, government, and other institutions vary greatly according to the nature of the organization and the persons and property perceived as most valuable or critical. In all organizations, security programs have essentially three key components: physical security, information security, and personnel security.

4.2.1 Physical Security

Physical security concerns the physical means used to (1) control and monitor the access of persons and vehicles; (2) prevent and detect unauthorized intrusions and surveillance; and (3) safeguard negotiable documents, proprietary information, merchandise, and buildings. Office buildings, manufacturing plants, warehouses and distributors, retail stores, laboratories, hospitals, campus residence halls, banks, hotels/motels, libraries and museums, power generating plants,

mills, transportation, terminals, foundries and a broad range of other facilities are protected daily in the commercial, industrial, and institutional sectors. The degree and type of protection provided by both human and technological resources depends upon the physical environment, the potential threats to security and safety, and the overall vulnerability of a particular facility to these threats. For certain entities, such as banks, the Defense Industry Security Program, and nuclear plants, the minimum standards of protection are mandated by a governing authority.

4.2.1.1 Perimeter Protection

Physical security begins with protection of the perimeter, i.e., the areas outside or approaching a facility. Perimeter security protection measures include physical barriers (fences, gates, walls, natural), locking systems, lighting, closed circuit television (CCTV), intrusion detection sensors (on fences, as well as free standing and underground), guard stations and patrols, and access control systems. Intrusion detection sensors are the activating or alerting element of alarm systems (window foils, magnetic contact switches, motion detectors, etc.). Security lighting and locks or perhaps a local alarm system (alarm sounds outside the premises only) are often the extent of small business security; thus, such businesses are very dependent upon the detection and response capabilities of the local law enforcement agency. Security personnel can also monitor alarm systems at the site if the

system is connected to a remote monitoring service, or hooked up to a central station alarm company with monitoring and/or response capabilities.

Access control begins at the simplest level with key control (control of keys issued to employees, vendors and service personnel) and can include electronic locking systems and electronic card reader systems. In card reader systems, electronically coded cards, keys or other objects activate remote doors, gates, and entrances by sending impulses to a computerized control unit which reads the encoded data and authorizes entry. CCTV is frequently utilized in large facilities to monitor access control. Remotely controlled cameras may be monitored at a central point in the facility, and they have the capability to switch to different cameras and record events on time-lapse video recorders.

4.2.1.2 Interior Space Protection

Interior space protection also utilizes alarms, locks, electronic card readers and CCTV systems. CCTV is used in retail settings and banks to monitor customers and to deter both internal and external theft; in addition, CCTV is frequently used in shipping and receiving areas of business and industry. Entrances, workrooms, hallways and other remote areas can be monitored through the use of CCTV and card reader systems. Ultrasonic wave, microwave, radio frequency, sound discrimination and infrared detection sensors are commonly used for interior space protection alarm systems. In larger

facilities, CCTV, access control, and alarm systems may be integrated with the monitoring of heating, ventilation, air conditioning and power-generating systems at a central monitoring station staffed by either contract or proprietary security personnel. Another important aspect of interior space protection is the safeguarding of valuable equipment, tools, supplies, documents and information through the use of fixed security equipment, such as vaults, burglary and fire-resistant safes and chests, safe deposit boxes, and insulated high-strength security filing cabinets.

4.2.1.3 Human and Technological Resources

Guards are an integral part of many physical security programs. For many employees and citizens, guards are the most visible component of the vast array of physical security measures. Guards patrol on foot and in vehicles; maintain fixed security posts and reception/entrance areas; monitor security consoles and systems; inspect employee and visitor packages; guard precious gems and art objects; surveil shipping and receiving, valuable merchandise, and other high-security areas; and perform a broad range of other tasks. Chapter 7 discusses the personnel characteristics and some of the standard responsibilities of guards and other security personnel. Chapters 5, 6 and 8 provide a more detailed look at the protective products and services used in security programs.

4.2.2 Information Security

Information security does not just pertain to the handling of classified government information. Virtually all organizations generate key pieces of information that are used daily to make decisions and administer routine operations. Such information is usually critical to the competitive position of the company. Theft of information can have effects just as disastrous to corporate profits as are direct losses through theft, sabotage or damage of physical items.

It is especially critical to protect certain types of organizational information including: customer and member mailing lists, general research and development and specific product development data, marketing plans, technical proposals, pricing information, vendor and supplier lists, manufacturing process and engineering data, budgets, and other sensitive information. With the high cost of research, for example, the theft of new product research and testing data could give a competitor a significant market advantage. In this regard, one function of information security is to classify data considered critical to the development of new products. A product protection plan is then created to secure all aspects of information relating to the new product prior to and after its introduction on the market. Some organizations establish a "safe room" or "control room" to store valuable documents and data.

In information security, a certain amount of overlap exists with physical security components, since many key areas

must be restricted through physical means. In large organizations, more and more people have access to large central data bases through the on-line capabilities of remote terminals. This widening access creates concern that computer terminals and data storage will be used for illicit purposes. Both physical and software access control are used to verify authorized use of computer terminals and to access restricted data files. Similarly, both hardware and software data encryption are used to scramble or code the transmission and storage of computer data. A substantial amount of computer crime is perpetrated by means of fraudulently obtained user transaction codes, surreptitious additions to computer programs and illegal wiretapping and other surveillance of data transmission. In many organizations large-scale word processing systems contain much of the day-to-day operational and management data. Word processing terminals are more accessible than computer terminals, and the popular storage medium of floppy diskettes facilitates theft of information because they are smaller than the magnetic disks or tapes of computers. Large numbers of floppy diskettes could easily be concealed in clothing, handbags, and briefcases.

Information is transmitted through interoffice and public mail, telephone, microwave and facsimile transmission. A number of third-party persons and organizations necessarily come in contact with the information during its transmission, and processing. The privacy of telecommunications is an area of particular concern to information security managers. About

70% of all long-distance telephone calls are sent across the country by microwave radio transmission.²⁶ Sophisticated communications equipment can be used not only to protect, but also to detect and intercept data transmissions. Electronic "sweeps" are routinely made in some corporate and defense environments to detect eavesdropping equipment.

A recently added component of information security is insurance coverage for losses involving computer systems. In 1981 Lloyd's of London introduced Electronic and Computer Crimes Policies for banks, stock brokerage firms, savings and loans and other financial institutions. In announcing the coverage, a spokesman for Lloyd's estimated that \$600 billion a day is transferred by computer among financial institutions in the United States alone.²⁷ Most of the Lloyd's policies are written for \$25 million in coverage, but some premiums could be as high as \$1 million with deductibles in the same range.²⁸ Soon after the establishment of Lloyd's new policies, Shand, Morahan & Co., an Evanston, Illinois, speciality insurance underwriting firm, began offering coverage up to \$10 million to nonfinancial companies.²⁹ With this policy, businesses could be protected from direct loss and damages resulting from fraudulent access to computer facilities and equipment, illegal interception of data, and illicit programming and system access. Loss of valuable data (e.g., accounts receivable) would be covered, as would recovery expenses to get the system on-line after a major loss. Valuable Papers and Records Insurance can be purchased separately or as part

of a comprehensive policy to insure against all risks of direct physical loss or damage of valuable company documents and records.

Three other important aspects of information security are the disposal of outdated information, off-site storage of records, and the ability to recover computer capabilities in the event of a disaster. In banking, for example, the old sales slips from credit card plans can total thousands in just a week, and proper disposal is required to prevent improper use of credit information. Paper shredders provide convenient disposal for certain documents, but in a secure and sensitive area, waste must be further disposed of through additional shredding, incineration, pulverizing, or pulping. Some organizations maintain their own facilities, though contract services also are available. Company directives and/or legal restrictions may require that large volumes of documents and records (both hard copy and computerized) be stored for a long period of time. When long-term storage is required, organizations typically use off-site storage facilities. The information security manager coordinates the transfer of data to these facilities and the protection of remote data storage areas. When a large-scale computer system "goes down," off-site back-up facilities are usually required to process, transport and store the data temporarily until the computer can be brought back on line. When specialized data recovery

services are used, the overall informational security concerns of the organization also extend into this temporary working environment.

4.2.3 Personnel Security

The primary asset of any organization is high-quality, productive, honest, and loyal employees. Security programs are designed to safeguard this asset by carefully screening prospective employees, and developing security awareness in all personnel.

4.2.3.1 Employee Screening

It is essential that a person hired for a specific position possesses the background, training and skills stated in his or her resume and employment application. Certain positions have special requirements for trust, deportment, confidentiality and other character traits. For these positions, the organization must be able to verify that there have been no previous adverse reflections on the candidate's character and that there are no tendencies toward inappropriate conduct. In some organizations, this verification is strictly a personnel management function, but in other organizations security personnel become involved in the employee screening process. In a 1982 Security World survey of both corporate executives and security directors, background investigations were the most frequently reported technique of employee screening along with company-developed tests.³⁰ Other widely used screening

techniques include polygraph tests and psychological stress evaluators (PSE), credit reporting agencies, and "paper and pencil" psychological and honesty tests. Organizations with security departments may designate security personnel to conduct background investigations and polygraph and PSE testing. However, background checks and honesty testing are frequently contracted to outside firms.

Background investigation practices and content are fairly well regulated by state legislation and various Federal legislation, such as the Civil Rights Act, the Fair Credit Reporting Act, and uniform Federal guidelines such as the Equal Employment Opportunity Commission (EEOC), and the Department of Labor. These guidelines pertain to prohibitions against discrimination in hiring on the basis of sex, race, or religion, but they clearly permit reference checking, credit checking, background investigations and employee testing.

The Freedom of Information Act (FOIA), however, has been a major concern to some corporations. The FOIA essentially was created by Congress to give greater citizen access to the inner workings of government by refusing to allow the government to continue classifying large amounts of information. A company that undertakes contract work for the Federal Government is subject to a background investigation and is required to submit comprehensive information about the company. Some companies feel that competitors have used the FOIA to obtain the results of a government agency's background investigation on them, and thus, gain access to what otherwise

would have remained proprietary information. This information in turn, critics say, could be used by a competitor to gain an unfair advantage.

4.2.3.2 Criminal Record Checks

Criminal history background checks are frequently made for individuals applying for positions in security, banking, securities trading, retailing and other sensitive areas that demand honesty and integrity as job prerequisites. The Hallcrest survey of proprietary security managers indicate that approximately 65% of the responding organizations have access to conviction information on at least a monthly basis. Many states have enacted legislation restricting this information to certain key industries and to organizations or agencies that license security personnel, but excluding other businesses and noncriminal justice agencies. Whereas state identification bureaus may not have conviction verification from other states, the FBI contains a summary criminal history of data entered from all states. In 1981, the FBI declared a one-year moratorium on the processing of fingerprint applications for noncriminal justice agencies, even though some state licensing agencies might be designated a criminal justice agency for purposes of access to state criminal history data. The FBI claimed that a backlog of 400,000 applications had accumulated and that the turnaround time had lagged to over six weeks from time of fingerprint submission. In October 1982, the FBI resumed fingerprint processing for the allowed

noncriminal justice agencies, and began charging a \$12 processing fee per fingerprint card to support additional processing staff. This could negate the need for access to state identification bureaus.

Several interesting aspects of this FBI moratorium are worth noting. First, in some states there has been a tendency to reverse the privacy and security standards of criminal history records and to create open public access to criminal conviction information. Second, during the period of the moratorium, literally thousands of persons in private security and the financial industry were hired without any verification of past criminal background. It is conceivable that many people with criminal records could have been hired during that period to protect assets or handle negotiable documents. Unfortunately, the FBI situation is analogous to the situation in those states which currently do not permit noncriminal justice agencies to have access to conviction information: it is extremely difficult for organizations to verify possible criminal background of prospective employees.

4.2.3.3 Polygraph and PSE Testing Limitations

Since polygraph tests were first submitted as evidence in court in Illinois in 1964; almost twenty years of controversy have surrounded their use in both law enforcement and private industry. Some states have prohibited the use of polygraph/PSE testing for employee screening purposes and have limited these techniques instead to instances in which a

criminal offense has been suspected or established. This restriction has sharply curtailed the use of polygraph and PSE testing, but both the corporate executives and the security directors in the Security World survey on employee screening feel that polygraph testing and psychological stress evaluation are effective screening procedures.³¹ In this survey, executives favored the PSE, and security directors preferred the polygraph test. The American Polygraph Association (APA) was able to get Federal legislation introduced into Congress in 1982 (H.R. 3108) which would permit employers in all states to use polygraph and other testing methods designed to detect deception. The bill protects the privacy rights of an employee or prospective employee, as well as the rights of employers to use these techniques. The proposed Federal legislation would supercede state legislation.

4.2.3.4 Employee Security Awareness

Another major way in which proprietary security programs address personnel security is by initiating security awareness programs. The ultimate goal of security awareness programs is to create among employees a proprietary interest in the assets of the company so that they would feel a personal responsibility for prevention and reduction of losses. Such programs are designed to establish general employee awareness of (1) specific security regulations of the organization, (2) the security measures being followed, and (3) the techniques of typical internal and external theft attempts. Structured

orientation sessions introduce new employees to security concepts and concerns. They are advised that they may be subject to identification checks, package checks, surveillance, and required to have proper authorization for entry into certain areas and facilities of the organization. The initial orientation is reinforced through employee newsletters and bulletins, posters, films and other media designed to alert employees to specific types of improper activity and incidents that have occurred. Signs, guard forces, and physical security measures are also visible components of security that develop security awareness in employees. In some organizations employee reward programs help to heighten security awareness. Such programs offer employees cash or merchandise for leading to solution of an internal theft or loss problem. Other organizations discourage these programs because they do not want employees to feel like paid informants.

4.2.3.5 Fidelity Bonding

Precautions against employee dishonesty are often taken by obtaining fidelity bonding insurance for key employees or positions in the organization. "Surety" or "honesty" insurance provides for reimbursement to the company for financial losses caused by fraud, default, theft or other forms of dishonesty by employees. Employers can specify certain positions in the organization which do not change (e.g., bookkeeper, treasurer, cashier), indicate individual employees by name, or take out a blanket bond on all directors, officers

and employees of the company. Additional blanket crime policies may be carried by the organization to protect against dishonesty, disappearance and destruction of valuable company items both on and off the premises. An article on the insurance industry in the Wall Street Journal indicated a sharp rise in claims and coverage for fidelity bonding; this rise points to an increase in losses generated by insured employees.³²

4.2.3.6 Executive Protection

Most insurance and bonding programs protect the organizations from the acts of employees, but many major corporations are also concerned about protecting their top corporate executives from acts of terrorism and kidnapping for ransom. In a survey of corporate executives of Fortune 1000 companies, The Figgie Report, Part II states that four out of ten executives are concerned about the prospect of kidnapping for themselves, their families or business associates.³³ Larger companies frequently cover their key or most vulnerable executives with kidnap/ransom insurance policies, establish executive protection programs, and prepare "crisis management" plans in the event of a coercive threat or act against the company or its top officials. Some articles have suggested that kidnap coverage is one of the fastest growing segments of the insurance industry.³⁴ One source estimated that 80% of the nation's top corporations carry kidnap and ransom insurance.³⁵

Executive protection programs typically involve four components: (1) additional access control and communication procedures at corporate officer locations in office buildings; (2) residential security measures at the executive's home; (3) special precautions both for daily itineraries and routes to the office, and for travel; and (4) specially trained chauffeurs and bodyguards. Some executives have come to expect residential security and family protection measures as an employment "perk."³⁶ Once additional security measures have been effected, security personnel often establish liaison with local law enforcement agencies to apprise them of the potential risk and the security procedures to be followed should an incident occur.

The Figgie Report notes that most security concerns and precautions of corporate executives are related to the degree of corporate involvement with countries where U.S. businesspersons have been attacked by activist and terrorist groups.³⁷ Forty-three percent of the Fortune 1000 company executives stated that they have international business ties to such countries.³⁸ In addition to multinational company executives, other potentially vulnerable groups and companies include the executives of companies in politically controversial fields (e.g., oil and other natural resources, nuclear energy), financial institutions, securities firms, companies with a history of labor disturbances and activism, and jewelry and other high-liquid-asset businesses. Highly visible public officials, leaders of politically controversial organizations,

and the members of prominent industrial or socialite families are also potentially vulnerable.

An aspect of some executive protection programs is the use of armed bodyguards. Carrying a concealed weapon in many states is prohibited by law even for security personnel. In California, for example, a proprietary security program can use its own security personnel for protection of company executives, but they must be full-time employees of the company and cannot carry a concealed weapon. In California, as in many other states, this results in the hiring of off-duty or "moonlighting" police officers to provide executive protection. The situation is compounded when coordinating out-of-state and intrastate protection of travelling executives. In this case, the security executive protection coordinator must use his own personnel and perhaps risk violating other state concealed weapon statutes or rely on contract security firms who in turn frequently employ off-duty officers for this purpose.

4.2.4 International Business Interests

Multinational industrial and commercial firms must consider the political, social, and economic climate of a country before making a decision to establish a plant or acquire a foreign subsidiary company, or enter into a foreign business venture. Similarly, American engineering and construction skills and expertise are much in demand throughout the world, especially for design and construction of complex plants for

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the petroleum, petrochemical, and mining industries, and the construction of nuclear and fossil-fuel power plants for the electrical utilities industries. The Middle East, South Africa, Central America, South America, and many developing countries have need for these basic industries to promote technological growth, provide jobs, assist their national economy, and obtain consumer goods. While many of these areas have identifiable political instability, change, or social unrest, the risk to American business may be "more significant in developed countries because of the high concentrated levels of investment."³⁹

Most of the attention on the international aspects of private security is directed toward extortion, kidnapping, insurrection, revolutions and terrorism, but there is a broad range of risks involved in conducting business in foreign countries. Three major categories of risks assessed by business involved in foreign ventures are: seizure of assets, currency inconvertibility, and interference with contractual performance.⁴⁰ Seizure of assets includes the sudden seizure of a company's entire tangible assets (plants, equipment, land, inventories). A more gradual and subtle form of expropriation uses such tactics as discriminatory property taxes and mandated wage increases or price freezes designed to pressure a company into selling out to the government or national corporations. Sometimes part of a firm's assets (shipment or pieces of equipment) are confiscated to impede

company operations. Advance payment guarantees or bid guarantees of contractors can arbitrarily be called by foreign buyers or firms. Investors and contractors may also be prevented from converting the host country's currency into U.S. currency. Contract performance requirements of U.S. firms can be jeopardized by foreign buyers arbitrarily terminating a contract with no government remedy or relief, and revocation of an import or export license by a foreign government. Default on credit extended to a foreign buyer could also adversely affect a U.S. exporter of goods.

The majority of these risks have political implications, and a Wall Street Journal article indicates that a growing number of corporations are hiring political risk analysts to periodically examine risk situations abroad.⁴¹ In addition, several commercial services provide generalized political risk assessments on a regular schedule, and research and consulting firms prepare specialized risk assessments for clients and their unique needs. The Department of State also offers the services of the Threat Analysis Group in the Office of Security, and their Bureau of Public Affairs issues Background Notes on some 165 countries of the World. Security managers will frequently maintain liaison with these resources as well as law enforcement agencies in foreign countries. Most of these resources are also appropriate for intelligence gathering for terrorist threat assessment. Political risk assessment is often an overlapping function between risk management and security.

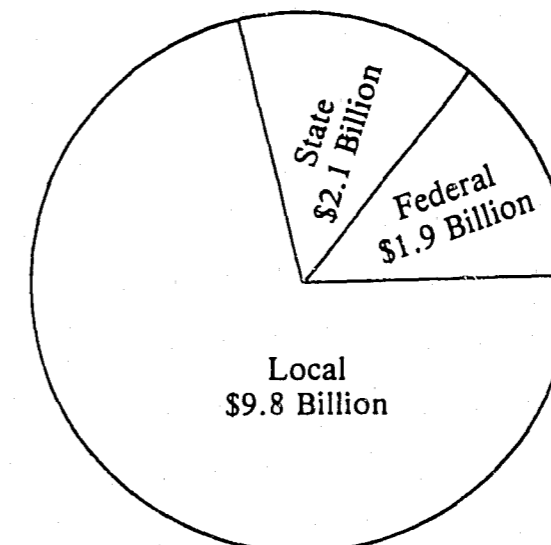
4.3 ASSET VALUE AND SECURITY EXPENDITURES

The amount spent by the private sector for assets protection and loss prevention is not precisely known but is generally believed to be significantly higher than the \$13.8 billion spent for local, state and Federal police protection in 1979.⁴² Using corporate security managers' assessments of the dollar value of all security equipment and services within their circulation base, *Security World* projected security expenditures to be \$21.7 billion in 1980.⁴³ Figure 4-1 depicts the allocation of public and private protection expenditures.

The Hallcrest national survey sample of 676 proprietary security managers, at all levels of organizations, represented in the aggregate about \$475 million in annual security expenditures to protect \$250 billion in assets situated in over 20,000 separate locations and at 25,000 separate facilities. The security budgets of some of the nation's corporations are so large that the extremely high values were excluded from the Hallcrest sample in order to compute realistic median values. In addition to the surveys, interviews with corporate security directors for a few major U.S. multinational corporations disclosed world-wide annual security expenditures in excess of \$100 million.

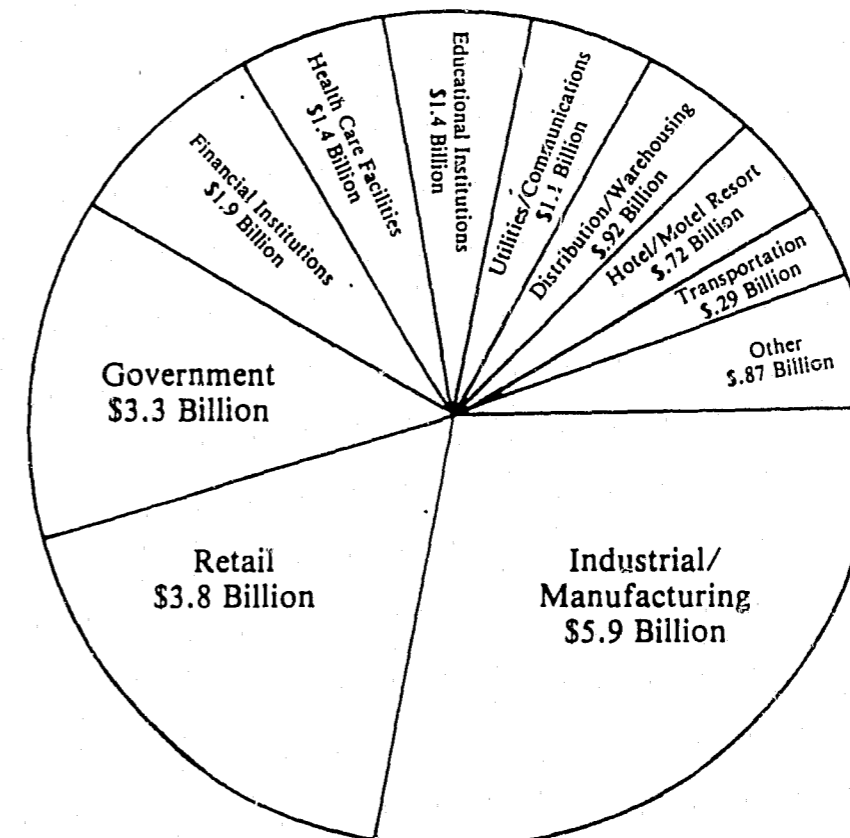
These expenditures may grossly underestimate the total amount of security expenditure's in many large organizations, due to the vast amount of decentralization of operating units, facilities and budgets. Based on reconnaissance interviews,

Police Protection



\$13.8 Billion (1979)¹

Private Protection



\$21.7 Billion (1980)²

Figure 4-1
Gross Expenditures for Protection in the U.S.

1. *Sourcebook of Criminal Justice Statistics, 1981* U.S. Department of Justice, 1982
2. *Key Market Coverage, Security World, 1981*

the security manager's budget often does not include items that are indeed security expenditures, e.g., locks, fences, safes, alarms, CCTV, guard and armored car service. Many of these expenses are allocated to a number of separate profit centers in the company, while large expenditures for security technology are often found in capital budgets.

Hallcrest's national survey data were collected for over 30 groupings of primary business types from aerospace to utilities. While representative samples were obtained in most business groupings, it was quite difficult to arrive at dollar values for assets protected and security expenditures, since many large corporations are so diversified in both their business and product lines. Most project data are aggregated into three categories for ease of reporting and for comparison with other studies:

Commercial

- retailing
- wholesale trade
- banking/finance
- insurance
- restaurant/lodging

Institutional

- hospital/health care
- education/fine arts
- government

Industrial

- industrial/manufacturing
- utility/communications
- transportation

Table 4-1 displays the value of assets being protected and security expenditures for the entire organization and different levels of security manager responsibility. Table 4-1 reflects larger value assets in commercial and industrial sectors due to finished goods inventories, raw materials, machinery and negotiable documents not normally found in institutions. The absolute differences in security budgets among business sectors are not as great as differences in assets at the entire organization level, since most institutional security programs consist of hospitals and educational institutions with security staffs for the 24-hour protection of large resident populations. While most security directors of institutions report responsibility for the "entire organization," security manager responsibilities in commercial and industrial sectors range from local site security managers to corporate directors of security. Table 4-2 displays the contrast in assets protected and security budgets between local facility and entire organization security managers in the commercial and industrial sectors.

Local facility security managers in the Hallcrest sample are responsible for protecting \$30 million in assets with annual security budgets of \$250,000, according to median dollar values for all business sectors in the national survey data. Corporate security directors are often responsible for several hundred million dollars of national and international assets of the corporation and security budgets in excess of one million dollars. Thus, it is conceivable that the aggre-

TABLE 4-1

PROPRIETARY SECURITY PROGRAM VALUE OF ASSETS
PROTECTED AND SECURITY EXPENDITURES (MEDIAN VALUE)

		ESTIMATED ASSET VALUE PROTECTED		SECURITY BUDGET	
		Entire Organization ¹	Security Mgr. Responsibility ²	Entire Organization ¹	Security Mgr. Responsibility ²
<u>PRIMARY BUSINESS SECTOR</u>	(N=)				
Industrial	(314)	\$600,000,000	\$200,037,000	\$998,300	\$500,400
Commercial	(221)	250,000,000	100,000,000	543,000	390,000
Institutional	(103)	95,050,000	50,006,000	402,500	301,700

1 Reported estimates for the entire organization assets and security budget

2 Reported estimates for assets and security budget under responsibility of security manager

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981

TABLE 4-2

VALUE OF ASSETS PROTECTED AND SECURITY
BUDGET BY LEVEL OF SECURITY MANAGER RESPONSIBILITY (MEDIAN VALUE)

		ESTIMATED ASSET VALUE PROTECTED		SECURITY BUDGET	
		Entire Organization ¹	Security Mgr, Responsibility ²	Entire Organization ¹	Security Mgr. Responsibility ²
<u>SECURITY MANAGER RESPONSIBILITY</u>					
Commercial	(N=7)				
Local Facility	(33)	\$101,750,000	\$ 20,500,000	\$ 350,000	\$100,000
Entire Organization	(74)	300,149,000	300,000,000	555,500	300,000
Industrial					
Local Facility	(50)	100,375,000	50,125,000	350,000	350,000
Entire Organization	(69)	701,000,000	500,000,000	999,167	700,000

1 Reported estimates for the entire organization assets and security budget

2 Reported estimates for assets and security budget under responsibility of security manager

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981

gate of business, industry and institutions in many communities expend considerably more for protection than the local police department expends. Nearly nine out of ten security directors reported annual increases in their security budgets over the past five years, with 55% reporting average annual increases of 10% or more. The present research indicates that, recently, expenditures for security programs have been cut as a result of the reduced spending levels many organizations have adopted to cope with the economic downturn of the past few years.

Another measure of the size of security programs is the geographic scope of corporate operations. In another 1980 survey, Security World reported an average of 21.7 separate geographic locations, with about one-half of the companies reporting less than five locations.⁴⁴ In the Hallcrest survey, the respondents were asked the number of separate geographic locations and facilities for which the security manager assumes responsibility. Respondents were also asked the number of facilities, since often a single location will consist of multiple plants or several operational or production facilities in a single city or county. The Hallcrest distribution for locations is similar to that obtained by the Security World survey, with 49% of security managers responsible for five or fewer locations and 41% responsible for five or fewer facilities. Yet, security managers at the regional, divisional, or corporate level may be responsible for numerous locations and facilities. Regional managers of security are

responsible for a median of about 50 locations and facilities. The survey data show that security directors with security responsibility for national and international operations have a median of over 150 locations and facilities to protect. The "local" security manager in a community, then, often has responsibility for security operations beyond the local community and may control hundreds of thousands or millions of dollars in security expenditures.

Just over one-half of security managers report in the Hallcrest survey that 20% or more of their total annual security budget is spent on contractual private security products and services. Security managers using outside contractual security firms generally employ one to three firms. The survey data also indicate that large corporations often do business with a dozen or more contractual firms. Some security firms establish national accounts with the large corporations to protect their facilities around the country (e.g., central station alarm or armored car services). The Hallcrest national reconnaissance interviews and site work found some security directors with considerable discretion for selection of security vendors, but they usually operate within cost constraints or guidelines established by another senior corporate executive--frequently the senior purchasing agent, controller, or vice president for finance. The Security World survey of security directors stated that the majority of them have regularly scheduled procedures for reviewing security

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equipment and services, with the average length of time between reviews being 7.1 months.⁴⁵

4.4 SECURITY SERVICES AND EQUIPMENT

Security guards are usually the most highly visible component of security programs, but technological measures are the most widely used components. Table 4-3 displays a frequency distribution of security measures reported by 676 commercial, institutional and industrial security managers in the Hallcrest national survey. The three most frequently used security measures are: (1) burglar and fire alarm systems; (2) safes, vaults and other fixed security equipment; and (3) closed circuit television (CCTV). Burglar and fire alarms are found in 80% of security programs. Safes and vaults and other fixed security equipment have especially high use in the financial and retail commercial sectors. Closed circuit television is the third most frequently reported category of security equipment and services. Much higher levels of CCTV usage (74%) were found in security programs than security equipment surveys by Security World (47%).⁴⁶ A clear majority of institutional security programs reported using CCTV, even though the Hallcrest institutional sample is skewed toward health care. Although overall reported levels of in-house guard usage are about the same as reported by Security World,⁴⁷ both the Hallcrest national survey and site data show a much higher use of proprietary guards by institutions than by commercial and industrial sectors; the latter two more

TABLE 4-3
FREQUENCY OF SECURITY MEASURES UTILIZED BY
ORGANIZATIONS

<u>Security Measures Utilized</u>	<u>Commercial</u>	<u>Institutional</u>	<u>Industrial</u>	<u>All Sectors</u>
Protective Services				
Guards - In-house	62%	76%	67%	67%
Guards - Contract	58%	35%	63%	57%
Investigators - Private	24%	9%	33%	25%
Investigators - In-house	80%	64%	62%	69%
Armored Car/Courier	32%	10%	15%	20%
Investigative Accountants	16%	6%	16%	14%
Undercover Operatives	50%	32%	38%	41%
Polygraph/Deception Detection	43%	18%	22%	29%
Deterrent Equipment				
Safes and Vaults	82%	62%	75%	75%
Electronic Access Control Systems	54%	55%	67%	60%
Security Lighting	62%	68%	74%	68%
Monitoring and Detection Equipment				
Electronic Sensors/Systems	61%	63%	73%	67%
Burglar Alarms	91%	77%	79%	83%
Fire Alarms	86%	82%	78%	81%
Closed Circuit T.V.	76%	64%	76%	74%
Energy Management Systems	26%	19%	18%	21%
Miscellaneous				
Communications Equipment	63%	80%	80%	74%
Guard Dogs	4%	7%	8%	7%
	N = 221	103	314	

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981

frequently contract for guard services. Interestingly, the Hallcrest survey also found that a clear majority of proprietary security programs maintain investigators on their security staffs, and one-half of commercial security programs use undercover operatives.

Corporate and institutional use of contract guards has greatly increased in recent years. In some cases they supplement proprietary security personnel and in others they are the sole source of security personnel. Considerable attention has been focused on a shift from proprietary to contract security personnel due to perceived cost savings. Hallcrest's data from the case study sites and the surveys of major national and regional security companies, and state licensing agencies, confirm this as a general trend, although no quantitative indicators were found in the literature review to measure the extent of trends toward use of contract security officers. In the earlier 1980 Security World survey, only 40% of security managers reported using contract security guards in the major business sectors (commercial, institutional, industrial).⁴⁸ A 1981 Security World survey on contract and proprietary guard use found nearly 80% of commercial and industrial security managers with contract guard operations--nearly double the level of usage that they reported in the survey of the previous year.⁴⁹ This finding cannot be interpreted as increased usage of contract security. Hallcrest national survey data in Table 4-3 reflect an ASIS member sample conducted about the same time as the 1981 Security World survey.

These security managers report that about 60% of commercial and industrial security programs use some contract security, but only about one-third of institutional security programs use contract security personnel.

In the Hallcrest survey, the top executives of major national and regional guard companies felt that new (first time) users of security guards and increased use of contract security by existing clients would be a larger source of growth over the next five years than proprietary security programs changing from in-house to contract security guards. In some situations it was noted that proprietary supervisory personnel and a core security staff are retained in a "hybrid" arrangement of proprietary and contract staff. Questions concerning job duties and activities of contract and proprietary security guards in the site surveys did not reflect that contract guards are relegated to lesser tasks. Job activities and problems encountered by both contract and proprietary security officers are quite similar in the same business sectors, especially the industrial sector.

The Figgie Report: Part II also surveyed the security measures undertaken by Fortune 1000 corporate executives.⁵⁰ With the exception of fire alarms and security lighting, corporate executives reported use of security measures substantially lower than that reported by security managers in both the Security World and Hallcrest survey data. Similarly, the Security World survey of corporate executives indicates lower

utilization of security measures than security managers reported in another survey.⁵¹ Since the majority of security directors report to the top management of corporations, Hallcrest expected to find higher levels of security awareness by corporate executives, especially in basic corporate security program components of burglar and fire alarm systems, guards, and access control systems.

Although security budgets are often expressed as a percentage of sales or assets, few empirical measures of security program effectiveness were found in the literature review and site study. In the Hallcrest national survey, proprietary security managers were asked if they use any of the evaluation factors or criteria in Table 4-4 as measures of security program effectiveness. The evaluation criteria are grouped into three categories: crime-related, loss-related, and company operations. After the single criterion of internal theft, the largest consensus on security program evaluation is achieved on crime-related evaluation criteria. This is somewhat ironic, since eight out of ten responding security managers are in the commercial or industrial sectors where the stated emphasis is on assets protection and loss prevention. While security directors discuss the impact of security programs on sustained profitability of the company through minimization of losses, security program performance is rarely measured in relation to corporate profits. Determining the cost effectiveness of implementing specific security measures would require further research. Security managers, organization

TABLE 4-4
EVALUATION CRITERIA FOR
PROPRIETARY SECURITY PROGRAMS
(% Utilizing)

<u>Evaluation Criteria</u>	<u>Commercial</u>	<u>Institutional</u>	<u>Industrial</u>
Crime Related			
Crimes Investigated	77%	74%	71%
Apprehensions/Arrests	72%	66%	58%
Crime Attempts Intercepted	59%	59%	54%
Loss Related			
Internal Theft	84%	76%	79%
Inventory Shrinkage	57%	50%	57%
Profits	34%	8%	20%
Company Operations			
Operational Overhead	34%	14%	27%
Gross Sales	21%	3%	5%
Number of Customers	15%	8%	3%
Customer Attitudes/Behavior	30%	24%	15%
Employee Attitudes/Behavior	62%	56%	55%
	N = 221	103	314

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981

executives and police crime prevention specialists could greatly benefit from knowing the actual and perceived benefit of implementing a single security measure or a mix of security measures as a specific security strategy.

FOOTNOTES

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CHAPTER 5
CONTRACTUAL SECURITY OPERATIONS

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CHAPTER 5
CONTRACTUAL SECURITY OPERATIONS

5.1 GUARD AND PATROL SERVICE

Although guard and patrol firms may offer an array of protective services, their main revenue source is providing security guard services. It is not unusual for medium-and large-size firms to offer such services as investigations, undercover operations, polygraph examinations, executive protection and/or bodyguard service, and technical surveillance countermeasures. A few guard companies even provide alarm and armored car services. Some of the large security guard firms have several functional divisions and have invested in security systems in order to offer their clients an integrated approach to security. Yet, their primary source of revenue remains the labor-intensive guard services. The Hallcrest survey of the national and regional security guard companies revealed that over 90% of all company revenue was generated from guard services.

Many guard firms, including Pinkerton's (one of the oldest and largest), started as investigative firms and then added guard services for clients. For most guard firms, investigations are principally undertaken in response to incidents on client property serviced by a firm's contract guards. Guard firms are particularly visible at sporting and public events. Pinkerton's, for example, provided 1000 security personnel for the 1980 Winter Olympics, and at Super Bowl

XVI (the 1981 professional football championship), approximately 350 Burns International Security Services personnel were hired as guards, ushers and ticket takers. Guards are also highly visible in banks, as well as at airports, where they conduct pre-flight screening of passengers and luggage.

5.1.1 Contract Procurement

New client accounts are obtained by direct marketing efforts of the firm or through a competitive bidding process. In some firms, sales personnel are employed to obtain security guard contracts. The national and regional companies in the Hallcrest national survey indicated that change of security firms by existing contract users would be their largest source of growth over the next five years. There are two plausible explanations. First, substantial business volume is generated from the many facilities and locations of Fortune 1000 or regional clients when guard service contracts are obtained for the entire corporation. Similarly, many regional or statewide guard firms have contracts with regional employers or employers with several facilities in a state. The advantage of a single security agreement for the large corporation is the continuous availability of contracted services from the same firm, regardless of facility location in the country or state. Second, companies frequently change from one contract security firm to another. A 1980 Security World survey of loss prevention managers disclosed that contract guard services were

changed or replaced an average of every 1.3 years.¹ Forty-eight percent of all business sectors changed contract guard companies within one year or less of initiating a contract. The commercial and industrial sector changes were made in less than one year in over 50% of the responding firms, while 49% of institutions reported that they had never changed contract guard firms.

If bid specifications have not been provided, the guard firm may conduct a survey of the organization's vulnerability to different types of loss. This process requires the contract security manager to have in-depth knowledge of the business operations his firm proposes to protect. The client and the guard firm agree on a combination of technology and security personnel and on the levels of supervision and accountability. A staffing chart designates the different posts to be filled (with a combination of full-time and part-time personnel), and job descriptions are often prepared for each guard duty assignment. In some cases, contract security personnel will perform other nonsecurity tasks, such as switchboard operation, inventory checkers, and so forth.

In a 1982 Security World survey of proprietary security managers, the budgets for contract security guards in industry averaged \$264,868--60% reported less than \$200,000.² Based on an hourly billable rate of \$6.62 (derived from the Hallcrest national survey of proprietary security managers), the budgets of most industrial facilities would allow for the

equivalent of four guard posts on a 24-hour basis. An unpublished study sponsored by one prominent guard firm reported that 75% of industrial clients manned five guard posts on a 24-hour basis, and that 69% utilized ten or fewer guards. The average number of contract guard hours provided to all facilities was about 200 hours per week. Contract security guard budgets in the Security World study were reported at an average of \$125,047 for the institutional sector, with 46% less than \$100,000. In the commercial sector, budgets for contract security guards averaged \$175,135; 56% reported budgets of less than \$100,000.

5.1.2 Employee Screening and Training

Once a contract for guard or patrol services has been awarded, the guard firm must then recruit new employees or select current ones for the assignment. The only available labor pool of experienced personnel is existing employees on other job assignments, an employee of the previous contract firm whom the client wants to retain, proprietary security officers, or off-duty police officers. In the Hallcrest survey of national and regional security companies, the firms indicated that the client's willingness to pay certain wages is the principal factor in selecting personnel for a specific client and assignment. The other key factors are the type of assignment, amount of authority and discretion exercised, and the training of the guard. Actual experience and education were rated the least important factors. As noted in Chapter

7, personnel screening techniques among firms range from employment applications and general interviews to background investigation, psychological testing, polygraph examinations, honesty testing, and criminal record checks.

All of these pre-employment screening practices and pre-assignment training constitute an overhead expense for the firm. Misrepresentation of personnel selection, screening, and training is one of the most frequent complaints voiced by competitor guard companies and contract guard users in the site studies and reconnaissance interviews. Clients have few, if any, methods to verify pre-employment screening and training of security employees except through job performance. In states with mandated security training requirements, it is still difficult to verify training records maintained by security firms without conducting field audits. In one infamous incident, the branch manager of a national guard firm, who was also a member of a state regulatory board, was suspended for falsifying the training records of his employees.³ In states with no training requirements, both armed and unarmed security personnel can be placed in assignments involving public contact and interaction with only the benefit of on-the-job training.

5.1.3 Security Guard Safety

When security guards are sent out on assignments with little or no training other than knowledge of company policies and a general job orientation, the personal safety of the

guard is at stake as well as that of the people with whom the guard interacts--especially if he or she is armed. Even without weapons, if security personnel are expected to detain and/or search individuals as part of either the employer or client policy, they could be involved in unnecessary physical confrontation through inappropriate action or apprehension techniques. During the 1970's, an average of 100 police officers were killed each year. The FBI maintains statistics on incidents of police officer deaths and injuries, but there is no source which keeps precise data on the number of attacks on security personnel or deaths while on duty. In an article on security guard safety, Security Letter noted that a check of news items received during that month indicated the deaths of 12 private security guards.⁴ Most of the deaths were mentioned incidental to an unusual property loss, whereas the media often gives equal or greater news coverage to the shooting of a police officer and the incident in which it occurred.

Assailant use of alcohol and domestic disputes are frequently involved in police officer deaths, but security officer deaths appear to most frequently occur when they attempt to protect valuables or property during the commission of a felony crime. The most notable incidents of security guard deaths and serious injuries have involved bank robberies and armored cars. A tragic example was the attack by the Weather Underground and members of other terrorist groups in October

1981. They shot and killed two policemen and a Brink's armored car guard and injured other Brink's guards in an ill-fated attempt to steal \$1.6 million the armored car company was transporting for a New Jersey bank.

5.1.4 Supervision and Management Practices

When serious incidents develop in the community which require assistance, the police officer can radio for help from another patrol unit or a field supervisor. The security guard may be at a fixed post with no means of direct communication or may be dependent upon a roving field supervisor who makes contact once or twice during a shift. At larger job sites, a site or shift supervisor may be present. Our site study revealed that inadequate communications equipment and poor supervision are other frequent complaints of contract security users and competitor companies. Both items cause additional operating expenses for the security firm, yet successful and reputable guard companies feel that supervision and the quality of local management are the keys to ensuring high-quality security service and contract performance. A state security association president who is also a security company executive views quality of supervision as the most important factor:

The quality of supervision is the main variable. It's more important than training, pay rates, or any single factor. And it's the key regardless of whether you're hiring a large, nationally known guard service, a medium-sized service, or a small local service.⁵

The president of a rapidly growing national security company implied that companies with poor management will not survive, or at least will not grow:

Regardless of which company he represents, the manager who is going to get the lion's share of the business in any town is the one who seems to be the sharpest, the most aggressive, and the most knowledgeable...I don't see anybody in our industry experiencing any reasonable growth unless they've got very competent management.⁶

The licensing and regulatory agencies generally require that an applicant have a combination of some training and experience to obtain a license as a security manager. But there are no distinct levels of certification among security guards in states except for the distinction between armed and unarmed personnel.

The successful security guard company, then, must balance a need for adequate training, supervision and management with the need to minimize overhead expenses in an industry with intense competition and low profit margins. Computers can help achieve this balance and have been used increasingly by guard firms to track costs. Computers are occasionally used by larger firms to store and retrieve personal skills inventories of security personnel to be used in matching them with job requirements, to produce long-term schedules, to forecast manpower requirements, and to produce frequent financial statements. Some of the national firms are linked to branch

offices through computer terminals. For smaller security firms, management information software is available for use in micro computers.⁷

Security firms also must balance the impact of high personnel turnover with the associated costs required to reduce that turnover. The measures listed by national and regional firms to reduce turnover include higher pay and comprehensive benefit packages, profit-sharing plans, more selective screening practices, better training, employee relations programs, recognition awards, and development of career path opportunities. A regional "quality assurance" manager for one national security firm estimated that guard turnover at a new job site can be as high as 60% during the first ninety days.⁸ Turnover not only increases operating costs for security firms, but excessive turnover can also make the security of a client's facility more vulnerable to dishonest former security employees with inside knowledge of company operations and protective measures.

5.1.5 Armed Security Personnel

Firearms incidents involving private security personnel have been an area of concern to licensing and regulatory agencies and the frequent focus of the media. Some contract security firms feel that armed security personnel are desired by their clients or that firearms are accepted as "tools of the trade" for effective deterrence, similar to police officers. Opponents of firearms for security personnel note that

the responsibility of security officers is to protect property (in most situations), and the introduction of firearms into a tense confrontation can lead to violence, especially when the security officer may have only minimal firearms training. Are firearms necessary to the proper performance of the security function? Giglioti and Jason suggest several criteria for determining the appropriateness of firearms, based upon the potential threat level inherent to the commodity being guarded by security personnel:⁹

1. geographical and/or physical location of the item--where it is manufactured or located, stored or transported;
2. criminal attraction to the item--its desirability and/or convertibility to cash;
3. degree of risk associated with theft versus the rewards of a successful theft;
4. probability that deadly force could be used against protection personnel; and
5. the potential consequences of a failure to adequately safeguard the item--hazard to the general public, civil liability, etc.

A significant trend in the guard industry in the past five to ten years has been the overall reduction in the percentage of armed security guards. In the Hallcrest national surveys, the majority of both contract security managers and the national and regional security executives claimed that less than 10% of their total personnel are armed; the average for the national and regional security companies was 8.2%. Guardsmark, a national security firm, estimated that only about 3% of their uniformed personnel are armed, down from 35% in

1973.¹⁰ The companies report that they generally discourage client requests for firearms because they are not usually needed and that there are too many liability and insurance problems. Client requests, however, often are granted but usually only when it is required by terms of the contract, governmental regulations (e.g., Nuclear Regulatory Commission), or when the assignment involves safeguarding cash or highly vulnerable assets that can be quickly converted to cash. In the earlier mention of security guards at the Super Bowl, very few of the 350 security personnel were armed.

A New York Times editorial in January 1982 applauded the general reduction in armed guards, noting that this had occurred as a result of a careful assessment of risk and benefits by security managers.¹¹ The editorial expressed hope that the "general public will learn to make the same kind of calculation." Yet, in the Hallcrest national survey, nearly one-half of the 545 contract security firm managers said that they had experienced an increase in client requests for armed security personnel in the past five years. Only 18% stated that they had experienced a decrease in requests for armed personnel. In some instances, the contract guard firm will hire a "moonlighting" police officer to satisfy the client's demand for a "hired gun." Despite the general trend toward a decrease in provision of armed guards, some firms routinely arm a large portion of their personnel.

5.1.6 Government Contracting

In the Federal Government Office of Management and Budget Circular A-76, the government is required to contract with the private sector for goods and services whenever a cost savings of 10% or more can be realized. At the present time, about 40% of government activities such as security, printing, laundry and food service are contracted out by government agencies and facilities. The Federal Protective Service, for example, employs 2,600 Federal Protective Officers to protect selected government buildings, but about \$2,000 per guard reportedly is saved annually by contracting with guard firms for an additional 4,000 security officers.¹² The Congressional Budget Office has estimated that about 80% of all commercial activities of the Federal Government could be contracted to the private sector at an initial savings of \$335 million per year.¹³ (The Office of Management and Budget is revising the contracting guidelines for release in early 1983.) Many business groups, including the Chamber of Commerce of the U.S., have been pressing for more extensive use of private contracts. They contend that government should not compete with the private sector.

In the midst of these movements toward even greater use of government contracting, the contract guard industry was dealt severe blows by Congress in 1981 and 1982. In 1981, House Bill HR-3413 was passed which contained a clause prohibiting the use of contract security at the Los Alamos, New Mexico, defense installation. In 1982, amendments to Department of

Defense appropriation bills in the Senate and the House (S-2248 and HB-6030) prohibited contracting out for security or firefighting services on all military bases, except for the renewal of existing contracts. The passage of the legislation (P.L. 97-252) resulted in a FY 1983 DOD Authorization that placed a one year moratorium on contracting for security services. The National Council of Investigation and Security Services (NCISS), the Committee of National Security Companies (CONSCO), and the Private Security Liaison Council lobbied extensively against the legislation, contending that it was a serious threat to the contract guard industry. These groups feel strongly that federal employee labor unions are attempting to reduce the impact of budget cuts on federal employees by eliminating contracting out in all areas of government, not just military installations. The President of NCISS summarized the concerns of contract security companies:

Many security companies cannot afford to be locked out of government work, and if this bill takes effect, it may mark the beginning of a trend in which federal unions and lobby groups carry undefeatable political clout.¹⁴

Under terms of the legislation, a feasibility study is to be conducted at the end of the year-long moratorium. In welcoming the study, the NCISS President estimated that the "government can save almost \$50 million granting security contracts to private firms."¹⁵

5.1.7 Alleged Organized Crime Involvement

Six of the nineteen surveyed state licensing and regulatory agencies indicated that law enforcement authorities had alleged organized crime involvement in private security firms in their state. Although the level of involvement was considered low, exact figures are unknown. Guard unions, with alleged involvement with organized crime, have primarily concentrated on organizing proprietary security guards, but also have organized employees of contract guard firms. Federal and state investigations in New York and New Jersey in 1981 contended that organized crime was involved in guard unions and the actual running of guard firms. By using hand-picked guards in unions controlled by them, as well as their own security firms which served as protection rackets, organized crime influence was reportedly able to coerce merchants and businesses into buying "protection" services and then systematically looting them.

With their handpicked guards on the lookout, the mob has stolen truckloads of produce from the food markets, swiped shiploads of shellfish from the piers, and arranged burglaries to clean out shopping centers and warehouses.¹⁶

This New York magazine article went on to detail some of these methods reported by agents, investigators and prosecutors of such agencies as the Organized Crime Strike Force, the U.S. Department of Labor and the District Attorney's Office. A year later, the FBI obtained the conviction of Carmine Romano, a former union official and alleged organized crime

figure, for orchestrating coerced protection and theft at the Fulton Fish Market in New York City through a guard service controlled by him.

Since 1975, federal investigators said in a presentencing report, the wholesalers have shelled out \$700,000 to Fulton Patrol Service, a protection racket, controlled by Romano, an alleged member of the Genovese crime family. The wholesalers have made the payments, the investigators say, so that their businesses won't be wrecked.

Despite the payments [for a security service], federal prosecutors and investigators charged in court, thousands of pounds of fish purchased by the wholesalers are stolen from crates every day by unloaders employed at the market. Some of the unloading companies' profit, prosecutors have said in court, is kicked back to Romano.¹⁷

Complaints against organized crime-controlled unions have included embezzlement of union pension and welfare funds and the intimidation of security firms that will not cooperate in efforts to organize their employees. Investigators in New York described some of the unions being investigated as independent locals with "no national affiliations, no charters, no executive boards, and no minutes,"¹⁸--but with thousands of represented security guards. In some instances, when a local security firm owner would not cooperate with union organizers, the firm's clients would be victimized, and the client would be coerced into accepting the services of an alleged mob-controlled guard firm to avoid further incidents. At least three separate New York organized crime families were tied to security guard union activities. An affiliate union of one

Brooklyn-based guard union was involved in attempting to organize security guards at the casinos in Atlantic City, New Jersey. The president and three other officials of the union headquarters in Brooklyn were convicted of embezzling union pension funds. Two unions headed by him were said to represent 10,000 guards employed by 40 guard firms in New York, New Jersey, and Washington, D.C.¹⁹ The union leader was said to have been the largest organizer of guards at nuclear power plants on the East Coast.

By the time an applicant is rejected on the basis of fingerprints validating a criminal record, the mob-controlled guard has had sufficient time to inflict serious damage. Delays in applicant processing allow individuals to apply for security guard licenses and then work at their security job for months in some states. In the case of the security guard firm with organized crime influence, a struggling company with a certified owner/manager can be bought out and convinced to remain as a figurehead manager. Then, someone else's fingerprints can be submitted routinely--and fraudulently--on behalf of another applicant.

A different picture of the operating practices of such firms was painted by one licensing and regulatory agency administrator. In an interview with the Hallcrest project staff, he indicated that firms suspected by law enforcement agencies of organized crime influence or control ironically had only sporadic violations of administrative rules and took great effort to run a "clean" operation. Systematic theft

still can be arranged that does not involve coercion or arouse suspicions and at the same time provides "justification" for security services. He too, like other security regulatory administrators, saw any overall involvement by organized crime as minimal.

5.2 PRIVATE INVESTIGATIVE FIRMS

5.2.1 Tasks and Activities

Private investigative firms conduct investigations on behalf of a private party to collect information or to recover persons or property. A private investigator (PI) typically works independently as a sole proprietor or as part of a small firm. More than 50% of the investigative firms in the Hallcrest survey reported gross annual revenues of less than \$100,000 and the median number of full time employees as three. The stereotypes of the PI over the years have included those of "gum shoe" and "Sam Spade" making a living off other people's private problems--divorce, infidelity, child custody and other domestic problems. While this still constitutes a good portion of some firms' business, private investigators are also involved in tracing missing persons and "skips" (persons moving and leaving behind debt), locating parties to legal actions, repossessions, credit and pre-employment background investigations, criminal defense investigations, claim investigations for insurance companies, and investigations of criminal activity such as theft, fraud, and embezzlement.

Some state licensing and regulatory agencies have difficulty properly categorizing private investigators because of the broad range of services they offer. Some firms provide undercover operatives, polygraph examinations, countersurveillance equipment and services, forensic photography, and bodyguards. Other firms provide investigation of the internal and external theft problems for client companies; still other firms offer investigation and countermeasures for complex forms of white collar crime. The "new breed" of investigator in these firms may have a background in accounting, data processing, investigative reporting, or internal auditing; no longer is only the traditional law enforcement background associated with private investigators. Some of these firms describe their services as consulting and do not advertise as a private investigative business. A typical assignment might involve (1) investigating a vendor kickback scheme in several states or multiple operating divisions for a client; or (2) collecting detailed background information on a firm being acquired or involved in a corporate takeover bid.

5.2.2 Information Access and Law Enforcement Contact

The information sources used by private investigators are much the same as those used by law enforcement officers. However, the private investigator is not subject to as many limitations as the police officer on collecting information since the admissibility of evidence in court is frequently not a concern. In the private sector, an investigator can pursue a

case to the level of detail and expenditure set by the client. On the other hand, the police detective may be hampered by a large caseload and internal case management criteria that limit the time and resources which can be devoted to a single case. The main constraint upon private investigators is the Privacy of Information Act, which restricts access to many credit, banking, and government records and also most police information. Telephone company records, credit information, employer information and criminal record information are frequently off limits to private investigators, yet the "stock in trade" of many investigators is their ability to obtain such information--which the client was unable to obtain. The owner of a private investigative firm made the following observation about obtaining information:

There's nothing that's not for sale. I don't consider it a crime to buy information, merely a shortcut. The stuff would come out anyway...Over the past few years the government has made it tough to uncover things. Privacy laws, that kind of thing. But you'd be surprised at the number of people for sale in this country.²⁰

The same private investigator was reported to rely "heavily on his contacts in officialdom to get results." In a report on Sources and Areas of Conflict Between Law Enforcement And Private Security, the Private Security Advisory Council stated that patterns of communication between them were dominated by "sub rosa channels of communication."²¹ In this scenario, private security firms trade heavily upon personal

relationships; personalities rather than legitimacy or legality of need determine the amount of information and level of cooperation received from law enforcement. In most states there is a penalty for unauthorized access to or release of information by law enforcement officers, especially criminal history record information. A "well placed" phone call, however, can often rapidly obtain desired police information.

In the Hallcrest national survey, private investigative firms reported frequent contact with detectives in law enforcement agencies; in fact, 58% reported daily or weekly contact. Little contact was reported with law enforcement supervisors and managers. Law enforcement administrators in the national survey, however, reported less frequent contact of their detectives with private security personnel; only 44% reported daily or weekly contact with their detectives. Cities above 100,000 population reported twice as much daily contact. Although they reported frequent contact, most private investigative firms reported that they seldom or never seek information of arrest verification, conviction verification, or criminal case information. On the other hand, private investigative firms, at best, reported only occasional sharing of criminal intelligence information and information on internal company investigations.

Thus, private investigators report frequent contact with law enforcement detectives, but purportedly do not seek law enforcement information or provide information from their investigations on a regular basis--the most logical reasons

for frequent contact. Four out of ten firms reported that they employ off-duty law enforcement officers. Officers employed in this capacity could be in a position to obtain police information to gain favor with their secondary employer in private security. Overall relationships of private investigators with law enforcement detectives were reported as excellent or very good by 70% of private investigative firms.

5.2.3 Investigative Objectives and Techniques

In undertaking investigations on behalf of a client, private investigators often have very different objectives from law enforcement investigators. Once a suspect has been identified, law enforcement agencies move toward establishing sufficient evidence for prosecution and conviction in court. In criminal defense work for attorneys, the private investigator has only to establish reasonable doubt, rather than having the burden of proof borne by law enforcement. Insurance companies often employ private investigators on questionable property loss or personal injury claims. Such cases involve investigating fictitious claims for disability and false claims of stolen property, determining fault in fidelity bonding, and examining suspected arson. The insurance company is primarily concerned with obtaining sufficient information to deny the payment of fraudulent claims or to shift the liability to another party.

As indicated earlier, private investigators have neither the same concerns nor the same restraints of law enforcement

detectives in gathering information, since they are not always concerned about its admissibility in court. While private investigators are subject to tort actions for invasion of privacy, they frequently use surveillance and pretext interview techniques to obtain information. Surveillance may be used to establish patterns of activity, habits and associations or to monitor suspected illicit activity. In pretext interviews, the identity of the investigator or the client may be misrepresented to the interviewee in order to elicit information. (Undercover personnel often use the same technique.) Unless a government official is impersonated, statements obtained in the the pretext interview can be used against the interviewee directly. In addition, unless pretext interviews are conducted in one of the few states prohibiting them as part of their licensing statute, there is usually little liability incurred under state law.²²

Arson investigations for insurance companies illustrate the different roles of private investigators and law enforcement. The private investigator acts under contract law authority of the insurance company. The insurance company must supply the insured with a proof of loss form within 30 days of the fire and then act on the claim within 30 to 60 days of its submittal to the insurance company. The confidentiality of police files and the concern for civil liability on the release of investigation information make the contact between private and law enforcement investigators infrequent. While

law enforcement can work within applicable statutes of limitation, the private investigator must work very rapidly to establish probable cause to deny the claim. Police officers can repeatedly interview suspects, but under most insurance contract law, a statement can be taken only once. Actual sharing of information between law enforcement and private investigators is generally governed by immunity laws which usually do not permit sharing of information unless the insured is an actual suspect. In effect, two separate investigations are conducted, with the exception that background information is shared on the insured, the building or equipment.

Prior to the recent reclassification of arson as a Part I offense for FBI Uniform Crime Reporting purposes, many fires attributed to electrical or mechanical failures or to careless smoking were actually undetected arsons, and fire marshals and private investigators were more active in arson investigation than law enforcement investigators at the state and local level. At the federal level, the Bureau of Alcohol, Tobacco and Firearms (ATF) has investigated arson utilizing federal statutes on explosives and firearms. In 1980, when ATF began capturing insurance claims data associated with arson investigations, more than 50% of the \$140 million in claims submitted for investigation were suspected of arson, and \$54 million in insurance payments were aborted through the proof of arson.²³

5.2.4 Private National Investigative Network

The first national detective agency, Pinkerton's, was formed in 1850 to provide nationwide investigative resources for a growing frontier country with no federal law enforcement agency and little local law enforcement. Today, private investigators often still rely on private investigative firms in other states and regions of the country to pursue leads and various facets of an investigation. The investigation of missing persons on behalf of families or skip tracing of bad credit accounts are good examples of the use of a private national network of investigative resources. In the United States there are annually 30,000 missing person cases, 50,000 cases of children abducted by parents and one million runaways.²⁴ The FBI's NCIC Missing Persons File contained 23,827 records in January 1982, with over 8,000 juvenile entries made each month since October 1975. Faced with this overwhelming number of "cases" to investigate, law enforcement agencies give little attention or priority to these cases, especially if no foul play is suspected. Because private investigative agencies play a significant role in investigating cases, they provide an important public service, although obtaining the service is based upon ability to pay.

5.3 ALARM COMPANIES

5.3.1 Alarm Sensors

Alarm systems can be categorized in three ways: (1) by the type of sensor devices used to detect intrusion, smoke or

fire, (2) by the means of annunciating or transmitting the alarm signal, and (3) by type of application--for perimeter or interior space protection. Window foil and magnetic contact switches on the exterior doors and window openings of retail shops are familiar alarm devices to many citizens. While these devices continue to be incorporated in many alarm systems, among the most widely used intrusion detection devices today are sound discrimination, ultrasonic motion detectors, microwave motion detectors, and passive infrared detectors.

Sound discrimination devices react to breaking glass, metal on metal, and other sharp sounds. They frequently are used in residential applications on window and door glass, and in school systems in conjunction with audio listening from a central monitoring station. Microwave and ultrasonic motion detectors work on similar principles, using the effect called the Doppler shift. These devices impart energy waves to a protected area and partially reflect them back to a receiver unit. An object moving within the protected area causes a change in the frequency of the wave pattern which is detected by the receiver unit and transmitted as an alarm signal. The energy wave source used by both types of devices is inaudible to the human ear; microwave units use a high-frequency radio signal, and ultrasonic units use a high-frequency sound signal. Passive infrared (PIR) units do not transmit signals; rather, they detect infrared radiation of intruders in a field

of view which is divided into zones. An alarm condition is caused when the intruder is detected more than once in the same zone or in two or more zones.

Alarm sensors detect the intrusion and then transmit an alarm signal to a control panel which then either annunciates the alarm at the premises with a horn, bell or siren, or transmits the alarm signal to a remote location. Traditionally, local alarm annunciation at the business establishment or residence has been identified with the "local" alarm company and monitoring of the alarm at a central facility has been called a "central station" service.

5.3.2 Sales, Installation and Monitoring

Review of alarm company sales and advertising practices generally indicate a sound and ethical approach. For more than five years, the National Burglar and Fire Alarm Association (NBFAA) has actively promoted ethical sales practices. Yet a frequent complaint voiced by some alarm company owners and managers during site studies was that competing companies "overpromise and underdeliver" when selling alarm systems. It is interesting to note that competing firms often directed these comments at each other, and no clear patterns emerged. In some cases, there was the familiar use of "fly by night" and "hit and run" to describe shoddy workmanship and unscrupulous sales tactics by some firms. In general, the alleged "fly by night" firms were very small, one-to-two-person operations or had recently gone out of business. To a certain

extent, then, the marketplace regulates the quality of alarm firms; nevertheless, improper or inferior system configurations and equipment can elude market regulation and be installed (sometimes poorly) for unwitting customers. Regardless of equipment quality, if its capabilities are misrepresented to the customer, then a false sense of reliance on the deterrent value of the alarm system has been created.

The "selling of fear" to customers and then pressuring them to purchase a specific security service or product has been a questionable sales practice of some alarm firms. While neither contract security firms nor law enforcement perceived security firms as competing with police services, the contract security managers did rate "general fear" of property crime and crime rates as strong influences on client decisions to select their services. In a survey of large city neighborhoods, Skogan and Maxfield suggest that the use of household security devices is related to socio-economic variables rather than to the actual threat of crime or to actual neighborhood crime rates.²⁵ They also found that household protective measures are more frequently used in affluent neighborhoods with a high percentage of home ownership. This is precisely the market addressed by most alarm (and also residential patrol) services. Skogan and Maxfield noted that, in the aggregate, burglaries account for a great deal of fear of crime.

Skogan and Maxfield also described the influence of "social proximity" and "spatial proximity" to explain why fear

of crime is disproportionately higher among some groups of citizens. Social proximity refers to strong identification with the general demographic profile of certain victims and spatial proximity to nearness of crime locations to one's own residence or business. For example, a housewife may identify strongly with housewife victims of rape, or a grocery store owner may identify strongly with convenience store victims of a rash of armed robberies. Both of them may then assess their own likelihood of being similarly victimized as highly probable, even though there may not be any correlation to their circumstances and location and those of the victims with whom they have strongly identified. On the other hand, an increased level of crimes in certain neighborhoods and commercial areas may influence neighborhood residents and area businesses to purchase security devices, regardless of the similarity of victims, crime types, circumstances, and vulnerability of the premises where these crimes occurred.

Thus, while some firms may actively "sell fear" in their presentations, alarm firms, as a marketing strategy, are simply responding to a general fear of burglary and other crimes already present in the sales areas they have targeted. Consumers may be purchasing a level of protection not justified by actual probability that they may be crime victims, but "target hardening" measures will reduce the probability of victimization (to some crimes) and increase the perceived feeling of safety--certainly viable reasons for purchasing alarm systems and other security measures.

The specific complaint of some firms is that competing companies "exploit" this fear by converging on recent crime victims, their relatives and neighbors. Some firms use graphic pictures or illustrations of ominous-looking intruders frightening women and children, while others distort local area crime statistics to infer greater chances of being a victim. If such tactics are used to influence decision-making, there is a higher probability that consumers would purchase services, hardware and systems that are ill-suited to their specific needs and that will falsely camouflage their fears. Many alarm companies, for example, increasingly have offered fire/police/medic alert "panic buttons" for sending a rapid alert signal to a monitoring service; answering and paging companies, along with other businesses, have also offered these services. The inappropriate use of a large number of these units, though, could have severe implications for police service demands in the community.

Even if coercive sales practices are not used, consumers appear to be generally uninformed about alarm systems. Alarm company representatives often conduct a survey of the premises to determine the number and type of openings and interior areas to be protected with alarm devices. The survey also considers the type of property to be protected, potential threats against the premises and the work or living patterns of the occupants. A system configuration is recommended, depending upon the type and brand of alarm devices and the customer preference for options. Potential customers may not

have prior information about the operation or selection of alarm systems to assist them in making a decision.

Police, community, and neighborhood crime prevention programs increasingly have played a role in educating business and residential consumers about alarm systems. However, a content review of various crime prevention literature by the project staff revealed two common deficiencies. First, although the major differences among various alarm sensor types are often explained, there is inadequate information to distinguish the relative merits of different alarm system types and configurations offered by alarm companies. The typical hardwire central station alarm system installation costs between \$1,500 to \$3,000 or more, depending upon system features and number of protected openings. "Wireless" alarm systems have been used increasingly by local alarm dealers to bring the cost within reach of middle-class homeowners and smaller businesses. A popular system configuration is an ultrasonic or microwave transmitter which plugs into a standard wall outlet and casts a "trap zone" beam at the front or back door entrance (where most burglary entries occur); magnetic contact switches or sound discriminators on window and door openings or a few other sensors may complete the system. Consumers may find it difficult to compare the benefits and cost effectiveness of various features, especially when there are large disparities in pricing, features, and maintenance.

Second, the content review of crime prevention literature disclosed that suggested questions for consumers to ask alarm

companies appear to be oriented toward larger, more established firms, e.g., length of time in business, volume of sales, number of accounts, and so forth. In the Baltimore area site study, interviews were conducted with owners or other representatives of 22% of the alarm firms listed in the Yellow Pages, and a pattern emerged of the small local alarm firm having one to four employees, contracted or part-time installers, limited on-hand inventory and frequently unmanned offices or operations out of a residential office. From a marketing perspective, if a potential customer knew the company was residentially-based and had part-time installers including the proprietor and/or partner, there might be a tendency to regard the firm as inadequate or un reputable. However, both the national survey data and site studies suggest that the small local firm has a significant market share in both residential and commercial alarms. As a practical matter, most of the smaller alarm companies perform installations during the day and do most of their sales work in the evening or use outside salespeople on a commission basis.

The central stations and larger local alarm companies usually carry an extensive inventory of alarm supplies, but many smaller firms rely on the rapid turnaround time afforded by some of the national wholesale alarm distributors. Smaller firms, in reality, often function as installing companies that obtain components only upon closing a sale or when installing another alarm firm's "sold" system. Sears, one of the nation's largest retailers, for example, advertises its own

burglar and fire alarm systems, but contracts with area alarm companies for the installation of their systems.

Local alarm companies account for 85% of the 10,000 alarm companies estimated by Hallcrest in the U.S. (see Chapter 8). The Hallcrest national survey of security firm local managers and owners disclosed that the average central station alarm firm employs about 25 people, with median annual sales of \$712,500. The installation and monitoring revenue of central stations is about three times as large as local alarm companies. Less than 20% of local alarm companies reported sales greater than \$500,000. In addition to alarm revenues, alarm firms may also install access control systems, CCTV, perimeter security systems, and fixed security equipment.

5.3.2.1 Central Station Operations

Central stations provide 24-hour monitoring of alarms for remote locations of customers. The commercial central station uses trained staff to monitor burglar, fire, and other signal functions. Central stations can monitor virtually any type of sensing device or equipment that can produce a contact closure or opening or voltage input to a transmitter. Refrigeration units in grocery stores and warehouses and industrial process gauges are examples of other central station monitoring functions. Access control data from card readers at remote locations can also be monitored and logged, thus minimizing opportunities for collusive theft through unauthorized access.

When the alarm signal is received by the central station, the monitoring personnel alert police, fire, medical and other emergency services and/or the client. If the client has security personnel on the premises, they are alerted to the type and location of the alarm. Some central stations provide alarm runners who respond to the alarm either simultaneously or prior to the police response. Alarm runners may have keys to the client's premises and can assist the police with searches of the building as well as resetting the alarm. Alarm runners are frequently armed and, if necessary, can make apprehensions on the client's property.

Underwriters Laboratories certifies alarm equipment, alarm systems and alarm companies. Insurance underwriters insist that some alarm installations use a U.L. certified system or alarm company. "U.L. certified central stations" must meet standards set forth by Underwriters Laboratories which include response time to protected premises, specially constructed buildings with standby power facilities, protection against tampering of alarm signals and so forth. In 1981, Underwriters Laboratories listed only about 450 central stations in the U.S., and about one-half of those were operated by nine companies. These large firms retain a significant base through national accounts for protection of major corporate facilities around the country. Many central station companies, however, are closely-held family businesses which successfully compete with the national companies.

Interviews with alarm company managers around the country indicate a growing trend for companies to advertise as "central stations" even though they use telephone answering services or are simply a central monitoring service for a number of local alarm companies. In one instance, four different alarm companies with offices at the same location shared a "monitoring service" at the same address, while all four firms advertised themselves in the Yellow Pages as "central stations." There is a considerable difference between simply a monitoring service and a Grade A or AA U.L.-listed central station with alarm response and service personnel.

5.3.2.2 Monitoring Services

In the past, some alarm installations used automatic tape telephone dialing devices with a prerecorded message connected directly to police and fire communication centers and to answering services. Most law enforcement administrators and local ordinances now discourage or prohibit this practice. More recently, the introduction of digital communicators has changed the composition of the alarm industry. Digital communicators use a programmed memory chip to transmit a coded message, via the telephone line, on the subscriber and the nature of the alarm condition. Central stations now often have digital communicators to transmit signals to their monitoring stations. Local alarm dealers increasingly provide digital communicators to upgrade their local alarm customers with a monitoring capability.

The large regional and nationwide alarm monitoring services now have become a major factor in the composition of the alarm industry. Traditionally, local alarm companies installed a system and had no recurring revenue, unlike central stations with monthly monitoring, maintenance and response fee structures. The capital intensive cost of central station start-up is prohibitive for even many successful medium-size local alarm firms. The installation of a digital communicator monitored remotely (via WATS telephone lines) by nationwide monitoring services has permitted more alarm dealers and customers to have some of the advantages of round-the-clock central station monitoring. Because of the extensive customer data that can be reported by the digital communicator, the well-staffed and trained monitoring service successfully competes with area central stations that do not employ alarm runners (armed or unarmed). The national monitoring services use computerized equipment capable of handling thousands of subscribers throughout the country.

5.3.3 Major Markets for Alarm Services

In the Hallcrest national survey, alarm firm managers and owners were asked to rate their business volume from none to high in fourteen client areas. The highest volume areas are the same for central station and local alarm firms: retailing, residential and manufacturing. Local alarm companies reported residential sales volume three times higher than retailing as a high-volume market. The volume of sales for

residential and retailing clients was rated nearly equal by central station companies; half of all companies saw residential and retail as the highest business volume markets. Residential was actually slightly higher than retailing, but the difference was not statistically significant. "Significant increases" in services to residential clients in the past five years were reported by 81% of central stations and by 72% of local alarm firms. Only half as many firms reported large increases in retail client services.

The reported client areas of medium and low business volume are also essentially the same for both central station and local alarm companies. Medium business volume is reported for shopping centers, restaurant and lodging facilities, banking and finance, distribution centers and warehousing, construction and education. Construction was rated the fourth highest business volume category by local alarm companies. The lowest business volumes were reported for transportation, government, and health care. Public housing was reported as a client area by about 40% of local alarm companies.

In the Hallcrest national survey of proprietary security managers, burglar and fire alarm systems were used by 85% of the corporations in retailing, banking and finance, and insurance, as well as in the following industries: electrical/electronics, consumer products manufacturing, pharmaceuticals, textiles and aerospace. This response, of course, reflects an overview of corporate security managers and is not a statement of relative market penetration by alarm firms.

5.3.4 Alarm System Impact on Law Enforcement

Burglar and hold-up alarm systems are installed to deter and detect crime. Studies have consistently shown that about 95% to 98% of activated alarms are "false" in terms of an actual intrusion. Most false alarms are caused by user or subscriber errors, faulty equipment or signal transmission and environmental conditions. Despite alarm industry efforts to reduce false alarms, every new alarm installation is another potential false alarm from the perspective of the police, who have primary alarm response responsibility in most communities. The increased number of false alarm calls for service resulting from additional alarm systems has led to lowered priority for police response and a proliferation of ordinances which impose punitive sanctions on both alarm users and alarm companies (see Chapter 11 for additional discussion of false alarms).

Hallcrest has identified five factors which could contribute substantially to the growth of alarm systems, especially in the residential sector--and thus further compound the problem of false alarms and their impact on police and alarm company workload: (1) the emergence of retail (over-the-counter) sales of alarm systems, (2) insurance premium reductions and tax credits for security expenditures, (3) improved alarm transmission capabilities to handle more alarm systems, (4) the potential for AT&T or Bell Operating Companies to enter the alarm systems field, and (5) the growth of interactive cable TV security systems.

5.3.5 Retail Alarm Sales

The same "wireless" technology used by alarm companies to create small business and residential systems at more affordable prices has spawned a burgeoning retail sales market by general merchandise department stores, mass retailers, hardware and building materials outlets, and electronic firms. Even Amway, the national multi-level marketing company, offers an alarm system on a direct sales basis along with other household consumer products. Major retailers like Macy's, Bloomingdale's, Jordan Marsh, Montgomery Ward and J.C. Penney offer "systems" from \$100 to \$200. Obviously, the protective qualities of a "merely plug-in and aim the beam" mass retail unit cannot compare with a professionally installed alarm system and/or the services of a U.L. listed central station, but a growing consumer interest has been shown in this low-cost market. Some of the retail units are all modular components (including a limited number of sensors) that plug into ordinary outlets and also control lights, television sets and appliances in the home to give the appearance of an occupied house. Some manufacturers have developed units specifically for apartments and condominiums.

Retail electronics firms have entered the market to capture the "do-it-yourself" person who has a basic knowledge of electronics. One such firm visited by Hallcrest staff devoted a separate enclosed section of the store to working displays of alarm equipment where component selection and installation advice was offered. As noted earlier, SDM magazine estimated

2200 locksmiths secondarily engaged in alarm systems--in fact, some of the inexpensive ultrasonic retail units are made by major manufacturers of locking devices. One locksmith visited by Hallcrest staff renamed the firm "...Security Center," and now has annual alarm sales of between \$50,000 to \$75,000 as part of gross annual sales of \$450,000. Several other retail "security centers" were also visited, and a broad range of business images was apparent--from "urban survivalist" preying on fear and violent crime, to low-key sales centers staffed with sales personnel possessing little more than rudimentary product knowledge and alarm system concepts. Tandy Corporation, the parent corporation of the Radio Shack chain of electronics stores, tried a prototype store in Fort Worth, Texas, specializing in personal and home security products, but later abandoned the idea of a chain store concept. Radio Shack, however, continues to manufacture and sell an in-house line of security products in its stores. Frost and Sullivan, in their Home Burglar Alarm Market research report (1980), predicted that by 1984, the manufacturer shipment value of components used in appliance type or "do-it-yourself" systems will nearly double in four years--exceeding the value of component shipments for professionally installed residential systems.²⁶

Thus, retail sales of alarm systems to the mass consumer market are having a substantial impact on the overall growth of alarm systems. Alarm engineering technology can be expected to continually reduce the size and cost of components, and this will further aid the pricing and availability to an

expanded small business and homeowner market. As noted earlier, however, there is a great disparity in the quality and reliability of the products offered to the retail customer. At present, there are no standards for alarm system equipment short of the U.L. standards for individual components, the certification process for central stations, and the certification of alarm firms that demonstrate technical competence to install alarm systems under at least one of two U.L. standards. (Interestingly, according to Underwriters Laboratories, only 1,042 installers of bank and local alarm systems in the U.S. were U.L. listed in 1981 out of the Hallcrest estimated 8500 local alarm firms in 1982.) Standards enacted for retail unit sales (and installed systems) could help reduce the false alarm problem and increase consumer confidence.

5.3.6 Insurance and Tax Incentives

Reduced property and casualty insurance premiums for burglar and fire alarm systems are an incentive for some businesses to purchase alarm systems. At present, in the average homeowner or tenant's insurance policy, however, the premium reduction for burglar alarms is not sufficient to be an incentive for investment in an alarm system. On the other hand, two pieces of federal legislation in the House Ways and Means Committee in 1982 would have granted taxpayers a security tax credit for investing in locks and access control, burglar and fire alarm systems, and medical alert systems.

Similar to the energy tax credit, a portion of the installation charge would be applied directly to income taxes owed, not a mere tax deduction. H.R. 5316 would allow 15% of the installation charge, up to a maximum of \$400 tax credit, and H.R. 4187 offers a 50% credit on the first \$200 spent on security devices, i.e., a \$100 tax credit. Passage of this type of federal legislation would increase alarm equipment sales and also recognize the deterrent value of alarm systems and their enhancement of safety and security.

5.3.7 Alarm Signal Transmission

Another major demand factor affecting the growth of alarm systems may also be decided at the federal level: access to communication facilities for transmission of alarm signals. One aspect of this issue concerns the continuing problem of central station alarm company access to metallic grade telephone lines. Direct current (DC) telephone line loops are run from a central station through a large number of protected premises and back to the central station. The Bell System has advised the alarm industry that it intends to eliminate DC transmission and looped facilities for alarm signals as rapidly as they are allowed to do so. The telephone company would like the alarm companies to use much more expensive voice grade lines for alarm signal transmission with a separate wire pair (or private line) for each protected premises. This has been an issue between alarm and telephone industry leaders for nearly a decade. They generally agree that, over

the long term, the total demand for alarm systems cannot be supported by using commercial telephone facilities.

A larger concern of the alarm industry is the impact of the divestiture of the Bell Operating Companies by AT&T as part of the U.S. Justice Department consent decree deregulating this telecommunications conglomerate. AT&T presently controls the only widely accessible alarm transmission mode. AT&T potentially could enter the alarm service business with profound effect. The same RJ31X jack used for digital communicator interface with the phone system could be used by telephone companies to install their own alarm systems. The alarm industry fears that this could lead to a virtual monopoly of residential alarm systems. If AT&T did enter the alarm market, it obviously would have a pervasive impact on the growth of alarm equipment and systems and could seriously alter the composition of the industry. At present, the alarm industry has been successful in forestalling AT&T entry. An amendment sponsored by the alarm industry attached to S. 898, the "Telecommunications Competition and Deregulation Act of 1981," would defer AT&T's entrance into the alarm service business until alarm companies have transmission media that are comparable to the Bell System private line facilities.

Other alarm signal transmission options available to the alarm industry include radio frequency (used now on a limited basis), microwave, fiber optics and cable television. The NBFSA and the Central Station Electrical Protective Association (CSEPA) have formed a Radio Frequency Advisory Committee

to work with the Federal Communications Commission in permitting access to more radio frequency bands for transmission of alarm signals.

5.3.8 Coaxial Cable TV Security

At the present time, the saturation of many communities with two-way CATV systems has placed cable TV at the forefront of options because of its wide-band capabilities for alarm signal transmission. The potential for provision of alarm service via cable TV has been known for sometime, but only recently have cable equipment interfaces and monitoring equipment been developed.

Cable TV is essentially franchised by the local community, and most system operators enjoy a de facto monopoly. As part of the franchising process, many communities require the applicant to develop a plan for offering alarm security services as an option in the overall subscriber service package. Alarm service capability has been structured in several of different ways: joint ventures with alarm companies; cable company acquisition of alarm companies; promotional fee agreements, in which the cable company refers alarm sales leads to an alarm company; a central alarm receiving station within the cable company that allows area alarm dealers to connect to the cable system for a monitoring fee; and channel lease agreements to provide access to alarm companies for alarm signal transmission.

The local alarm dealers are interested in most of the optional methods for interacting with cable TV. Central station alarm firms are primarily interested in having access to communication channels of the cable system, so that they can successfully compete and have a viable means of alarm signal transmission for their central monitoring services. The NBFSA and the CSEPA petitioned the Federal Communications Commission (FCC) in mid 1982 to seek federal legislation which would allow the FCC to adopt rule-making authority over high-capacity two-way cable TV systems as communications systems.²⁷ The NBFSA and CSEPA petition to the FCC is threefold in its objectives: (1) to prevent cable operators from providing alarm services or equipment themselves because of the "potential problem of unfair competition"; (2) to require existing cable operators to permit all their customers to connect alarm systems of their choice to the cable TV alarm transmission equipment; and (3) to require any new urban cable TV systems to have a 20-channel or larger capacity and to make a portion of it available for lease to alarm company operators. Concurrently, major system operators have sought federal legislation to remove them from local jurisdiction to avoid undue restrictions on their free enterprise marketing of services.

Regardless of who eventually controls the largest number of alarm installations and monitoring, coaxial cable TV will have a substantial impact on alarm systems in the residential

market. A research report by International Resource Development estimated that 20% of American homes in 1980 were connected to cable TV and that the number would increase to 50% by 1992.²⁸ The report estimated that the cable market for "interactive security systems" would be 23.5 million homes (5%) in 1982 and 52.8 million homes (7.3%) in 1992. The projections are based upon an average installation cost of \$800 and annual monitoring revenue of \$200 per system. At this pricing structure, cable TV alarm systems can potentially tap the lower to middle income levels that even the wireless systems have difficulty reaching. A 1982 survey of the multiple cable system operators by SDM magazine indicated that 14 of the 20 largest operators already offered alarm services to 9.8 million subscribers, and 50% of the 2300 cable TV systems had plans to offer alarm services in the near future.²⁹

The cable TV alarm security market, then, offers potential alarm system "affordability to the mass market," along with increased radio frequency designation for alarm signals, retail alarm sales and possible AT&T and/or Bell Operating Company entry into the alarm industry. The implications for increased false alarms and impact on police calls for service could be overwhelming.

5.3.9 Contracted Burglar Alarm Response

The frustration over false alarms voiced in most law enforcement circles caused the researchers to explore the possibility of contracting out alarm response to the private

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sector. Approximately 40% of central station alarm company managers either favored or opposed this concept, and 20% said maybe. But in Hallcrest's major security company survey, three national alarm companies employing 12,000 people see contracted alarm response as a potential area of growth. Senior executives of the leading guard and patrol companies did not see this as a growth area, yet nearly 85% of local managers of guard companies were receptive to contracted alarm response. There are two possible explanations. First, central station operators would not have a competitive edge on local alarm companies if a private response were made, but guard companies could gain revenues by obtaining alarm response contracts. Second, the large guard companies either may not see alarm response as a large revenue producer or they feel that alarm response work involves too much danger and liability. Yet, the local guard company manager may desire to bid against central stations for alarm response contracts. In some areas of the country, armed and unarmed residential patrols have enjoyed a strong market, and some residential alarm firms are offering patrol service as a key sales feature. This trend may help to ease any transition to the private sector if some residents become accustomed to seeing private alarm response and patrols in their neighborhoods.

Patrol officers in the Baltimore County study site tend to favor transfer of burglar alarm response to private security, yet they rate present alarm response by private security as only marginal! Despite similar marginal ratings in the other

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case study site, patrol officers in Multnomah County, Oregon, were overwhelmingly opposed to burglar alarm response transfer (85% against). Officers not only want the apprehension opportunity but also seem to have overriding concerns for safety and effectiveness of present alarm runners--concerns rooted in perceptions of inadequately trained security personnel. Ironically, alarm response personnel frequently criticize the cursory investigation and slow response of police officers. In the national survey, police departments with reduced levels of manpower more frequently favor transfer of alarm response to private security. While this suggests that simple economics may be the motivating force, the issues are more complex.

Hallcrest believes that burglar alarm response may well be a pivotal issue in the overall relationship between law enforcement and private security--an issue not limited to just the law enforcement/alarm company relationship. This belief is based upon two observations. First, on the surface it makes little sense for law enforcement to suggest that private security take over burglar alarm response when their performance is criticized by law enforcement. Perhaps the growing frustrations of patrol officers who respond mostly to false alarms is leading some departments to take the position that alarm response (especially residential alarms) is not police business, but is just a special consideration for the few citizens who can afford alarm systems or merely a free service for alarm companies. If, in fact, this is the primary motivation, then law enforcement profoundly misunderstands the

role of alarm systems in burglary prevention and detection in the community. And, further, there may be an even greater misunderstanding of the role of private security technology and human services than indicated by the generally accurate law enforcement ratings of private security functions (in Chapter 9). The second observation is that reduced manpower levels in some law enforcement departments may be a motivating force for willingness to transfer alarm response. However, as noted above, the potential residential market penetration of over-the-counter alarm sales, interactive cable television alarm systems, and the potential for a deregulated AT&T and/or Bell Operating Companies to enter the alarm business would cause the current false alarm problem to take a quantum leap. Alarm response would then become a major rather than "nagging" problem for law enforcement.

The main deterrent value of a burglar alarm system is that the alarm signal annunciated locally or transmitted to a central station brings a police response. If there is no threat of response or intervention, the perpetrators of burglaries and robberies could simply ignore alarm systems. Denying or delaying response negates the deterrent value of the alarm system. While the police might counter that this is preferential response for a few citizens and businesses that can afford alarm systems, the alarm system is essentially a citizen alert device. The recent introduction of public safety

and medic alert hand-held citizen transmitters or "panic buttons," offered by remote monitoring and central station services, has not been adversely criticized by law enforcement. An alarm system is essentially the same except that it does not depend upon the presence of the property owner to observe an emergency situation and transmit an alert signal. Perhaps the most significant finding of the Kansas City studies of police response time and the NIJ "Differential Response" program is that response time is most affected by delays in citizen reporting. Alarm systems are merely an electronic means of expediting citizen reporting.

Law enforcement is concerned that the false alarm rate of approximately 95% to 98% detracts heavily from other priority calls. In the Baltimore County case study site, for example, 12% of all dispatch calls are "verified" false alarm calls, with 97% of all alarm calls being recorded as false. In 1981, the Baltimore County Police Department responded to a recorded and estimated (due to brief periods of computer down time) total of 36,676 false alarm calls, or approximately 100 false alarm calls per day. The average elapsed time from dispatch to clearance from the scene of a false alarm was 14 minutes. The estimated annual costs of "lost" time for alarm response for that period is estimated to be \$220,000. Most police department false alarm studies point to the lost patrol time due to false alarm response. However, over one-half of the

remaining calls for service involve non-crime-related service calls--based upon national studies of calls for service distribution.

One police chief astutely offered to the Hallcrest staff another interesting aspect of police alarm response: alarm response calls often put patrol vehicles in areas of the city that otherwise would infrequently see a police vehicle (i.e., remote, outlying or interior areas of residential patrol districts or industrial and commercial complexes). In addition, many calls for service other than alarms turn out to be false or very different situations than when the police were first alerted (e.g., weapons incidents that are merely simple assaults or domestic disputes).

In many areas, the false alarm problem (discussed further in Chapter 11) has resulted in the enactment of local ordinances that invoke escalating monetary penalties which often culminate in denial of response or revocation of an alarm permit. Alarm response under these conditions is given to reward the alarm permit holder who manages or controls his own false alarm problem. In reality, however, there are still several external conditions beyond the control of alarm system owners and alarm companies. In both case study sites, for example, patrol officers say they can "count on" making a number of false alarm runs when there are windstorms. Some departments may take the position that they are not obligated to respond to alarm calls for service, just as they are not "obligated" to respond to any other calls for service. But

law enforcement has been establishing response priorities for a number of years; in this case they have simply chosen to make alarm calls a lower priority. A dangerous precedent would be set if departments limit the number of false alarms permitted before cutting off all response service. It is doubtful that business and citizen groups would allow the situation to deteriorate to no response or very limited response by law enforcement. At the same time, however, the false alarm problem is a serious one which impacts both police resources and the credibility of alarm deterrence of property crime.

Perhaps the strongest motivating force for transfer of alarm response to private security is the complaint that a free service is being performed for alarm companies who generate a profit at the expense of a public service. Conversely, alarm companies complain that the police are trying to subsidize public alarm response by charging exorbitant false alarm penalty fees; some claim it is merely a revenue-generating mechanism.

A broader view of the problem is (1) law enforcement and private security can act as partners in community crime prevention and (2) the deterrence of property crimes through alarm systems can reduce the amount of law enforcement resources directed to detection and investigation of property crimes. Law enforcement and alarm companies should be viewed

as partners in community crime prevention and control; alarms "support emergency preparedness and safety of life and property through the use of telecommunications."³⁰

The transfer of burglar alarm response to private security raises several issues that would have to be resolved. Sizable portions of the commercial sector might still prefer (and successfully lobby for) continued public safety response to hold-up, burglary, and fire alarms. This would discriminate against residential alarm systems, but it raises a larger question of whether the deterrent value in response comes from police authority or from merely a uniformed and armed response. If the latter is true, then there is no difference at present between armed central station alarm runners and police response. Granting special police officer status, limited to alarm response, might address this issue. The public police, for the most part, enjoy a high level of public trust, but the average citizen would need specific assurance that the contracted alarm response personnel would not use a false alarm run to "case the residence" for a later burglary attempt. Such assurance can only come from high personnel standards and tight contract specifications.

The method of contracting for private alarm response would be another key issue. Several options would be possible: local government could let one or several contracts for the jurisdiction; units of local government could issue joint procurements; or alarm companies or subscribers could designate a particular firm to be responsible for responding to

their alarm systems. Private alarm response in part could be supported by false alarm fees in revamped ordinances that encouraged false alarm reduction.

5.4 ARMORED TRANSPORTATION AND COURIER SERVICE

5.4.1 Operating Characteristics

Armored car service firms provide armored vehicles and armed personnel (often interstate) to protect and deliver currency, coins, securities, bonds, gold, silver, and other precious metals, credit cards, jewelry and other items of high intrinsic value. Courier services can involve either the armed protection and transportation of valuable items, or the transportation by unarmed personnel of checks, business correspondence, reports, and other time-sensitive documents having low intrinsic value but requiring expeditious delivery.

5.4.1.1 Equipment

Armored car firms usually perform both armored car and armed courier service. The key distinction between the two armed services is that armored car firms use heavily armored vehicles which are able to withstand attacks of firearms and explosives. These vehicles are equipped with steel plating and specially-constructed power and engine control systems, fuel tanks and tires. The heavy vehicles are also required to support the weight of bulk shipments of coin and bullion. Some firms have gone to light-weight armored vans in an effort to reduce operating costs, but other firms question the ability

of vans to afford the same level of protection--especially in light of recent major assaults by heavily armed groups. Despite the emphasis on electronic funds transfer, there will continue to be a need for secure transport of cash (especially coin) for transaction of commercial business.

5.4.1.2 Operating Procedures

The user business or other organization establishes a fiduciary relationship with the armored car and courier service. The armored car company is liable for the loss of the transported valuables from the time they sign for their consignment until the items leave possession of the firm at the final destination. Armed guards are utilized because of the highly valuable items being transported through areas with access to the public. Armored car personnel must always be prepared for the possibility of an attempted theft, assault or hijacking. One of the frequent techniques used in hijackings is for the attackers to impersonate police officers. Armored car guards are instructed never to leave the vehicle unattended nor to open the vehicle to other parties. Some law enforcement officers are unaware of these aspects of armored car procedures. The police officer who directs an armored car not to "double park" in the street during a pickup, or delivery, leaves the other armored car personnel more exposed and vulnerable. This not-infrequent occurrence causes friction between the police and armored car firms and personnel.

5.4.1.3 Operating Expenses

Because of this fiduciary relationship with the client, liability insurance to cover the loss of the cargo is an important aspect of armored car company operations. The limits of liability must be sufficient to cover the client's shipment and all other customer shipments. Liability insurance is also needed to cover the armored car terminal which contains a vault for overnight storage of valuables. The terminal facility usually contains several perimeter and interior space protection alarm systems and high-security vaults. Typical limits of insurance liability are \$1 million for a small company, \$5 million for a medium-sized company, and as high as \$75 to \$100 million for a large national or regional firm. The comprehensiveness and rates of liability insurance depend upon the loss experience and the security measures and procedures of the armored car firm. The availability and cost of insurance is a major expense factor in armored car firm operations. Reconnaissance interviews indicate that some firms attempt to reduce costs by maintaining less than adequate insurance, unknown to their customers.

Armored car firms incur the same basic costs of any transportation firm; perhaps the most variable are fuel costs because they are greatly affected by the length of routes and increasing traffic congestion. In addition to the expenses of maintaining a fleet of expensive vehicles are the costs of the specially constructed armored vehicles and the salaries and training of guards. Key variables in determining pricing for

a customer include the location, required routing of the vehicle, frequency of pickups, the number of personnel required, the amount of liability being assumed, and the bulk weight of the shipments. Ideally, an armored car firm maximizes the number of pickups that it can make on a particular route before it must make a deposit. Despite the high operating expenses of armored car companies, one armored car industry leader noted that the logistics of frequent and adjacent pickups make armored car services less expensive than contracted trash removal.³¹

5.4.2 Financial and Commercial Services

In the past, the banking business was primarily confined to large bank offices, but the proliferation of customer convenience such as small branch office and automatic teller machines (ATM's) has increased the use of armored car services. The money supply in the approximately 25,000 ATM's in the U.S. must be replenished frequently. Some firms also provide routine maintenance of the machines as well as armored car pickup. Another service offered by several large firms is the counting, sorting, and packaging of currency and coins. The emptying of municipal parking meters increasingly has been contracted out to armored car firms which consolidate all of the pickups at the armored car terminal for counting and transportation to the bank.

Many citizens associate armored cars with pickups and deliveries of cash to financial institutions. Until January

1982, the Federal Reserve System incurred the cost of armored car delivery of currency and coin, but now costs are borne by the banks. While national firms such as Brinks, Wells Fargo, and Purolator were dominating the financial market, the local and regional firms established a strong commercial market. Several factors account for the growth of the commercial market: (1) retail firms which have daily needs for cash have been a mainstay of business for armored car firms; (2) in recent years rising rates of business crime have made many merchants reluctant to carry their own deposits, and they have turned to armored car service; (3) the growth of fast food restaurants and 24-hour convenience stores as well as increased calls for police service have sharply curtailed the practice of police escorts for merchants; (4) with fluctuating interest rates compounded daily, the value of money has become much more time-sensitive, causing many commercial customers to increase their frequency of armored car service in order to maximize the amount of time their deposits will be earning interest.

5.4.3 Major Losses

Although considerable media attention is focused on bank robberies, the average loss has consistently been only a few thousand dollars. Yet, robbery of an armored car can result in a catastrophic loss. Just half a dozen bags of currency from a bank pickup can have a value of several hundred thousand dollars, while the total value of customer pickups

could total more than a million dollars at any one time. This observation was made by an LEAA spokesman when the Armored Car Committee was established by the Private Security Advisory Council in 1976. The Committee was established "not only because the industry's services are important, but also because some of the largest crimes perpetrated are against armored car firms, causing sizable losses which are of serious concern in the area of crime prevention."³²

In the past few years the number and severity of attacks on armored vehicles have increased. To the armored car industry the most distressing aspect of a foiled Brinks robbery attempt for \$1.6 million was the terrorist conspiracy which left two police officers and one Brinks guard dead. Subsequent police investigation indicated that several different terrorist groups including the Weather Underground and the FALN had teamed up with common criminals. Police and FBI searches revealed stockpiles of weapons and disguises, burglary tools and plans of past and future attempts, thus suggesting armored car robberies as a principal means of financing terrorist activities. The extensive losses that have been involved in some of the successful robberies are also of concern to the armored car industry, their customers and their insurance companies. In December 1982, for example, a burglar(s) stole an estimated \$11 million from an armored car company terminal in New York City.

5.5 SECURITY CONSULTING

Some form of security consulting is advertised by the majority of security service firms. Over 60% of the contract security companies in the Hallcrest national survey indicated that their firms provide security consulting services. A guard service or private investigative firm, for example, may first investigate a major loss for a client and then provide additional services to improve overall security. A large central station alarm firm may assist a client in designing an overall perimeter security system to include access control and CCTV systems. Some of the national and regional security companies have established separate divisions for consulting services. One local guard firm in the Baltimore study site provides security management consulting services to several small companies in lieu of their hiring a security director.

However, independent consulting firms also offer a broad range of specialized services. These specialized consultants typically do not advertise their services in telephone directory Yellow Pages, and much of their work is done through referral. Most of the firms are closely-held private companies with only a few employees. The principals of these firms have established areas of speciality through prior career experience in law enforcement, private security, the military, or intelligence agencies. Five principal categories of security consulting have been identified: engineering, management, investigation, executive protection, and computer security. There is some overlap in the provision of

these consulting services and those labelled "specialized services" in the next section of this chapter. The major point of differentiation is that specialized services (e.g., employee screening, honesty shopping) involve a standard or repetitive service performed uniformly for all clients, with little variation. Security consultants, on the other hand, combine creativity and uniqueness in developing approaches to the different security problems in each client's environment. Two similar types of manufacturing companies, for example, could have widely varying operations, facilities, security programs, and loss patterns to which the consultant must respond.

5.5.1 Engineering-Related

Engineering-related security consulting services involve the design of security systems and the development of specifications for both technological and physical security measures. The technological aspects deal with the type and placement of various electronic, mechanical and fixed security products as part of an overall security system for a facility or complex. In this capacity, the security consultant acts as liaison between security equipment vendors and the client on the type of system to be installed. This involves the initial design of systems for new construction or the retrofitting of existing structures. Most security consulting assignments, however, are contracted after a specific security problem or loss pattern has occurred.

The security consultant performs a preliminary analysis or security survey in three areas: the types of assets to be protected, the physical characteristics of the site and buildings, and the vulnerability of both assets and buildings to different levels and types of threats. The preliminary analysis may also include (1) a feasibility study of different options for addressing the problems, (2) cost estimates, and (3) a formal risk assessment. After completing the pre-design services, the consultant prepares formal specifications, drawings, and cost estimates to accommodate the procurement procedures of the client. The "security engineer" assists the client from conceptualization to final construction and implementation in several phases: (1) study and report phase, (2) preliminary design phase, (3) final design phase, (4) bidding or negotiation phase, and (5) construction phase.³³ The client frequently involves the consultant in the bid evaluation process and monitoring of contractor performance as well as testing of security systems.

Engineering-related security consulting services may also include the consultant's working with a team of other professionals--e.g., fire protection consultants and mechanical, electrical and structural engineers--under the direction of an architect. The pioneering works of architect John C. Newman in Defensible Space and criminologist C. Ray Jeffrey in Crime Prevention Through Environmental Design (CPTED) created a new awareness of the importance of designing security into the

environment. In recent years there has been closer cooperation among architects, engineers, and security consultants to incorporate security (including fire and life safety) considerations into building design. Security design as an academic discipline, however, is largely nonexistent. The Private Security Task Force recommended (Standard 5.7) that courses on crime prevention design techniques and strategies be incorporated into the curriculum of architectural and urban planning degree programs. It was also suggested that courses in CPTED be specified as licensing and job prerequisites and that such courses be made mandatory in accreditation standards for schools of architecture and urban planning. There has been no monitoring of efforts to implement these standards, but security consultants interviewed during this research project indicate little movement in that direction.

The basic concepts of CPTED were adopted into one of the more innovative crime prevention programs undertaken by the National Institute of Justice. As noted in Chapter 2, the Commercial Field Security program in the Multnomah County, Oregon, study site showed little impact on crime when simply using commercial security surveys of a large number of premises. On the other hand, in the Portland, Oregon, program combining the commercial security surveys with an extensive CPTED program (including police patrol, improved street lighting and organizational involvement) resulted in a 48% decrease in the monthly burglary rate. When the security consultant

functions as part of an overall design team, several disciplines are brought together to focus on security needs in the construction environment. Not just hardware is considered, but also the design and placement of lighting, entrances and exits, shipping and receiving areas, storage areas, hallways, corridors, parking areas, and public access areas. One important aspect of overall security design is the relationship of the security operations plan of the facility to the resources of area law enforcement agencies: the use of proprietary or contract central stations for monitoring of security systems, the size and training of the security force, communications and other support systems for the security force, specific facility vulnerabilities and law enforcement response policies for specific threats.

One of the drawbacks to developing a model building security code is a lack of standards and codes for security similar to those of the National Fire Protection Association (NFPA). As Strauchs noted, "Unlike other engineering disciplines, security has few standards or codes on which to base its designs and nomenclature."³⁴ In addition, while security is often peripherally governed by other codes such as the National Electrical Code, security considerations sometimes conflict with other codes, such as the Life-Safety Code regulation on not locking emergency exit doors. The few examples of standards include Underwriters Laboratories and Factory

Mutual for insurance purposes and federal and military specifications for generic security equipment. Very limited security codes exist within the Uniform Building Security Code developed by the International Conference of Building Officials.

Development of a model building security code would require consensus on security equipment and application of the code to a broad range of building requirements. Some organizations such as the American Society for Testing and Materials (ASTM) have begun development of terminology standards for security systems. However, independent voluntary efforts without funding mean that many years will be required to develop comprehensive standards.

The National Crime Prevention Institute estimates that about 500 cities have enacted ordinances requiring at least a minimum inspection of building security measures during construction by building inspectors and after construction by police or fire agency personnel. A national model building security code has never been developed, and there are some indications that the business community and law enforcement would resist it.

Opposition has come primarily from builders and developers who fear increased construction costs, building officials who foresee enforcement problems, businessmen who see financial burdens through higher overhead and lower profits and law enforcement agencies who feel burdened with each law they must enforce.³⁵

5.5.2 Management

Virtually all other security consulting services can be grouped within this category, since they involve providing specific security management skills to the organization or non-technical support services to the in-house security management personnel. These consulting services would include conduct of security management surveys, design of security awareness programs, and executive protection programs, analysis of specific loss areas and structuring of loss control programs, investigation of major losses or complex forms of business crime, auditing and implementation of information and computer security controls, and the design and presentation of security training programs. By management-related security consulting services, however, we refer to services which provide a broad overview of all aspects of security programs:

- assisting executives in determining the need for formal security programs in organizations with no security director or only limited security personnel and measures;
- evaluating the cost-effectiveness of existing security programs and measures and recommending viable alternatives;
- assessing the requirements for additional security in expansion of facilities or company operations; and
- developing security policies and procedures manuals, and establishing security awareness programs.

Most large organizations undertake some measures to protect the information, employees, facilities, and products of

the company from the more visible forms of theft or assault. But the decision to implement a formal, organization-wide security program requires a sizable commitment of resources, and this expenditure must be justified like other organizational expenses. Once the decision is made to introduce a security program, careful consideration should be given to its placement within the organization. Through surveys, interviews with key executives and managers, site visits and documentation review, the security management consultant develops, in concert with the security director and/or with top management, cost-effective security measures to meet the unique needs of a particular organization or site. The recommended security measures may include levels of security staffing needed within the organization, security policy and procedures manuals, divisional and product group security programs, type and use of contract security services, employee security awareness programs, crisis management guidelines and contingency plans, or executive protection, training and other areas covered by security specialists.

The policy and procedures manuals developed by the security management consultant help the organization to (1) establish internal controls, (2) achieve uniform implementation of security measures, (3) assure consistent reporting of and response to security incidents. Policies are general statements that describe the organization's position on a variety of situations, including prosecution, reporting of criminal activity, and liaison with law enforcement officials, among

others. Procedures may include specific steps to be taken when a loss occurs or direct action a plant manager should take in response to various crises, e.g., labor strikes, bomb threats and extortion attempts.

The security management consultant frequently assists organizations in effectively instilling security awareness at all levels of the organization. A security awareness program at the employee level communicates to the employee the nature and purpose of various security measures, such as employee identification and access control, and the importance and emphasis placed upon the security program by the organization. The consultant helps the company develop employee orientation programs and policy statements for the employee handbook; and also suggests signs and posters, film strips and newsletters, and employee meeting content to heighten the general awareness of security. The employee is encouraged to take a proprietary interest in protecting the assets of the organization, and employee suggestions are solicited to improve security measures.

The study of employee theft by Clark referenced in Chapter 3 discussed the lower levels of reported theft among employees in organizations which have clear policies on security. The security consultant also designs management training programs to make upper-level personnel aware of the relationship of security measures to the profit-making function of the company and the types of loss problems and patterns common

to that organization. Security awareness programs for management usually emphasize the importance of inspections, monitoring, and enforcement of company policies, procedures and regulations, so that uniform controls and security presence are established throughout the organization.

5.5.3 Executive Protection

Executive protection consulting services involve the protection of top corporate executives as key assets of a company as well as the protection of these individuals and the company's business interests in other countries. As noted in Chapters 3 and 4, the increase in international terrorism and extortion of U.S. businesses to finance terrorist causes has created a large demand for executive protection services among Fortune 1000 companies. The basis of all consulting services provided in this area is the formal risk analysis and threat assessment for individual executives and for different areas of the country and world in which the company conducts its business. Recommendations include variations in daily routine and precautions during travel for the executive both domestically and internationally; additional security measures pertain to personal and family residence, specially trained chauffeur/bodyguards and specially equipped vehicles (often armored in foreign countries). Aside from designing an executive protection program, the consultant frequently serves as a liaison between the company and vendors of specialized security equipment. Some executive protection consultants also contract to

provide bodyguards (or their training) for business or family travel.

Development of contingency plans for the management of crises such as executive kidnappings and extortion attempts, and training simulation exercises in crisis management are an important component of executive protection consulting services. The crisis management team brings together many different aspects of the organization for interaction with law enforcement agencies, ransom demands, foreign governments, and media. Executive protection consultant firms will also serve as active participants in negotiations strategy with terrorists in coercive bargaining situations.

5.5.4 Investigative Consultants

Investigative consultants are distinguished primarily from private investigators by their backgrounds and clientele. The professional backgrounds of these consultants could be law, accounting, data processing, purchasing, or business management, combined with investigative experience. Investigative consultants work almost exclusively for law firms, Fortune 500 companies or insurance companies in the investigation of complex internal and external fraud, commercial bribery, arson, and other economic crimes. The firms usually consider themselves consultants in economic crime, but they may be involved in routine investigative auditing or in responding to a known loss incident at a particular organization. By performing

tests of internal controls on accounts payable and receivable, purchasing practices, and inventory, the outside firm can often detect flaws, inconsistencies, or potential problems which may have resulted in criminal acts or which need tighter internal controls. Once a fraud or embezzlement scheme has been detected, the consulting firm assists the client in recovering the financial loss through fidelity bonding and corporate officers and directors liability insurance. Involving an outside firm can often remove the corporate counsel from potential conflict of interest that would result from representing the interests of the company while conducting an internal investigation of an employee or corporate officer.

Another distinguishing characteristic between investigative consultants and private investigators is that consultants, upon completion of the investigation, emphasize development of remedial loss control procedures; whereas the private investigator "closes the case." Internal auditing staffs frequently are trained to detect economic crime, and management personnel are taught to develop security awareness based on common scenarios of fraud in corporations. Investigative consulting firms may be hired by corporations that are either planning an acquisition or resisting a merger attempt. These investigations typically involve "discovery," that is, checking the backgrounds of key corporate officers, searching for litigation against the firm and verifying the existence of assets and market position.

5.5.5 Computer Security

Computer security is a relatively new field that merged the disciplines of data processing, data communications security access control, information security, and physical security. Computer crime is technically a misnomer, since the computer is merely an asset of the organization which is abused in order to perpetrate crime. A study of vulnerability of computer operations to crime by SRI International showed that unauthorized physical access to computer equipment and facilities occurred in one-fourth of 668 reported cases of computer-related crime.³⁶ Intentional acts of altering input data were involved in 23% of the cases, and unauthorized access to the data accounted for another 15% of the cases. In addition, 8% of the cases involved improper use of output data, paper computer tapes and other materials.

The computer security consultant provides services in several main areas: auditing of EDP systems, developing (or assisting in the procurement of) security software and data encryption, conducting risk assessments, developing a computer security program, developing system recovery plans in the event of complete computer failure, auditing of major crime losses involving use of the computer, and training of EDP personnel in computer security procedures.

The computer security expert has become a valuable resource for security directors, information systems managers, police investigators and prosecutors. The computer security

consultant is often able to establish an audit trail of transactions, especially where security software has failed or security procedures have been circumvented. Once the audit trail has been established, suspects can be identified and evidence collected to document a case for criminal prosecution and financial recovery through insurance. In another SRI study, researchers noted that the reporting of computer-related crime is affected by a lack of concurrence on what is considered a computer-related crime. Although 60% of the prosecutors had read or attended seminars on computers so that they could deal more effectively with computer-related crimes, a direct test of the prosecutors' technical knowledge of basic operational concepts involved in computer systems and computer-related crime found knowledge to be "relatively shallow and limited."³⁷

5.6 SPECIALIZED SERVICES

5.6.1 Training

In each of the preceding sections, except engineering-related services, security consulting usually involves a training component customized designed for the unique needs of the client. In addition, there are security training consultants who provide a wide variety of standardized security training programs. Although these consultants may also be involved in consulting on training program design, for the most part they offer a series of standardized training courses to the security and law enforcement communities. A number of

national trade and professional associations provide annual or regular training programs in security, but in this section we are only identifying segments of contract security which offer training services as a main portion of their business income.

One category of training services includes the independent training contractors who train operational security personnel. These programs are most frequently found in states which require minimum levels of training for armed and unarmed security personnel. In most of these states the school must be certified by the state licensing and regulatory agency, and the content of their courses is regulated by the state mandatory training requirements. In those states, the larger contract security companies and the national security companies may offer their training programs to other security firms. The fact that these independent training contractors have not thrived in states which do not mandate training for security personnel is indicative of the low priority placed on training by both security service firms and the consumer.

An innovative concept in security training was announced with the formation of the Private Security Institute in Illinois in late 1981. A basic 40-hour security officer course of practical firearms training (15 hours) and substantive criminal law, civil liability, enforcement and emergency procedures (25 hours) is offered for contract and proprietary security personnel. This institute is attempting to draw from a national market and provide a broad range of specialized

security courses. Given the high turnover of contract security personnel, it would seem unlikely that a national training facility oriented to entry-level security officer training could draw heavily beyond its immediate area.

Training programs for bodyguards, chauffeurs and other personnel engaged in personal protection programs are an example of training services. Several schools teach high performance or defensive driving to prepare chauffeurs and bodyguards for a terrorist attack. Three of the better known schools offer training programs with a price range from \$1295 to \$1895. One of the first--and certainly the most unique--programs is that of Richard W. Kobetz and Associates, Ltd., which is of seven days' duration and combines a variety of practical and theoretical instruction in weaponry, driving, and other counter-terrorism skills. Instruction usually is given in a specially-adapted rural setting with specialized facilities, but the program may be modified according to the needs of individual clients who would prefer training in a setting of their own choice.

Several of the security equipment manufacturers also provide training services. Motorola, Inc., (a major supplier of communications equipment to law enforcement and security) created a subsidiary in 1973, MTI Teleprograms, which provides audio-visual training programs to both groups. Security training programs include security officer basic training, crime prevention techniques, terrorism and executive protection, and crisis management. In 1980, Bayley, Martin and Fay,

a major underwriter of security firm insurance, introduced a series of eight training programs produced on video cassettes which emphasized legal training for the security officer. Mosler, one of the largest manufacturers of safes and vaults, banking and other fixed security equipment, provides multimedia training and conducts training sessions on selected security topics through the Mosler Anti-Crime Bureau. During the course of this research a few other firms were discovered which market security training materials nationally, but we found no organization or professional association which had reviewed or catalogued the materials as a reference source for contract security firms or proprietary security operations. For the small contract security firm, the purchase of a series of audio/ visual training packages could provide a basic nucleus of pre-assignment training for all security personnel at an affordable cost.

Most other classroom training and seminars are sponsored by major industry trade associations with a special program on security (e.g., Bank Administration Institute, National Retail Merchants Association) or by security professional associations (ASIS, International Association of Hospital Security). These efforts are discussed in a subsequent chapter. The Computer Security Institute, Northboro, Massachusetts, is an example of an association devoted exclusively to training and seminar programs in a specialized area of security. Their major effort is an Annual Computer Security Conference which has been held since 1974. Security World magazine and Cahners

Exposition Group sponsor several annual International Security Conferences and Expositions which provides training seminars along with an exhibition of security and fire protection equipment.

On the whole, the majority of training programs, materials, and brochures reviewed during the course of this research are oriented toward proprietary security operations, with an emphasis on various security manager functional areas of responsibility. The provision of training services or materials for contract security is, for the most part, left to individual security companies.

5.6.2 Employee Background Screening

As noted in Chapter 4, employee background screening is an important aspect of personnel security in all organizations and especially for the recruitment and selection of security employees. Three major types of services are provided in this area: (1) paper and pencil "honesty" testing, (2) polygraph and PSE examinations, and (3) employee background investigations. Honesty testing reviews an applicant's attitude toward honesty and the reported past history of dishonesty as a predictor of future behavior in various levels of risk associated with different jobs in the organization. The tests are written at a basic eighth-grade reading level and are designed to be administered by the client firm as part of the hiring process. The results of some testing instruments can be interpreted by the client; for others, computerized analysis

and even immediate analysis is available through toll-free telephone numbers.

Firms providing these services also work with clients on other areas of personnel security and sometimes customize examinations for larger clients. These consulting firms directly market their services and do not rely on advertising in the telephone directory Yellow Pages. John E. Reid Associates is a good example of the diverse services offered by some of these firms, and their contribution to both security and law enforcement. The late John E. Reid was involved in the landmark decision on admissibility of polygraph evidence and testimony in court. A book Reid co-authored with Fred E. Imbau, Criminal Interrogation and Confession, is one of the standard textbooks used in the training and education of law enforcement investigators. In addition to conducting one of the premier training sessions on criminal interrogation and the use of polygraph in investigations, the firm now provides a broad range of services involving behavior analysis. Many of the firms providing polygraph services also position themselves in the market as "research" firms in the area of behavioral analysis.

Since the introduction of the Psychological Stress Evaluator (PSE), proponents of its effectiveness in detecting deception have been embroiled in controversy with polygraphists. Minimum levels of training and ethics are prescribed for membership in the American Polygraph Association and its affiliate state organizations. These organizations, through

lobbying, influence state legislation on detection of deception examiners. Polygraphists insist that most scientific evidence and studies have tended to refute the claims of PSE examiners of its effectiveness. Some firms (often private investigative agencies) purport to offer "polygraph or PSE" examinations in Yellow Page advertising. Polygraphists resent this practice by untrained polygraphists, especially since the public is unable to differentiate between two very different methods of truth verification. Despite the restrictions on polygraph use in some states, they are widely used in industry in employee screening and also in internal investigations.

Graphoanalysis, another form of employee behavior evaluation, claims to measure or profile human behavior based upon handwriting samples of individuals. It has met with less opposition than PSE, but is still relatively unknown and not widely used in the United States. Forensic handwriting analysis, one of the forensic skills used in investigations of altered documents and checks, simply compares handwriting samples. Some firms use graphoanalysis profiles as part of employee screening. While university-level courses are available in Europe on graphoanalysis, most practitioners in the U.S. are graduates of an 18-month correspondence course offered by the Graphoanalysis Society in Chicago.

Employers considering good job applicants with only recent job experience in the immediate geographic area often rely on background investigation firms which investigate both the applicant's employment and credit background. These services

are usually performed by major national firms with numerous locations throughout the country, such as Fidelifacts and Equifax. The firms are frequently used by security directors and personnel managers to validate the background of applicants for key managerial and executive positions in the company.

Most reputable firms offering employee background and screening services advise their clients of the limitations in gathering background information imposed by the Privacy Act of 1974, the Freedom of Information Act and restrictions on Criminal History Record Information. However, as noted under private investigative services, some firms emphasize their ability to obtain information that cannot be obtained through normal channels by their clients. On the "fringe" area of employee background services are firms purporting to offer certain background information which, on face value, would violate privacy laws and state statutes in some states. One service, for example, advertises a toll-free number to provide clients nationally with unlisted telephone numbers, addresses, and long-distance phone records.

5.6.3 Technical Countersurveillance

Ten years ago the country was exposed to the world of electronic eavesdropping when five "plumbers" broke into Democratic National Headquarters in Washington's Watergate Office Building to replace a defective transmitter with a new one disguised in a smoke detector. (G. Gordon Liddy was convicted

for his role in the now infamous Watergate incident which led to the resignation of President Richard M. Nixon. Ironically, Liddy today is associated with a security firm bearing his name which anticipated 1982 revenues of \$10 million from services featuring the "debugging" or detection of illegal eavesdropping devices!) There are no measures of the amount of electronic "bugging" involved in industrial espionage, but the appearance in the news media of the more sensational industrial espionage cases in the past few years has greatly raised the level of concern on the part of corporate executives. An article in Business Week cited a recent survey of corporate executives in which nearly one half of them felt that "at least 50,000 to 100,000 bugs had been planted in businesses within the last five years."³⁸

In the United States it is illegal for private persons to make, sell or possess eavesdropping devices, yet they are easily obtained from overseas manufacturers who may manufacture them "for export only." In the Business Week article, a former communications researcher with the Central Intelligence Agency estimated spending for industrial espionage equipment and services to be hundreds of millions of dollars--as much as the "combined surveillance effort of federal, state, and local law enforcement agencies."³⁹ One of the major firms involved in the sales of countersurveillance equipment estimated 1982 annual sales of \$30 million.

Law enforcement agencies are sometimes wary of countersurveillance equipment of manufacturers and distributors out

of concern that they could be surveilled by criminal elements with the same equipment they are using. Indeed, the president of one major firm was indicted in 1982 for making and distributing illegal electronic surveillance devices and illegal foreign shipments of such devices.

Despite the cloak-and-dagger excitement generated by such an industry and the assertion by some security directors and corporate officials that the problem is greatly overestimated, many prominent corporations spend anywhere from several hundred to several thousand dollars to have periodic electronic "sweeps" made of their facilities. These sweeps are performed by specialized firms (which often sell countersurveillance detection equipment) and by security firms providing other services. Advances in semiconductor technology have reduced the size of radio transmitter bugging devices to the size of a match head, making such devices virtually undetectable without devices to locate a power source or transmission waves. Even in boardrooms with electronic room shields to prevent transmission of data outside the room, electronic sweeps are often conducted. Although actual evidence of electronic eavesdropping occurs in less than 20% of the electronic sweeps, many companies believe it is a necessary expense.⁴⁰

5.6.4 Private Vault Rooms

Private vault rooms have been provided for a number of years as a service for off-site storage of back-up computer files and tapes, but in the past few years, private vault

rooms have been offered as an alternative to bank vaults and safety deposit boxes. These facilities offer larger leasable space, more comprehensive security and better access for their patrons (usually open 12 or more hours a day--some have 24-hour access). In most facilities the smallest deposit box is larger than bank deposit boxes, and some offer bulk storage space and sizes as small as 3x5 inches. Now, in addition to storage of computer tapes, discs and microfilm for organizations, the general public is using these services for storage of stocks and bonds, wills, stamp collections, jewels, objects of art and even items of sentimental value.

The security measures of typical private vault rooms include redundant sensor systems monitored by a central station, 24-hour security guards, CCTV with central console monitoring, heat and humidity control and access control (some with photograph, handprint and voice verification). Some facilities are located close to airports and contract with armored car and courier services to provide a secure environment for transactions of dealers in precious gems and metals. Armed courier services available through some private vault rooms offer to deliver silver and jewelry for a party at the home of a client; the courier remains throughout the evening and then returns the items to the vault.

The National Association of Private Security Vault Rooms was formed in 1980 to establish standards and regulatory guidelines for private vault rooms. The Association claims about 300 members in 140 organizations in various stages of

establishing private safe deposit and vault rooms, with about 60 private vault rooms presently located in major cities.⁴¹ The Association projects that in five to ten years there will be 2,000 to 4,000 private vault rooms through the country. The average cost of storage space is three to four times the normal bank rate, but banks have only limited liability for safe deposit box contents and some bank insurance policies might not even cover a customer loss. Rental prices at One Safe Place in Dallas, Texas, range from \$200 to \$400 annually. Consecur, a firm in Miami, Florida, sells its space on a condominium basis at costs ranging from \$395 for smaller storage boxes to \$4,000 for larger boxes and storage areas, plus a \$75 annual maintenance fee. The cost of private vault rooms is offset for the client by lowered insurance premiums and a tax deduction if the stored items include tax papers or investments. In recent years, investors have been putting more of their wealth into art, antiques, coins, gems, metals, and valuable commodities other than paper currency. If this trend continues, it could create a demand sufficiently heavy to sustain private vault rooms.

5.6.5 Other Services

Drug Detection and Awareness services are offered by some guard and security consulting firms. Drug detection services include: (1) employee screening tests for past and potential drug abuse patterns, (2) trained investigators and dogs used to conduct searches of suspected areas of drug abuse usage and

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storage in the work environment such as lockers, employee lunch rooms, personal belongings and lunch pails, (if clearly spelled out in company policies and disciplinary measures for illegal substance possession, the right to search is not subject to the same Fourth Amendment search and seizure constraints as law enforcement's "probable cause" test for search warrants), (3) undercover investigations conducted by hiring a security firm operative as an employee among suspected users and dealers. Drug abuse investigations are sometimes coordinated with local law enforcement. Drug sellers are usually turned over to law enforcement for prosecution while nonproductive workers involved in drug abuse are generally only terminated.

Drug awareness program components consist of employee orientation, lectures, films, displays, and pamphlets. The programs inform employees and supervisors of the dangers of drug abuse (especially worker safety aspects) and familiarize them with drug use patterns, drug identification and related drug paraphernalia. As reported in The Alert, a business crime newsletter, drug abuse in business and industry was estimated by one source to cost approximately \$34 billion each year because of absenteeism, poor attention to detail, accident proneness and decreased productivity.⁴²

Crowd Control services are provided by security firms at large sporting events, concerts, fairs, trade show exhibitions and other public events. Private security firms often provide the majority of security personnel, who usually outnumber law

enforcement officers. Security officers frequently interact with law enforcement officers in an order maintenance role, but security personnel are primarily concerned with enforcing the rules and regulations of operating management and property owners. Occasionally, security and law enforcement personnel at the site share a common radio frequency for communication purposes. The primary security functions at events are to protect the assets of the facility, exhibit property, performers, athletic participants, and any dignitaries in attendance.

Guard Dogs usually conjure up an image of "snarling, snapping, neurotic monsters,"⁴³ and some Yellow Page advertising does little to discourage that stereotype. Ironically, guard dogs are expected to be good barkers but are selected for tenacity, not viciousness (as presumed by the average citizen), and must be gentle when approached in normal circumstances. The highly developed hearing and smell senses of dogs are used with security guards in security work to help with patrol, searches, and detection of drugs, weapons, and explosives. Guard dogs are also used alone to guard unoccupied, closed-in areas during nonworking hours. Security officer and guard dog teams have been estimated to displace the salaries and fringe benefits of two or three security officers when used on patrol. The agility of the dogs allows them to cover large areas, and their keen senses alert the security

officer-handler to the presence of intruders. Although liability increases with the use of guard dogs, it is still less than that associated with an armed guard.

In addition to their use in industrial security, guard dogs are used in searches for contraband in nuclear utilities, mining, ship transportation lines and the petrochemical industry, especially on offshore oil rigs. Guard dogs have been used increasingly by homeowners as a deterrent to intruders. The total market for dogs in security and police work was estimated at \$1 billion per year in Security Letter by one training director for a firm providing guard dogs.⁴⁴

Honesty Shopping is a service provided primarily to retail merchants to test the integrity of retail sales personnel. The honesty shopping service trains its employees in the detection of improper cash handling procedures, employee theft and commonly used shoplifting techniques. Security personnel enter the store as shoppers and attempt to shoplift, switch price tags, and so forth, while monitoring the sales procedures. Some retail operations contract for these services regularly, while others engage the service when there are suspected problems with cashiers, sales clerks, or unusually heavy loss areas. Typical methods of employee cash theft include: pocketing the cash and not ringing up the sales register, voiding sales after the transaction has been completed with the customer, overcharging customers and stealing the overage, stealing checks paid to cash, and making fraudulent refunds to an accomplice. Employee thefts take various

forms: stealing merchandise and then passing it over the counter to accomplices, stealing returned goods, taking unauthorized price markdowns, shoplifting on lunch hours and breaks, and giving employee discounts to friends.

Strike Protection services are provided by some guard and patrol firms, and a few firms specialize in these services. Under the Taft-Hartley Act security guards are prohibited from being organized in the same collective bargaining unit as other employees. However, in the event of a labor disturbance anticipated from prolonged collective bargaining or strikes, the company may prefer to contract for outside security services. The primary objective of the services is to allow full operation of the facility during the labor dispute to diminish the impact of an impending or actual strike. The contract service works with the client in planning for crowd control and a controlled access to the facilities. Uniformed security officers are provided as needed and liaison is maintained with local law enforcement agencies.

FOOTNOTES

Chapter 5

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CHAPTER 6

COMMON OPERATING ASPECTS OF CONTRACT SECURITY

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CHAPTER 6

COMMON OPERATING ASPECTS OF CONTRACT SECURITY

The focus of this chapter is on a few common operating aspects that are of importance to this research effort. For the most part, these are issues that directly impact the quality of private security services and the relationships between law enforcement and private security. This chapter highlights some of the operating characteristics and issues that are unique to the various businesses that provide security services and products.

6.1 UNIFORMS AND EQUIPMENT

Most guard and armored car firms utilize uniforms, badges and equipment that are somewhat similar to those of law enforcement agencies. In fact, they often purchase from the same suppliers as do police agencies. Police officers resent the possibility of mistaken identity--the assumption by a citizen that private security personnel might be sworn police officers. The Private Security Task Force recognized this potential problem and suggested as a standard that uniforms, badges and titles for security personnel be clearly distinguishable from those of law enforcement personnel. In the Hallcrest national surveys, 87% of contract security managers and 99.5% of law enforcement executives favored this position. Approximately 90% of contract security personnel in the Multnomah County, Oregon, and Baltimore County, Maryland, surveys

indicated that their uniforms clearly identify them as security officers. Hallcrest interviews and site study have indicated the preference for "security officer" as a title for uniformed security personnel.

Currently, 27 states impose some form of uniform restrictions, 29 states impose badge restrictions, and 14 states impose vehicle restrictions in state regulatory legislation. However, we have noted that badges, uniforms and patrol vehicles still are often similar to those of law enforcement personnel, although not necessarily similar to sheriff or police uniforms in the particular county or city where the security officer is working. There is less confusion with armored car personnel when they are in close proximity to their vehicles, but alarm response personnel of central stations often do wear police-type uniforms.

The Task Force standard called for the use of cloth badges and the title "security officer" on uniforms because "when private security personnel also wear metal or metal-like badges, the false impression is created that their authority is equal to that of public law enforcement officers."¹ Virtually all contract security personnel reported in the site surveys that they used metal badges when wearing "police-type" uniforms, while cloth badges were primarily worn on slacks and blazer uniforms. Sometimes the words "security police" are used with the word security in a less conspicuous place on the badge, insignia or logo used by the security company.

While neither contract security officers nor law enforcement officers in the sites felt that police-type uniforms gave contract security any increased effectiveness when dealing with the police, they agreed that security officer effectiveness was enhanced when dealing with the general public and offenders. In addition, the law enforcement officers felt that "in most instances" a badge is necessary for security personnel. There appears to be a dichotomy in attitudes on the image portrayed by security company uniform badges. On the one hand, there is the concern expressed by the Task Force that badges used by law enforcement officers are a "readily understood symbol of authority and power, clarifying the right of the officer to act in various situations."² On the other hand, law enforcement officers in the field recognize that a uniform and a badge command a certain degree of authority and respect required by the security officer to perform his or her job. Both law enforcement officers and proprietary security officers agreed that the police-type uniform increased the security officer's effectiveness when dealing with company employees and the public.

A balance must be achieved between the dangers of mistaken police identity and the need to attain a certain degree of authority in the exercise of security duties. If private security is to play a more prominent role in working relationships with law enforcement, provide protective services to the community or to assume any tasks currently performed by law enforcement, then the issue of distinguishable uniforms and

equipment must be thoroughly addressed. The Task Force did not recommend abolishing uniforms and badges, it simply sought clearly distinguishable uniforms and equipment. Some contract security companies have begun using square-shaped badges with only the name of the company on the uniform. In these cases the uniform is more clearly distinguishable from law enforcement. While this is primarily an issue of concern for contract guard companies, it also pertains to uniformed personnel of armored car and central station alarm companies.

6.2 ADVERTISING AND SALES PRACTICES

Some of the frequent complaints by, and to, law enforcement are that private security firms, in attempting to sell their services, purport to offer quasi-police services, berate police effectiveness in reducing crime in the community, and play on the fear of crime. The well-worn stereotype of "rent-a-cop" is often used in reference to guard firms. In the site studies, law enforcement officers did not perceive private security as competing with them for the provision of police services. Similarly, the senior executives polled in the survey of national and regional security companies did not view their companies as competing with police services. Neither law enforcement officers nor security executives saw themselves as providing similar services (see the discussion on roles in Chapter 11).

Contract security managers in national surveys rated twelve factors as to the overall importance in influencing of

clients to request their services. The results displayed in Table 6-1 indicate that "general fear" of property crime and a "rapid rise" in crime rates in their area are strong influences on client decisions to purchase private security services, but "inability" of the police to affect the crime rate was not rated as a very important factor. The data from these survey efforts would seem to downplay the importance of these concerns or criticisms by law enforcement.

A larger concern, is the way some private security firms position themselves in the marketplace to sell their services to the consumer. Some interesting tendencies in the use of descriptive words in the firm name were revealed in reviewing firm names in telephone directory Yellow Page advertisements and in the mailing list of more than 8,000 firms for the national survey of contractual security managers. Guard and alarm firms in particular, tend to use company names which have the strong connotation of force, strength, and action--e.g., rampart, citadel, centurion, titan, sting, SWAT. In addition, some guard and investigative firms use the words, "service," and "agency," in conjunction with the words "city," "state," and "region" or "U.S." in their firm names which could imply a quasi-governmental agency affiliation; still other firms have used quasi-police titles such as "police," "troopers," "task force," "911." At the same time, connotations of a national or international scope of operations are often given by investigative firms that use such words as "national" or "international," or such terms as "associates"

TABLE 6-1
CONTRACT SECURITY MANAGER RATINGS OF
FACTORS INFLUENCING CLIENT SELECTION OF SECURITY SERVICE FIRMS

1. Quality of service
2. Value of assets protected
3. General fear of property crime
4. Rapid rise in crime rate
5. Cost of service
6. Actual property crime victim
7. General fear of violent crime
8. Inability of police to affect crime rate
9. Amount of cash handled
10. Actual violent crime victim
11. Expansion of client facilities
12. Change in contract service firms

(Rank order: 1 = most important) N = 545

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc., 1981.

or "affiliate" firms in "major U.S. cities" or "throughout the U.S." In some cases, this merely alludes to membership in the World Association of Detectives, the National Council of Investigation and Security Services or other security associations, not to actual working associates of their firm.

The use of police-oriented terms, combined with the potential for mistaken identity created by police-type uniforms, clearly shows that certain firms openly attempt to capitalize on some form of quasi-governmental status. It is only proper that businesses promoting security should be able to promote a secure or safe image to consumers desiring their services, especially those who are seeking private remedies or protection after becoming the victim of a crime. However, services should not be implied which legally and contractually cannot be delivered.

Hallcrest speculates that the firms most prone to this type of business advertising are smaller or less established firms. We have observed from the Yellow Page advertisements in major cities and from the site study that smaller and newer firms attempt to obtain name recognition and solicit significant business from such advertising. The larger industrial security contract guard accounts are sold on a direct sales basis to security or purchasing directors, and established alarm companies work primarily from customer referrals and direct mail marketing in areas where alarm systems have already been installed. Hallcrest noted that many successful security service firms of all types simply use the surname of

the firm owner or founder in the name of the business followed by a common descriptor of services, e.g., alarms, security services, security systems, investigator, associates, etc.

In general, as noted in both the Rand and Task Force Reports, there are very few standards governing the advertising and sales practices of security companies. Only 25% of the state licensing and regulatory agencies for private security regulate private security advertising. One of the suggestions of the Rand Report was that the legal business address and agency license number should be required in advertising. Frequently, this is done on a voluntary basis, but not in states where there is no regulation (13 states).

One of the frequently misleading forms of advertising is the use of the terms "licensed and bonded," particularly in states where there is no licensing legislation. In practice, the license often turns out to be a city or county business license with no regulatory requirements. The "bond" is either a blanket fidelity bond for the corporate officers, (not covering actions of the security personnel) or a "performance bond" attached to the business license--neither of which provides any remedy for an injured or wronged third party suing the service. In this situation the consumer is clearly misled.

In alarm company advertising, some firms loosely use the term "U.L.-listed" to refer to their company or alarm systems. Underwriters Laboratories, as an independent nonprofit organization, sets standards for security equipment, installation

and maintenance. Although some alarm equipment is not "U.L.-listed," a large portion of alarm components are listed. Many of the advertisements by alarm companies infer that their systems are "certified" by Underwriters Laboratories, but the U.L. certification process primarily refers to different grades of local mercantile, direct connect, proprietary, and central station systems and operations. Virtually any alarm system configuration incorporates some U.L.-listed components, but such systems are not really comparable to a U.L.-certified commercial installations or a central station systems that have monitoring facilities certified as meeting certain security and technological standards.

6.3 BIDDING PRACTICES

As with many other commodities and services, security contracts are frequently subject to a competitive bidding process. As indicated in Table 6-1, contract security managers rated the cost of service as one of the least important factors in the client decision to select their service and products. Similarly, in the survey of national and regional security executives, the cost of service and "lowest bid price" were rated as only moderately important factors compared to the quality of personnel, products and services offered. Yet, the most important factor determining the level of personnel selected for a specific client and assignment was reported as the "willingness of the client to pay." The Private Security Task Force noted that competitive bidding by

security companies tends to influence low security guard wages. As suggested by Anthony Potter in 1975, this results in a "vicious circle" where such factors as "low salaries, marginal personnel, lack of promotional opportunities, high turnovers, and little or no training, lead to one another and result in ineffectual performance."³ This condition still exists despite Task Force efforts to recommend standards and goals to improve quality and effectiveness in the private security industry.

According to our survey, senior executives in the national and regional security companies indicate that "low balling" or unrealistically low bidding practices can force contract prices to artificially low rates.

The surveyed national and regional companies rated the practice of "low balling" as moderate among themselves and among large local or statewide firms, but considered it an extensive practice among small firms. However, our pre-test findings and site study indicated that this practice is as prevalent among some of the large firms as the smaller ones. Major guard service contracts in the industrial and institutional sectors frequently are awarded on 10 cents or less per hour difference in the bids. Multi-state and larger firms may be in a better financial position to underwrite the cost of a low bid by one of its local offices while sustaining overall profitability of the firm on gross volume of business. In practice, many guard firms are being run at a gross profit

margin of less than five percent, in part due to the influence of low bidding practices.

Despite the interest of government in licensing and regulating private security, government is one of the largest single forces maintaining guard contracts at an artificially low rate. The Federal Protective Service, for example, employs about 2,600 contract guards in the protection of federal property in the Washington, D.C., area. Similarly, throughout the nation, bids are frequently awarded to contract guard companies for protection of government facilities. Lengthy contract bid specifications notwithstanding, Federal Government procurement practices are notorious for awards on a "low bid" basis compared to prevailing rates in key industrial sectors. One guard firm mentioned this fact in a letter soliciting prospective marketing representatives to obtain contracts for the firm:

Currently we hold a number of contracts to supply guard services to federal sites around the country. They are the result of low bids and thus provide very little margin.

Wages typically account for 60 to 75% of the contract bid price. Proprietary security managers in our national survey paid an average billable rate of \$6.62 per hour in 1981 for contract security guards, and one of the national guard firm executives stated in an interview in 1981 that his firm's average billable rate across all contracts and offices was \$6.11 per hour. At those rates, guard wages would be within

20% of minimum wage. Some firms resist these low wage practices and attempt to provide only "premium" guard personnel, but the economic realities of competition force them to focus on the "sole source" contracts. Small local firms usually do not appear to be competitive on larger contracts, but their low bidding practices are particularly evident in smaller commercial accounts such as retailers and fast food outlets.

A number of business practices have evolved to compensate for the "low balling" bid practices. One which may be related to frequent turnover of contracts and personnel is "front loading" of contracts. This practice involves providing specified levels and quality of personnel and supervision at the beginning of the contract, but then tapering off and providing lesser caliber and lower paid personnel. The client, in the meantime, is still billed at the same contract rate. "Ghosting" is another related practice--billing the client for salary increases never paid, overtime and holidays never worked and supervision never received. The extent of these unethical practices is not known, but it is cited as a significant problem by contract security guard firm managers at both the national and local levels. Small local firms were cited most frequently as violators, in part due to unethical managers and in part due to inadequate financing and business skills. Yet, some large firms have reportedly increased the billable rate on their existing "premium" contracts, to offset declining billable hours or low billable rates on other contracts. Like "low balling" bid practices, larger firms were

also mentioned in the sites as participants in "front loading" and "ghosting" contract practices. These practices seem to be more related to individual company owners and branch managers rather than the size or policies of the guard firm.

Questionable bidding practices have also been cited as a problem for alarm, armored car, and security equipment firms. In the alarm equipment contracts, particular equipment or system components are specified in technical terms ("technese" language) with an inference that certain brand names will be provided. Later, inferior equipment is substituted at installation. In alarm sales, the use of outside sales personnel sometimes results in a large discrepancy between what the customer thought was purchased and what the salesperson actually specified in a contract--the practice referred to earlier as "over-promise and under-deliver." This technique has been used by all types of firms and has made it difficult for consumers to have assurance that they are receiving comparable bids in a competitive situation. Similarly, in armored car service, where commercial accounts are the mainstay of business for local firms, misrepresentations can easily be made, including the type of armored vehicle (van or truck), training and number of personnel, pick-up procedures, and the firm's on-site storage facilities.

6.4 BUSINESS TURNOVER

Based upon Hallcrest national survey efforts and the site study, we reached a conservative estimate of 20 to 30% annual

turnover of contract security firms. During the nationwide survey of contractual security managers, Hallcrest obtained an indication of this turnover when 27.5% of the 6,319 questionnaires mailed were returned because the firm was no longer located at that address and had left no forwarding information. At the local level, careful examination and cross-checking of Yellow Page directories, along with information obtained in the site interviews with contract security managers, indicated that firms go out of business and others replace them. In some cases these firms may have changed names or have merged with other firms. Using an unobtrusive measuring technique of comparing zip code listings with Yellow Page listings, we projected that the majority of these firms went out of business.

Frequently, guard firms are incorporated by former managers or supervisors from other firms or by former law enforcement officers. Alarm firms are often formed by installers for other alarm firms, who develop an entrepreneurial interest. Former law enforcement officers also seem to gravitate toward the formation of private investigative firms based upon the contacts they establish in the business community while investigating crimes for the police agency. In many of these situations, the tendency is to attempt to build a business based upon a few associations or "promises" of business from various sources or from existing accounts with a proven firm. All too frequently, the new business owner enters a

competitive situation without the promised business, or without a sufficient base of stable business to facilitate the start-up period.

In the Hallcrest survey of national and regional firms, the senior executives acknowledged the problems of high turnover of small security firms, yet also forecasted that the small guard firms would have an increasing market share over the next five years. Both guard and alarm firm executives agreed that the leading reasons for business failure among small firms pertain to poor business skills and experience rather than inadequate security experience. The following are factors rank ordered by these senior executives (most important to least important) as causing business failures of small security firms:

- lack of financing/capitalization
- lack of business experience
- poor contract performance
- inadequate marketing skills
- poor quality personnel
- inadequate security experience

The turnover in firms and poor contract performance lead to a turnover in contracts. In both case study sites, several major users of contract guard services had used several contract services in the past year. In ranking sources of anticipated growth in the next five years, the national and regional guard companies rated change in contract guard firms

by existing users of guard service ahead of such factors as (1) increased demand by existing contract guard users, (2) new contract users, or (3) proprietary guard forces changing to contract guards.

Small, newly established guard and alarm firms may be most susceptible to engaging in some of the questionable advertising, sales, and bidding practices. Under-capitalized and unable to meet the overhead to sustain such necessary support services as supervision and maintenance, the firm may begin by "cutting corners" to make ends meet on a job site by reducing supervision or by installing inferior equipment. A guard firm may begin reducing the number of promised hours of pre-assignment training or even falsifying training records. An alarm firm may sell an alarm system with a specified number of openings to be protected by certain sensors, but then install sensors only in a reduced number of openings. For the guard firm using inadequately trained guards who are armed or assigned to posts involving high interaction with the public, there would be much greater potential for abuse of citizen rights through unnecessary force, use of weapons, illegal detentions, etc. Alarm firms which go out of business may leave customers with inoperable or faulty alarm systems. Such systems not only would give customers a false sense of security and safety, but also would be more prone to false alarms because of poor installation techniques or improper application of sensors. Failures of security firms, then, are not

as simple as are those in other service industries; they could have far reaching impacts on public safety in the community.

6.5 LIABILITY

In Chapter 4, we noted that organizations are sometimes liable for the actions of their security employees. Contract security companies are also liable for the actions of their employees in protecting the assets of and providing services to their clients. The exposure of contract security, however, is greater since most of their liability occurs at the various locations where their personnel and equipment are utilized. Contract security operations incur two basic types of liability: (1) negligence on the part of the company or its employees, and (2) criminal acts committed by the security company or its employees. In some cases the company can be found negligent for hiring or failing to properly screen, train or supervise employees who subsequently are involved in negligent or criminal acts. The following paragraphs discuss some of the abuses that contribute to the liability of contractual security firms as well as other segments of the private security industry.

6.5.1 Alleged Abuses

Hallcrest research included a review of hundreds of news articles, relevant television documentaries and 12 periodicals covering more than a two-year period. The review of news

media "exposés" suggest widespread abuse in the contract security industry. In 1980, for example, the Chicago NBC-TV affiliate station aired a story on abuse by retail security personnel based upon the actions of an "undercover" employee at one of the nation's largest retail stores. Charges were made of physical abuse of alleged shoplifters, coercion in the signing of shoplifting statements, and alleged planting of merchandise on suspects. Two years later, NBC Magazine, a prime-time television news program, aired a similar program which characterized retail and mall security guards in the following manner:

In shopping mall and retail stores across the country, people are being menaced, arrested, even beaten up by poorly trained, non-uniformed security guards who falsely charge them with shoplifting. Brutal beatings of people who have done nothing.

It is interesting to note that both stories focused on retail settings, which predominantly employ proprietary security personnel, except for uniformed guards at exits and contract patrol services in some shopping centers and malls. We find a tendency in the news media to focus on highly visible areas involving considerable public interaction, like retailing, and then project much higher levels of abuse based upon the large number of security employees. Often the distinction is not made between contract and proprietary security employees, and such generalizations fail to take into account the higher proportions of contract security employees in industrial sectors with less public interaction.

In the Chicago story, hearings were subsequently conducted by a state legislative committee. In June 1982, the New York State Investigation Commission also conducted two days of hearings into abuses by guard service and private investigative firms. The hearings contained stories of employees from established firms burglarizing their clients and even arranging for the fencing of stolen goods at the direction of the firm's owner. Physical assaults and dramatic cases of weapons abuse, especially fatal shootings, are often the catalysts for much of the news coverage reviewed in the literature:

- In Cleveland, a security guard shot and killed a welder who was picketing his employer during a strike.
- In Pittsburgh, a security guard at a state liquor store shot a disorderly customer, and then turned the gun on himself.
- In Boston, a security guard patrolling a fast food restaurant shot a patron who refused to leave.
- In Portland, a security guard shot and killed a customer at a convenience store who would not stop for questioning about shoplifting.

Most of the concern in the news media is focused on instances of physical abuse, false arrest, shootings, etc. However, both the press and complaints filed with state licensing and regulatory boards indicate other serious problems as well: theft, vandalism, sabotage, and arson by contract security employees hired to protect client premises. In one of the more notorious cases, a security guard and an accomplice in

California were charged in February 1982 with the theft of \$3.2 million in computer chips, the largest known heist of the valuable chips. Liability, incurred because of specific abuses, is not a concern just for guard firms. Failures to detect a burglary, due to faulty installation or improper monitoring by alarm company employees, have led to civil suits. The 1982 New York State Investigation Commission hearing alleged that security employees inflicted vandalism, staged burglaries to help demonstrate the need for alarm and patrol services, and committed burglaries on a customer's premises after turning in a false alarm. Private investigators are primarily engaged in gathering information, and frequently utilize pretext, discreet, and undercover interviews and surveillance to obtain information. Using these interview techniques, the investigator may misrepresent his identity or fail to disclose the reason for obtaining the information from the interviewee. These techniques, as well as unwarranted surveillance or unauthorized intrusion, could lead to invasion of privacy, civil rights violations or even criminal acts.

How extensive is abuse by private security personnel and firms? In the Illinois legislative hearings, the security director of the national retail chain featured in the Chicago television news exposé (alleging mistreatment and abuses of customers) provided an overview of crime statistics for his entire chain. He stated that in the prior year 14,000 persons had been stopped for suspected shoplifting; over 1800 cases of

employee dishonesty were uncovered; and only about 30 law suits were filed against the store. In this instance, there certainly could have been numerous unreported instances of abuse or settlements in lieu of filing lawsuits, but serious incidents (as measured by lawsuits) seem to be infrequent compared to the volume of daily detention and arrest incidents.

To some, it could seem unusual that more abuse is not reported. The states of Illinois and New York, which both conducted investigations and hearings into alleged abuse, already license and regulate security guard firms and private investigators. These two states alone account for over 75,000 guards and over 2800 security firms. In Texas, for example, only 199 complaints were filed in 1981 with the Texas Board of Private Investigators and Private Security Agencies. Administrative violations accounted for 42 of the complaints, and 50 complaints were requests for hearings by applicants denied licenses. Only about 100 complaints of abuse, then, were filed for the 1200 firms and 25,000 employees licensed by the Board in 1981. The actual incidence of abuse is probably much higher, especially if the client simply terminates the security contract or the security firm makes restitution in the case of theft or damage of client property.

In the two study sites, information was collected from security and law enforcement personnel on instances of abuse by private security personnel. Invariably, we heard the same time-worn anecdotes of weapons abuse or burglary which had

been played up by the media. Patterns of widespread abuse did not surface in questionnaires completed by the Multnomah and Baltimore County law enforcement officers. Three out of four officers in each site indicated that they had witnessed or had been involved in a situation in which either a contractual or a proprietary security employee had exceeded his/her authority in handling an incident. The majority said they had witnessed such incidents only "a few times" or less, and less than 50% could cite any specific incident. Very few of the incidents described involved use of force or weapons; most of them involved improper detention, arrest, or attempts to make traffic stops. Retail mall and parking lot settings were most frequently mentioned as locations of the incidents.

The Rand study asked security personnel if they had "ever seen any private security employee overstepping his authority in handling an incident (for example, by using too much force, by searching someone when he should not have, or by committing other illegal acts)." Results indicated 22% had seen an abuse, 14% had seen several abuses, and only 4% had seen multiple abuses.⁴ Unionized security workers reported seeing slightly more abuse, with 31% reporting having seen abuses, and 7% having seen multiple abuses. The Rand authors viewed the above data as "indicative of widespread abuses in the private security industry."⁵ This conclusion is open to challenge based upon the data, since unionized security workers are more frequently employed as in-house security officers, not as contract security officers. Rand's finding may have

been influenced by a series of questions on legal powers and judgment in hypothetical situations in which gross errors were made by 97% of the respondents. According to the Rand authors, this demonstrated "very serious potential problems" for abuse of authority. Additionally, they felt true incidence was underestimated because of (1) suspected worker reluctance to admit co-workers had overstepped authority and (2) uncertainty about the situations that should be included (because of poor performance in the legal powers questions).

Based on Rand's findings, we expected to find high levels of confidential self-reporting of incidents of detention, arrest and force (regardless of legality) among contract security employees in the site surveys. We were interested in determining the rate of their involvement in these incidents, regardless of their perceptions of the legality of their actions. We hypothesized that if a high number of incidents were being reported, then there would be greater potential for abuse.

Less than 50% of the contract security employees in the site surveys reported having occasion to detain a person at any security job they had performed, and only slightly more than 50% indicated that their company policy expected them to detain suspects. For those security personnel reporting detentions, the majority simply command the suspect to stay; only one out of ten reported the use of physical force. This corresponds to Shearing and Stenning's findings in their study of 10,000 contract security employees in Ontario, Canada, in

which only 12% reported using force to effect detentions.⁶ It seems incredible that security officers could simply rely upon a voice command for a suspect to stop; but this may be related to security officer and police officer perceptions that a police-type uniform creates an impression of authority.

Again, similar to Shearing and Stenning's data, only 10% or less of the site survey respondents reported the overall use of force in the following categories: self-defense, evicting trespassers, vandalism, prevention of an assault, lawful search, detention, and arrest. Even these small numbers were greatly influenced by alarm response and supervisory personnel; in those categories, as many as 50% used force in all incident types. Alarm personnel encounter burglars and vandals at the site of activated alarms, and contract security supervisors respond to a broad range of incidents during their tour of duty. It is significant to note that Shearing and Stenning found low levels of detention and use of force even though they asked legal self-reported questions of their respondents and found low levels of knowledge similar to Rand.

In the site surveys, 66% of the contract security employees reported that their companies expected them to use force to protect themselves, but less than 25% were expected to use force in protecting property. Only 15% were expected to arrest a suspect and 20% were expected to search a suspect (also similar to Shearing and Stenning's findings). In general, the policies of contract security companies seem to discourage security employee detention, search and arrest of

suspects (a finding of Rand and Shearing/Stenning research as well). This policy is motivated by potential liability situations, higher insurance premiums for a poor risk experience, and higher exposure through clients which expect such actions to be taken. To the extent that liability insurance is a legal requirement for some contract security companies, it would seem that the potential for abuse would be decreased.

The incidents of security personnel abuse observed by the law enforcement officers at the Oregon and Maryland study sites, as well as the self-reporting of detention, search, arrest and use of force by contract security officers most frequently occurred in situations with potential for confrontation with the public. Firms which place their security employees in these situations, and those which provide firearms for some client situations, incur greater risk of liability claims. The exposure increases with the size of the company because more personnel are exposed to these situations, but frequently the smaller firms are more vulnerable to abuse and negligence by their personnel. Small firms may not carry comprehensive general liability insurance, and may cut other overhead costs by reducing levels of training and supervision. These firms are more apt to arm a greater percentage of their employees and take whatever clients they can obtain, while large firms often shun these clients because of the perceived inherent liability: "someone has to take the crummy business, but not me," the owner of one security firm stated.⁷ Some small companies will readily take the fast food,

convenience store, discount store, nightclub and tavern, and other clients with high risk of lawsuits, and simply go out of business when faced with one large liability claim. The injured or wronged third party then has little recourse.

6.5.2 Insurance Issues

In 19 of the 37 states that license and regulate guards and investigators, security firms are required to post a "surety bond." A surety bond does not provide any third-party protection against the dishonesty of company employees, nor does it protect the company itself from the actions of its employees. In most states, the bond is actually a license bond giving the state limited protection should the firm improperly perform its duties or fail to adhere to the regulations governing the security firm's license. Even if the firm does have fidelity bonding or employee dishonesty coverage in their general liability coverage, the security firm's clients still are not protected from the actions of the security personnel. To properly protect both the contract security firm and the client from dishonest acts of the security personnel, a third party fidelity bond is necessary.

Fidelity bonding insures against the criminal acts of security employees but does not address the wrongful or intentional negligence of security employees. For example, client loss resulting from the failure of a central station alarm runner to respond to an alarm or to adequately secure the premises after a response would not be covered. The

negligence of a security guard who did not complete assigned firewatch rounds or abandoned a post also would not be covered. Surprisingly, only 11 states require security firms to carry general liability insurance. It is interesting to note that the Texas Board of Private Investigators and Private Security Agencies in 1981 invoked 177 automatic license suspensions for failure to show proof of liability insurance--nearly 15% of all licenses in a state that requires liability insurance.

Guard services are a forbidden class of business for most standard insurance markets; as a result, many nonstandard, excess or nonadmitted carriers write guard insurance. Some nonlicensed insurance carriers over the years have been declared insolvent, leaving guard services and their clients with unpaid claims. Liability insurance is also a vitally important issue for armored car and courier firms, since the whole basis for operation of the reputable firm is the fiduciary relationship of the company to the client--the armored car company absorbs any loss while the cargo is in its possession.

As noted above, most general liability coverage is written for the risks on a business's own premises, but a wide range of risks occurring off the premises need additional coverage for adequate protection. Specialists in security firm insurance recommend that the comprehensive general liability coverage also should include independent contractors and completed operations coverage, as well as specific endorsements

for assault and battery, personal injury, broad form property damage, errors and omissions, theft, contractual and punitive damages coverage.⁸

The establishment of personnel screening and training requirements by state licensing and regulatory agencies is ostensibly intended to reduce the opportunity for negligent and criminal acts by security personnel, and thus afford a certain degree of consumer protection to the public and the user of security services. But the enactment of legislation making general liability insurance and third-party fidelity bonding mandatory for security firms could provide greater consumer protection for the incidents which do occur.

In states which do not have licensing, one of the complaints of small security firms is that they cannot afford the high cost of performance bonds, let alone the expense of comprehensive liability insurance. On face value, we do not find the cost of general liability insurance to be prohibitive even for the small entrepreneur. Guard and investigative firms can obtain up to \$1 million comprehensive general liability coverage for \$1 to \$2 per \$100 of payroll, with a minimum premium of about \$1000 per year.

Industry premium rates are based primarily upon the risk experience of the smaller firms, and price breaks accrue to the larger firms. The security firms that have a poor risk experience and continue to have a high degree of exposure because of client base, training and supervision, use of armed guards, guard dogs and other factors can expect to pay sig-

nificantly higher premiums. In the Hallcrest national survey, the median-sized local alarm firm with \$205,000 in annual sales could obtain \$500,000 comprehensive general liability coverage for about \$1000 per year. These costs appear to be reasonable and should not pose a barrier to entry into the security field. The reputable owner would incur these expenses as a cost of doing business in view of the potential liability in contract security.

6.6 STANDARDS

The preceding sections have discussed a number of problems in the operation of security companies. Many of the same problems led to the establishment of the Private Security Advisory Council to LEAA in 1972 and of the Private Security Task Force in 1975. In general, the members of both groups felt that establishing standards would help upgrade the quality of private security (contract and proprietary) and prevent abuses and unethical business practices, thus making a larger contribution to crime prevention and reduction in the community. The PSTF questioned whether there was a logical starting point for the development of standards, but noted the interrelatedness of several problems in the "vicious circle" discussed earlier--low salaries, marginal personnel, lack of promotional opportunities, high turnover, little training and ineffectual performance. The private security industry, they concluded, was too complex and too broad for emphasis in a

single area, so the Task Force placed equal emphasis on the development of a broad range of standards in the following areas:

- Selection of Personnel
- Training
- Conduct and Ethics
- Alarm Systems
- Environmental Security
- Law Enforcement Agencies
- Consumers of Security Services
- Higher Education and Research
- Governmental Regulation

The PSTF hoped that its report would be a catalyst in the development of standards by the security field itself:

It is recognized that the report is limited in scope. Therefore, continuous analysis of the private security industry and its components is strongly encouraged. However, this report offers a starting point to provide positive direction toward the greater use of private security services in the major effort of crime prevention and crime reduction in this country.

It has been over seven years since the release of the report and there has been little overall impact on, or implementation of most recommended standards from this report by the contract security industry, proprietary security and law enforcement. The Hallcrest staff conducted a detailed review of each of the 83 standards and goals for private security. Virtually all of

these standards are still reasonable, relevant and their acceptance and implementation would unquestionably improve the quality of private security (see discussion in Chapter 12).

In the Hallcrest national surveys, only 47% of proprietary security managers and only 33% of contract security firm managers stated that their organization had reviewed the Task Force report. Similarly, only 33% of the law enforcement executives in over 150 major metropolitan areas of the country reported having reviewed the report.

The PSAC prepared and LEAA published Model Statutes for burglar alarms (1975) and state licensing of security guards (1976) and a Code of Ethics for security management and operating security personnel (1976). In the national surveys, these same respondents reported that for the most part they were not even aware of these efforts. In fact, 61% of the contract security managers reported that they were not aware of the model licensing statute; 44% of proprietary security managers and 65% of law enforcement executives were not aware of the model statute. Despite the sporadic attempts of some security industry associations at the state and national levels, the security industry has not taken the lead in promoting, discussing, or adopting standards. In fact, in September 1981, ASIS abolished its Standards and Codes Committee. No major changes have occurred since 1975 in the number of states that now license and regulate security, and relatively few attempts have been made to incorporate the model statute changes into existing licensing legislation, although some

states have amended or revised existing provisions to provide stricter or more comprehensive regulation. The few attempts that have been made by the security industry to enact better licensing and regulation or to implement the Model Guard statute have not been presented with a unified industry voice. This may explain government's general lack of interest.

Most of the government's interest in standards is traceable to the agencies currently regulating private security. Most contract security industry interaction with these agencies and the legislatures has been a reactionary posture to prevent inclusion of provisions which they perceive as being too restrictive or imposing an unnecessary financial burden on security companies. Many of the smaller security firms see most standards development and licensing and regulation efforts as a means to promote an increased market share for larger firms that are best able to meet the requirements. Aggressive and proactive efforts to enact "responsible" legislation have not been forthcoming from the security industry, nor have there been similar efforts to adopt comprehensive industry standards in lieu of governmental regulation. In the absence of standards development by the security industry, licensing and regulation remains the only tool to improve and assure the quality of private security services and products.

6.7 LICENSING AND REGULATION

Private security firms are frequently licensed or regulated by state and local government. In some cases both state and local requirements must be met to obtain a license. In the Hallcrest national surveys, approximately 75% of the guard and patrol firms and more than 80% of private investigative firms reported their operations as being regulated by state legislation. As indicated in Table 6-2, about 75% of the states license these firms. While 35 states license guard and patrol firms, only 22 of the states and the District of Columbia require the registration of guards; two of these states license and register only armed security personnel, and in two other states license only unarmed security officers.

In fewer than 12 states, the same agency or board regulates alarm companies and armored car firms as well as guard and patrol and investigative firms. Alarm companies must obtain a license in 50% of the states, and the armored car industry is frequently subject to regulation by state public utility commissions and the Interstate Commerce Commission. In the Hallcrest national survey, 50% of the central station alarm firms and 33% of the local alarm firms reported that certain aspects of their operations were regulated by state statutes.

Statewide regulatory bodies impose a greater number of operating restrictions on private security companies than states which simply license the firms. Most states have constitutional or statutory restrictions against separate

TABLE 6-2
STATE LICENSING AND REGULATION
OF PRIVATE SECURITY FIRMS

	No. States
Guard and Patrol	
Licensing of Businesses	35
Registration of Guards	22*
Armed only	2
Unarmed only	2
Private Investigators	37*
Polygraph operator	25
Alarm	
Regulation	10+
Licensing	25*
Central Station & Local	18
Central Station	7
Armored Car/Courier	
Armored Car	8++
Courier	6

- * plus District of Columbia
- + Indiana and Iowa require private investigator licenses for firms "responding" to alarms
- ++ Does not include Public Utility Commissions nor Interstate Commerce Commission

SOURCE: "Regulation of the Private Security Industry," Office of Development and Testing, National Institute of Justice, U.S. Department of Justice, (unpublished) January 1981.

NOTE: See Appendix D for an updated listing of state licensing and regulatory agencies, applicable state statutes and their provisions pertaining to guards, investigators, and "alarm system contractors."

commissions for the regulation of specific industries; thus, only three states have a regulatory board or commission that is independent of another state agency (Minnesota, Nevada and Texas). Six states, however, have private security regulatory boards within existing state agencies, and two states have advisory committees to the regulatory agency which are composed of security industry representatives.

The state agencies most often used as the statewide regulatory body are departments of public safety or state police in 15 states, the department of commerce or an existing occupational licensing agency in 7 states, and the department of state in 5 states. Some of the occupational licensing agencies have responsibilities for licensing businesses other than security. The California Bureau of Collection and Investigative Services, for example, licenses five different industries including collection agencies. Special police officers (who often are security personnel) are also frequently regulated or certified by state departments of public safety or state police agencies.

In the Hallcrest survey of state licensing agencies, most of the respondents favored retention of the existing regulatory agency, but three of the law enforcement agencies felt that they should not be involved with regulation of the security business. Given the prevalent practice of moonlighting in private security by police officers in many states, security firms generally oppose law enforcement as the appropriate

agency for security industry regulation due to potential conflicts of interest. In the Hallcrest survey of national and regional security executives, a preference was expressed for security industry representation on, and full participation in, the administrative rule and decision-making activities of statewide regulatory boards. Some form of security industry representation on a regulatory board or committee in a participatory or advisory capacity occurs in 15 states. In some states, these bodies are comprised solely of industry members, and some security firms feel that this "fox in the hen house" approach carries the danger of limiting competition in the industry through enactment of provisions that only certain firms could meet. Balancing this concern, contract security firms feel that in many cases legislators have enacted controls on private security that have not been beneficial for regulation of the industry because of a lack of industry input into their formulation. In training requirements, for example, security associations and firm owners have voiced complaints that unnecessary police-oriented curriculum content has been mandated while subjects important to security personnel have been overlooked.

The surveys of local contract security managers and the national and regional company senior executives showed an overwhelming (over 80%) response in support of state licensing and regulation of private security. Local licensing, however, is strongly opposed by private security firms. Both the

national and regional security firms and the licensing agencies in the Hallcrest national surveys favor state statutes that preempt local licensing and regulation. About 65% of the licensing agencies felt that local ordinances were a duplication of effort, often contained conflicting requirements and provisions, and involved excessive regulation and additional expense for security companies. Yet, only three states expressly prohibit local regulation; and two states prohibit licensing of private security by local government; and six states specifically provide for local regulatory authority in their state statutes.

Alarm companies appear most affected by local licensing and in some cases regulation. Although 50% of the states license alarm firms at the state level, about 50% of the central station alarm firm managers in the Hallcrest national survey indicated that they were subject to local ordinances as well. In the Multnomah County, Oregon, case study site, for example, state statutes require an electrician's license for installation of any system powered by more than 110 volts-- which would include most alarm systems. In addition, provisions of the Multnomah County Alarm Control Ordinance require a county permit and final installation inspection for every alarm installation.

Law enforcement executives in the national surveys reported that they would like to have local control of private security through ordinances (71% city and 55% county ordinances). Police departments favor the use of city ordinances,

and county and sheriff's departments favor county ordinances. About 50% of law enforcement executives also would like to have the power to suspend or revoke the license of security firms and employees or recommend their removal. Cities of less than 100,000 and greater than 500,000 population and counties greater than 500,000 population desired these powers. Approximately 33% of the law enforcement agencies indicated that they currently possess these powers. Other than maintaining tighter or closer "control" over private security firms, very few reasons were offered by the survey respondents for desiring these powers. Concerns for local control of private security led to veto of tighter state controls in 1980 by the Governor of Ohio. The Ohio Association of Private Detectives lobbied the state legislature for more than four years for enactment of mandatory 40-hour training for all armed security officers and the registration of all security officers. Despite 1980 passage of the bill in the legislature (92 to 1 in the House of Representatives), the bill was vetoed by the Governor. Among the reasons cited by the Governor was the right of the cities to regulate "law enforcement" activities, although the private security association stressed the difference between law enforcement and private security activities in an attempt to have the veto overturned.

Senior executives of the national and regional security firms view conflicting state and local licensing and regulatory provisions as a problem to their operations. Security firms are often required to operate under vastly different

requirements in contiguous states which might be served by a single area or regional office. Interstate operations for a major regional or national client can be hampered unnecessarily by having the same personnel comply with the differing personnel licensing requirements of each state. Private investigators encounter this problem when pursuing cases into adjoining states. Investigator testimonies in courts of adjoining states can be invalidated because the investigator is not "licensed" in that state. In 1982, the Michigan Association of Private Detectives and Security Agencies unsuccessfully sought to have the adjoining states of Illinois, Ohio, Indiana and Minnesota adopt a policy of reciprocity in honoring licensing requirements of the states. Similarly, armored car firms daily transport shipments of valuables across state lines for clients and are subject to varying state requirements, although they are already licensed by the Interstate Commerce Commission. The national and regional security service companies favor the same minimum standards of state level licensing and regulation in all states and reciprocity among the states for private security operations licensed in several states.

In the Hallcrest national surveys, law enforcement executives felt that current licensing and regulatory provisions for private security firms are too lax, whereas the licensing and regulatory agencies felt that they were adequate. Proprietary security managers, as primary consumers of security services, were divided on this issue, although the majority of

them had rated the quality of contract security personnel as poor in their geographic area. Guard and private investigative firms were similarly divided on the adequacy of existing legislation, but just over 50% of local and central station alarm firms were of the opinion that existing legislation was too lax.

Across all states, the legislative provisions in Appendix D do not appear stringent. Liability insurance is required only by 11 states, and liability and bonding insurance is required only by 5 states. The amount of surety or performance bonds is modest, in most states ranging from \$2,000 to \$10,000. Mandatory training requirements for armed security personnel are imposed by 13 states, and 9 states require training for unarmed personnel. The Private Security Task Force recommended (Standard 2.6) 24 hours of training for all armed security personnel prior to job assignment (including three hours of legal and policy restraints) or submission of evidence of competence and proficiency. Armed security personnel then would be required to requalify annually with the firearm(s) they carry while performing private security duties. Only 4 of the 13 states requiring firearms training meet the pre-assignment or requalification number of training hours and content in the Task Force standard. Only 18 states even require a weapons permit for security personnel.

Law enforcement, contract and proprietary security managers agreed in the national surveys that current regulatory legislation was not effective in "assuring good private

security employees and business practices" in their area. Approximately 40% of the state regulatory agencies also felt that it was not effective, and nearly all of the regulatory agency survey respondents had specific suggestions for improving the effectiveness of their existing legislation. Most of these suggestions centered around expediting license processing and increasing enforcement and monitoring compliance. Overall, there has been little movement in additional state regulatory legislation since the Task Force report and little effort in state legislatures to adopt the Task Force training standards, even for armed security personnel. The state licensing agencies in some states reported cooperative efforts with the security industry to enact new legislation which was defeated in the legislature.

The state regulatory agencies report good relationships with the contract security firms they regulate, and they perceive the industry as generally supportive of many changes which the agencies have proposed. Most resistance to expanded regulations centers on the additional cost to be absorbed by the security firms in providing mandatory training. States with existing training requirements point out, however, that the increased overhead is borne equally by all companies and passed on to the consumer. The high turnover of security personnel for some firms, on the other hand, places more of the training expense on security firms. This same rationale underlies complaints about fees for employee licenses, but licensing agencies note that many firms deduct the

registration fee from the employee's first paycheck. Although about 80% of proprietary security managers indicated support for minimum training and criminal record checks for their employees, only 50% of the state regulatory agencies perceived proprietary security as supportive of regulatory provisions for their employees.

The surveyed state licensing agencies rated their current level of resources as adequate but expressed some concerns about criminal record response time and investigator staff levels. The major security companies, however, feel that the current level of resources in most state licensing agencies is barely adequate to handle the volume of licensing applications. The agencies report that average processing time for licenses is three to four weeks for armed and unarmed guards, four to five weeks for investigators, and five to eight weeks or more for security firms.

The security companies feel that the issuance of temporary licenses or registrations for new personnel are very important to the operation of their companies. Temporary licenses, in their opinion, would lessen the burden of processing delays and accommodate both the large number of part-time employees and the high rates of employee turnover. State licensing agencies strongly disagree with the use of temporary operating permits for armed personnel but are equally divided on issuing them for unarmed personnel. Yet, both armed and unarmed guards can operate until six weeks in some states while awaiting licensing approval.

FOOTNOTES

Chapter 6

1. National Advisory Committee on Criminal Justice Standards and Goals, Report of the Task Force on Private Security, (Washington, D.C.: U.S. Government Printing Office, 1976), p. 229.
2. loc. cit.
3. *ibid.*, p. 12.
4. James S. Kakalik and Sorrel Wildhorn, The Private Police Industry: It's Nature and Extent, Vol II (Santa Monica: The Rand Corporation, 1972), p. 106.
5. loc. cit
6. Clifford D. Shearing, Margaret B. Farnell, and Phillip C. Stenning, Contract Security in Ontario (Toronto: Centre of Criminology, University of Toronto, 1980), p. 245.
7. "A Drive to Raise the Caliber of Security Guards," Business Week, May 15, 1978, p. 131.
8. Bruce W. Brownyard, "Protecting Against the Protectors," National Underwriter n.p., n. pag.
9. Private Security Task Force, op. cit., p. 17.

CHAPTER 7

CHARACTERISTICS OF
PRIVATE SECURITY PERSONNEL

CHAPTER 7

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CHAPTER 7

CHARACTERISTICS OF PRIVATE SECURITY PERSONNEL

When the Rand Report described the "typical private guard," it became the primary stereotype of private security guards over the next ten years:

The typical private guard is an aging white male who is poorly educated and poorly paid. Depending upon where in the country he works and on his type of employer...he has the following characteristics: His average age is between 40 and 55; he has little education beyond the ninth grade; he has had a few years of experience in private security; he earns a marginal wage... he receives a few fringe benefits.¹

Furthermore, this stereotype has been projected to other private security personnel, and still prevails today: "The fact is the average security guard in this country is under-screened, undertrained, undersupervised and underpaid."² It is the purpose of this chapter to review the Hallcrest data in terms of these conceptualizations of the characteristics of private security personnel, to dispel any previous misconceptions, and to analyze the various implications derived from these characteristics. In this context, the following subject areas are discussed: private security employee recruitment and selection, backgrounds, job satisfaction, activities, training, compensation and use of detention, arrest, firearms and force. Two major studies provide a baseline for discussion of characteristics of private security personnel: (1) the Rand study in 1972 and (2) Shearing and Stenning's study

in 1980. The latter replicated many of the Rand survey items in a survey of the total population of approximately 10,000 contractual security employees in Ontario, Canada. The Rand study recommended extensive licensing and regulation and mandated training of private security personnel. The recommendations were based largely on the "potential for abuse" created by the poor knowledge of 275 surveyed security employees as to their legal powers and judgment in hypothetical situations: "over 97% of all respondents made at least one gross error... these responses suggest that very serious potential problems exist with regard to abuse of authority."³ The types of errors made by respondents in the Rand survey questions were found to be consistent with the types of security guard abusive practices reported by their fellow security officers. Shearing and Stenning found this same lack of knowledge of legal powers. Yet, they found that most contract security personnel only infrequently carried weapons or effected detentions, searches or arrests.

The Shearing and Stenning data suggest that the typical situations encountered by most private security personnel do not require extensive legal and other training. If the data gathered in the Hallcrest site studies were comparable, then it would have important implications for the amount and type of mandated screening and training for security personnel. Comparison of law enforcement training and personnel characteristics with private security is of little importance if

they are doing very different kinds of work in most assignments. Rand, in fact, noted that law enforcement and private security are drawn from different labor pools. Olson (1978) states that private security personnel are drawn from different labor pools because they perform different functions, and the personnel characteristics they bring to their work situations are consistent with the functions they perform.⁴

Hallcrest sought to gather data for comparison with the findings of the Rand and Shearing and Stenning studies. Further, Hallcrest wished to test these findings with proprietary security employees. Much of the data presented in this chapter are based upon questionnaires distributed to security employees in the case study sites (Portland, Multnomah County Oregon, and the Baltimore, Maryland, metropolitan area) which replicated many of the Rand and the Shearing and Stenning survey items. Working through local advisory panels at each site, survey questionnaires (see Appendix B) were given to security managers in cooperating firms for distribution to a random representative sample of their security employees. Participation in the survey was entirely voluntary. The length of the questionnaire, completion on personal time, and concern for retribution or interference by management may have severely affected the rate of response, as well as less-than-full cooperation on the part of some security managers. Nevertheless, 689 questionnaires were distributed, and 188 usable returns were received from the different types of proprietary security operations and from 12 different client

business types for contract security guards. Both the sampling and the 27% response represented a broad cross section of security environments. Returns were received from 78 contract and 110 proprietary security personnel employed as security officers, supervisors, investigators, alarm runners and in other security positions.

Two key methodological problems deserve attention at this point. First, given the sensitive nature of this type of survey, we had to forego the use of strict rules of sampling technique and use a more fortuitous method. Second, based on the estimated population of proprietary and contractual security employees in both sites, an insufficient sample size was collected for statistical testing of the data (see methodology discussion in Appendix B-1). Our analysis of the data will take into account the problems associated with such a sampling technique and sample size.

Despite the small sample, a high degree of consensus was attained on many of the key survey items (e.g., use of force, detention, search, arrest, situations encountered), with some of the responses in the 80th and 90th percentiles. A high degree of consensus was also attained within and between the survey sites in different parts of the country. In addition, the contract employee data were very consistent with the findings and percentile ranges of responses to items in the Shearing and Stenning study of over 10,000 Canadian security employees. Thus, as exploratory research, we feel this small sample, supplemented with 122 site interviews of supervisory

and operational security and law enforcement personnel, contributes to an understanding of private security functions and personnel.

7.1 RECRUITMENT AND SELECTION

The various segments of contract security have different labor pools. Guard companies most frequently use newspaper classified advertising to recruit employees. Until a contract is secured, a company cannot maintain a large number of employees, although it can convert some part-time personnel to full-time positions to expedite the hiring time for a new contract. Analysis of classified ads from a dozen or more major newspapers, reviewed by Hallcrest researchers, reveals an entry level salary at or near minimum wage for virtually all contract guard positions. Ads which were not at the minimum wage level typically involved "premium" guard work at utilities, aerospace, electronics, or defense-related facilities.

While alarm installers are sometimes recruited through classified advertising, site interviews indicate that they are drawn from a network of friends, "contacts," experienced "electrician types," telephone company installers, and alarm installers for other alarm companies. In both sites, a sub-labor pool of independent contract alarm installers installed alarm systems for several companies. A small alarm dealer might depend almost totally upon a wholesale alarm supplier

for system components and supplies; and the independent contract installer often installs similar systems with nearly identical components for different alarm companies.

The backgrounds of investigators are heavily oriented toward law enforcement, military, or intelligence investigation. Occasionally, private investigators will have had the opportunity to perform investigations while in a supervisory capacity for a guard firm, but very few follow a career path from a guard background. Also, the investigative aspects of insurance adjustment work and investigative reporting have led some persons to become private investigators. In many states, a private investigator (PI) can simply "hang out the shingle" and be in business as an independent investigator. Turnover of investigative firms and employees is high, but precise data are not available. In part, this may be due to the glamour and excitement generated by two decades of television portrayal of PI's. Established investigative firms often put out "feelers" in the investigative community (public and private) when seeking personnel, or use "stringers" or part-time personnel for specific client assignments.

Armored car and courier personnel are paid significantly higher wages than are contract security guards; they also generally perform more responsible work because of the fiduciary responsibility for valuable cargo assumed by their employers. Armored car guards are almost always armed, so higher caliber personnel are usually sought. Where moonlighting is permitted, law enforcement officers are often

hired because of their ability to exercise discretion and act under emergency conditions. Security couriers are chosen for their ability to closely monitor and accompany cargo on airplanes and are expected to be experienced business travellers who are familiar with diverse geographical areas.

To screen personnel prior to employment, contract security managers reported using these procedures: general interviewing and application review (94%), general reference checks (80%), criminal history checks (73%), detailed background investigation (59%), and fingerprint checks (58%). Less frequently used are polygraph examinations and psychological stress evaluator tests, psychological testing, and written "honesty" testing. Proprietary security managers report using these procedures with about the same degree of frequency and emphasis as contract security managers. The only notable exceptions are less frequent use of criminal history (66%) and fingerprint(39%) checks.

Mandatory criminal record and criminal history checks were favored by 98% of contractual security managers and law enforcement executives in the Hallcrest national surveys; and 96% of proprietary security managers also favored these mandatory checks for their personnel. Fingerprint cards are the only way to obtain accurate identification and disposition reporting for criminal histories on most designated state repositories of Criminal History Record Information (CHRI).

Unless a firm has access to a state criminal record and a National Crime Information Center (NCIC) check by the FBI, for criminal records submitted by other states to this national repository, there is no way to assure a prospective client that a potential security employee does not have a criminal record.

During this research project, news articles were reviewed in which security guards involved in shootings, rapes, arson, burglaries and even murder had been hired by contract security firms despite serious felony convictions in other states. In most of the cases, the security firm had no access to a state or an NCIC criminal history record. The security firms often take the position that they did the best they could under the circumstances, since a complete criminal history check was not available. Unfortunately, this is true in many states, especially those that license only armed guards and investigators. In Illinois and Texas, for example, even though over 25,000 armed guards and investigators are licensed in each state, and criminal record checks are required, the director of each state's licensing board estimated that there are six times as many unarmed guards that are not licensed, with no requirements for a criminal record check. The unarmed guard has in many cases as much access to assets of the client and as many opportunities to commit criminal acts as does an armed guard.

Although law enforcement and private security companies have different functions and, for the most part, draw upon different labor pools, they both provide protective services

to the community. However, they are not afforded the same level of access to CHRI. A strong case for private security access might be made on the basis of the sheer number of security personnel compared to law enforcement, and the fact that private security is drawing from a somewhat marginal labor pool, one that is more prone to arrests and convictions. In California, about 15,000 applicants for security licenses, representing nearly 20% of all applicants, are rejected annually because of a criminal conviction record, even though the applicants are explicitly informed that they will undergo a criminal history check as part of the application process.

In Chapter 4 we noted the impact of the FBI moratorium on fingerprint checks of proprietary security personnel, but the impact was even greater on security firms that were dependent upon licensing agency access to the NCIC. State licensing agencies are generally designated as criminal justice agencies for purposes of criminal history dissemination, but the FBI moratorium was based on the type of fingerprint check--e.g., for licensing purposes--not on the type of agency. Some states, like California, enacted interim legislation which allowed private investigators who had been licensed for five years to conduct a national search of criminal history record information on a contractual basis. In states with no licensing agency and no access to state-level CHRI, it is still extremely difficult to validate applicant information concerning prior arrests and conviction records.

The problem with access to CHRI began before the FBI moratorium, with the passage of the Freedom of Information Act and the enactment of a federal statute in 1973 requiring all states operating federally funded criminal history record systems to adopt measures to ensure the security, confidentiality and accuracy of CHRI. Forty states presently allow dissemination of conviction records to governmental noncriminal justice agencies, while 32 states "appear" to permit disclosure of conviction records to private persons.⁵ This indicates a trend toward greater access by noncriminal justice groups since the initial restrictive measures.

In a bulletin summarizing progress in privacy of criminal history records, the Bureau of Justice Statistics, U.S. Department of Justice, hails the more restrictive efforts, along with more accurate reporting and purging of records, as having a "salutary effect". The Hallcrest researchers question whether there is greater potential for civil rights violation from wider public access to CHRI or from the criminal acts of convicted felons who might be granted security licenses because of the restricted access of security companies to CHRI. We suggest that the potential for abuse by private security personnel poses a greater threat to society and must be balanced with the protection of individual liberties.

Public access to CHRI is essential for employers to have minimum safeguards in hiring contract and proprietary security personnel as well as other personnel in positions of trust.

Recent legislation in the State of Washington recognized this need. Its provisions allow employers to obtain CHRI for the purposes of:

- (a) securing a bond required for any employment;
- (b) conducting pre-employment and post-employment evaluations of employees and prospective employees who, in the course of employment, may have access to information affecting national security, trade secrets, confidential or proprietary business information, money or items of value;
- (c) assisting an investigation of suspected employee misconduct where such misconduct may also constitute a penal offense under the laws of the United States or any state.⁶

Until contract security firms have controlled access to CHRI for screening of applicants, the potential for abuse will remain at a high level because of the uncertainties inherent in the selection process.

7.2 PERSONAL BACKGROUND

The well-worn stereotype of the night watchman, most likely a retiree from another job, making his punch-clock rounds was dispelled even by the Rand report. Rand noted that since the 1960 Census, the average age of guards had been declining; the 1972 report fixed the median range at 40 to 55 years of age. For 1976, Shearing and Stenning reported the median range of Canadian guards to be 36 to 40 years. In the 1982 Hallcrest site surveys, the median age range in both sites for proprietary, contractual and law enforcement personnel was 31 to 35 years. A higher proportion of guards over 50 years of age was found in proprietary security, but still

less than 25% of the sample were older than 50. Nine out of ten of those over 50 were found in hospitals, banks, and manufacturing plants. On the other hand, 75% of the retail security employees were under 30. Less than 25% of the sample were female; of these, most were employed in proprietary retail security operations. In addition to retailing, site interviews indicate that women security employees are most frequently utilized in airport departure screening, public events, honesty shopping, alarm monitoring and various support positions. While there is a clear demand for women in some security positions (e.g., store detective, fitting room checker, etc.), it is not clear what barriers, if any, exist to women achieving a larger share of the total security workforce. The Bureau of Labor Statistics listed 82,000 women employed in guard positions in the U.S. in 1982, a 337% increase from 1972.

Rand's description of the average security guard as poorly educated was based upon 28% of their sample with less than a high school education. For an additional 38% of all employees, high school graduation or a G.E.D. certificate was the highest attained level of education, according to Rand. Shearing and Stenning found that over half of their Canadian sample had less than a high school education. In the Hallcrest site surveys, 59% of proprietary employees and nearly 50% of the contractual employees have done some college work. This may reflect sample bias of security managers favoring the "younger, sharper" security personnel in distributing the

questionnaires. However, it may be an accurate picture reflective of the growing educational achievement in the security field. In all, the increased level of education is interesting to note, even when a sampling bias is present.

The majority of contract employees had less than two years on the job with their firm, and had two or more other jobs during the previous five years. The majority of proprietary security employees in the sample have been employed in security for six years or more, and 41% have had that much tenure with their present employer. Only 29% of proprietary employees had ever been employed by a contract security firm, a fact which suggests that there is no natural job path from contract to proprietary security.

7.3 JOB SATISFACTION

Both the Rand and Task Force reports noted high rates of personnel turnover. The senior executives in Hallcrest's national and regional security company survey reported an average annual personnel turnover rate of 121%, with a high of 300%. The contract security industry is also characterized by a high proportion of part-time employees. In the Hallcrest national survey of contract security managers, guard firms of less than 100 employees often had as many part-time employees as full-time employees. Over half of the surveyed state licensing and regulatory agencies estimated the ratio of part-time to full-time security employees to be 2 to 1 or greater. Small local alarm firms often employ part-time or contract

installers, and private investigators often work from a pool of available part-time personnel for specific assignments.

Despite the large proportion of part-time security employees, the majority of security employees in the site sample are employed full time. This sampling bias was not intentionally induced, in most cases it was simply a function of accessibility to survey respondents. Thus, the data on job satisfaction are primarily reporting the opinions of full-time security employees.

The two most frequently expressed reasons for obtaining security employment for both contract and proprietary employees were: (1) "I thought it would be interesting work," and (2) "I like any kind of police work." These responses are consistent with the most recurrent descriptions of their job: "responsible," "interesting," "challenging," and "important." The third most frequent reason for seeking contract security was "liking the responsibility of protecting things."

It is interesting to note that although the surveyed law enforcement officers did not perceive private security as competing with them or purporting to offer services equal to the police, the second most frequently mentioned reason for obtaining security employment was because the respondents enjoyed "any type of police work." However, less than 10% said they sought security employment because they were unable to obtain police employment. This statistic further substantiates the hypothesis that law enforcement and private security draw from separate labor pools. Additional support is

offered by the finding that 28% of the contract security employees sought security employment because they were unemployed and were unable to obtain any other work. Similarly, Shearing and Stenning found that 29% of the contract guards stated that the job of security guard was the best they could find.

Shearing and Stenning reported that about 75% of contract guards were looking for another job. In the Hallcrest site surveys, only 32% reported looking for another job, and about half of those were seeking employment with another contract security firm. Just over 50% of the contract security employees planned to stay in their present job until a better job became available, until they were laid off, or else they did not know how long they would stay. In contrast, nearly 50% of the proprietary security workers intended to stay in their present job until retirement. Proprietary security employees apparently perceive a career path leading from their present positions, but there is considerable career uncertainty on the part of contract security employees.

Despite differences in anticipated length of employment, about 80% of both contract and proprietary security employees are satisfied with security work. The distribution of responses for law enforcement officers in both sites on job satisfaction is very similar, although police officers report a slightly higher level of job satisfaction than security employees.

7.4 SECURITY ACTIVITIES

Security employees were asked to rate, on a scale of highest to lowest, the priority of various security activities performed for their company or for the client company to which they are currently assigned. Both proprietary and contract security employees have strong agreement on the highest priorities for security functions and activities. The first five rank-ordered activities are the same: (1) protection of lives and property, (2) crime prevention, (3) fire prevention, (4) loss prevention, and (5) access control. The ranking of these activities is similar to that of security managers in the national surveys (see Table 9-3). Law enforcement officers in the study sites accurately perceived these priorities, rating all but fire prevention as the five highest ranking activities for private security. The police officers also rated the importance of a similar set of activities to their work. Police officers and security employees agree that "protection of life and property" is the highest priority; but police then rate arrest and prosecution of criminal suspects, investigation of criminal incidents, and maintaining public order ahead of crime prevention. This crime-control orientation is not shared by security employees, who place a higher priority on crime, fire and loss prevention--clearly a preventive orientation.

Four observations can be made about the rating of functions/activities by operational security personnel in the study sites. First, security employees overall have the same

perspective as security managers on security functions and activities. There is no distinctly "operational" perspective of private security activities, except in a few cases where it is to be expected--e.g., CCTV console operators rating employee identification and access control as the highest priorities. Second, although there is some variation among different business types, there is clearly a consensus on the preventive orientation of private security. Third, despite stereotypes of contract security guards as "rent-a-cops" trying to perform police functions, only contract guard supervisors and alarm runners view criminal investigation (i.e., investigation of incidents on the client's property) as a high priority. On the other hand, ratings of store detectives and investigators, bank investigators and other proprietary investigative staff closely resemble the crime-control orientation of law enforcement executives in the national survey. Fourth, there appears to be no clear division of tasks between contract and proprietary security officers. A consensus was obtained in the manufacturing industry among proprietary and contract security officers on both job functions and the most frequent tasks performed. This suggests fairly standardized functions and tasks in industry which are performed by both contract and proprietary security personnel.

Upon reviewing contract security guards' tasks and activities, Shearing and Stenning reported that protection of property is the "central core" for security guards. The same emphasis appears in the site surveys of proprietary security

guards. Contract and proprietary security guards spend a large portion of their time patrolling on foot both indoors and outside checking locks and gates and watching for fire hazards. Occasionally, security guards report responding to alarms, inspecting equipment, using punch clock stations during patrols, and performing some non-security tasks such as shipping and receiving duties. Shearing and Stenning note that although foot patrol was once the "mainstay of the police role," it is now "almost the exclusive preserve of private security."⁷ Often, stationary guards screen visitors, give information, and answer telephones. Proprietary guards also report frequent monitoring of consoles (CCTV, alarm and access control monitors), surveillance and search of employees. The majority of contract guards report that they do not monitor a console and that they never have occasion to search employees, even though a high number of contract guard respondents are in manufacturing assignments. In addition to the verbal communication skills required in guard work, 75% of contract and proprietary guards are frequently involved in report writing, for which written communication skills are needed.

The most frequent security problem encountered by guards is carelessness (unlocked doors, etc.) followed by trespassing, fire hazards, vandalism, disturbances and fire alarms. Proprietary security officers also report occasional response to burglar alarms, employee and external theft, and breaches of company regulations. Very little of the contract security officer's workload involves crime-related incidents,

other than trespassers, vandals, and participants in disturbances. Based upon this self-reporting of tasks and security incidents, private security officers perform very few of the common activities of police officers. Most private security officers are directly involved in protecting assets and preventing losses, and a criminal incident is just one of several potential threats. With the exception of retail settings and industrial plants which require screening of visitors, only occasional interaction with the general public is reported.

Both proprietary and contractual security employees were asked to rank the importance of several factors that influence their handling of security incidents. The type and seriousness of the incident has as great or greater an influence on security personnel than company or client instructions. (Due to the small sample sizes, the absolute differences in rank order were not statistically significant.) In some respects, this is not unlike field policing situations with the inherent difficulty of writing tightly prescribed general orders and operating procedures to cover a wide variety of incidents. In the end, individual officers rely very heavily on their own common sense, experience, communication and mediation skills--"street sense." One security guard stated in the site survey: "I decide priorities based on the type or seriousness of the problem unless otherwise instructed by my supervisor." There is nearly an equal division between contract guards supervised by a company superior and those supervised by both a company supervisor and a client supervisor. In Chapter 5, we noted

that supervision is an essential element for a successful contract security firm, yet the majority of contract security guards in the site surveys reported seeing or talking to their supervisors only once or twice a week or only "when necessary." Proprietary security personnel, on the other hand, report more frequent supervisory contact (once or more per shift); but they rated the supervisor as less influential in resolving security incidents than the type and seriousness of the incident.

About 50% of the proprietary security respondents were primarily engaged in investigative activities. In addition to the investigative activities of retail security agents, the investigators sampled include those employed in banking, manufacturing and utilities. Consistent with the greater incidence of internal than external crime discussed in Chapter 3, internal investigations were the most frequently reported investigative task. Investigators spend most of their time interviewing witnesses, questioning suspects, and preparing reports for litigation. Only retail and bank investigators reported frequently presenting evidence and exhibits in court. This tends to support the discussion in Chapter 3 of the emphasis placed on noncriminal-justice resolution of many criminal incidents through the "private justice" system. Both manufacturing and retailing report frequent use of surveillance and undercover work, although retailing reports three times as much as manufacturing. Investigators may audit security procedures in manufacturing, retailing and banking, but

such audits are most often found in retailing (e.g., cashier integrity checks).

Again, consistent with the reported incidence of business crime in Chapter 3, the most frequently reported type of investigation for all surveyed investigators is employee theft. The most frequently reported types of investigations reported by investigators in major business sectors are:

- Manufacturing - employee theft, safety violations, vandalism;
- Banking - fraud (check/credit card), employee theft, embezzlement, integrity checks;
- Retailing - employee theft, fraud (check/credit card), shoplifting, integrity checks, safety violations.

Although most investigators report little if any involvement in insurance claim and workman's compensation investigations, both retail and industrial investigators spend a significant amount of time on safety violations.

7.5 DETENTION, ARREST AND USE OF FORCE

In Chapter 6, we discussed the infrequent detentions and use of force reported by contract security personnel in the site surveys, as well as the general discouragement of these practices by contract security company policies. For proprietary security employees, both the incidence and company expectations of use of detention, arrest and force is consistently higher for all circumstances than that reported by contract security officers (see Table 7-1 and 7-2). Similarly, the

TABLE 7-1
DETENTION, SEARCH AND ARREST
REPORTED BY PRIVATE SECURITY EMPLOYEES

Use of Incidence	(N = 110) (N = 78)	
	Proprietary	Contractual
Have found it necessary to detain someone	84%	50% guard 87% alarm
Expectations of Use (for criminal suspects)		
Detention	55%	50%
Search	46%	21%
Arrest	65%	26%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

TABLE 7-2
 USE OF FORCE REPORTED
 BY PRIVATE SECURITY EMPLOYEES

Incidence of Use	(N = 110)		(N = 78)	
	Proprietary	Contractual	Guard	Alarm
In self-defense	54%	13%	53%	
Evict a trespasser	39%	15%	12%	
Deal with vandalism	18%	10%	44%	
Prevent an assault	39%	8%	27%	
Carry out a lawful search	37%	6%	31%	
Detain someone	47%	12%	50%	
Arrest someone	56%	4%	46%	

Expectations of Use	Proprietary		Contractual	
	Protect yourself	96%		92%
Protect company property	43%		28%	
Detain someone	40%		18%	
Arrest someone	51%		9%	
Search someone			6%	

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

actual use of detention and force is significantly higher for alarm response personnel than for contract guards. Only 50% of the contract guards reported making a detention in any security assignment, while over 80% of alarm runners and proprietary guards reported detentions. Approximately half of both proprietary guards and alarm runners also reported using force in self-defense or to detain or arrest someone. Thus, greater expectations are placed on proprietary security personnel to use force when appropriate. However, the distribution of the sample is influenced heavily by the large number of retail security employees and security officers in Baltimore County who have special police officer status and therefore full police powers when effecting a legal detention or arrest.

The observations which follow are based on site interviews and on the site survey data, which include self-reporting of detention, arrest, use of force, and type of security incidents. The contract guard survey data closely paralleled the data of Shearing and Stenning for 10,000 contract security guards in Canada. First, less abuse and fewer opportunities for abuse occur than the stereotype of security officers and media coverage portray, especially for contract security guards. Except for contract guards in retail settings, shopping malls, and public events, there is very little interaction by contract security personnel with the general public.

As with proprietary security personnel, the majority of contract security guards are located in manufacturing or industrial settings. Alarm runners responding to the scene of activated alarms were the only contract employees who had frequent occasion to effect detentions and arrests.

Second, the security company and client policies appear to discourage security employee detentions, searches, and use of force in most situations. The only exceptions are retailers in both sites and defense contractors in the Baltimore area sample whose security personnel have special police officer status. Company/client instructions and the type and seriousness of the security incident equally influenced contract employees in detentions, searches, and use of force. The influence of client instructions suggests that much of the potential for abusive behavior by guards may be controlled in the realm of contract law, i.e., the security company and client agreement. To this extent, the marketplace is a regulator of good security employee practices, since another security firm can be hired if the contract is not fulfilled to the satisfaction of the client. Although this does not provide recourse for an aggrieved party, in industrial settings the client's employees are most likely to be those affected by abuse of authority, not the general public.

Third, despite the lack of security guard knowledge of legal authority found in both the Rand and Shearing and Stenning studies, the latter study and the Hallcrest site data suggest that only rudimentary legal training is required for

security personnel. There is relatively little direct public contact and interaction as measured by the security personnel self-reporting of tasks performed, incident types encountered, actual detentions, and use of force. Notwithstanding the issue of amount of training, the data similarly suggest that the "serious potential" problem of abuse of authority noted in the Rand report is offset somewhat by the infrequent opportunities for public interaction with most guards. Some proponents of security training suggest extensive legal training, but on the basis of both interviews and the employee site surveys, Hallcrest feels that it would not be necessary for certain security assignments. Many fixed security posts have very narrowly defined, unique tasks that can be learned through a few hours of on-the-job training, and days or many hours of legal training would be superfluous to the required tasks.

Fourth, some minimum level of legal training should be provided for all security employees. Although the self-reporting of tasks and incidents clearly reflect a nonpolice orientation, the second most frequently mentioned reason for accepting security employment is liking "any kind of police work." Security personnel should be clear on the limitations of their authority. Shearing and Stenning's confirmation of the Rand data nearly a decade later provides "persuasive evidence that many security agents do not have even an elementary knowledge of even the most basic legal categories." ⁸ These researchers report that lack of knowledge was demonstrated on

both legal status of the security guard and on the definition of criminal acts and his/her legally permissible responses to them. In the Hallcrest site surveys, 64% of contract security employees understood the general scope of their legal powers, stating that they had the same power as a private citizen; about 36% correctly stated that they have the same legal powers as those of the owner of the property while they are on duty. However, 13% stated that they have greater powers than a private citizen if they are on duty in uniform, even though neither site has provisions for contract security personnel to have special police powers.

The most disturbing aspect of Shearing and Stenning's data is that the offenses most often misidentified or miscategorized by security personnel are the ones identified as relating to security work in both their sample and the Hallcrest sample of security incidents encountered, i.e., trespassing, drunks on company property and disturbances. It is the order maintenance situation (drunks, disorderly persons, disturbances) that most frequently results in contact between law enforcement and private security personnel, according to law enforcement officers in the site surveys. One-half of the law enforcement officers in the sites reported that they were either personally involved or had witnessed private security employees exceeding their authority in handling an incident. The most frequent types of incidents identified were: improper arrests, excessive physical force, attempting traffic arrests, and improper stop, interrogation and search. Since

knowledge of legal status has a bearing on most of these incidents, their occurrence could be minimized by providing all security personnel with a minimum level of legal training.

7.6 ARMED SECURITY PERSONNEL

In both the national survey of contract security managers and the survey of national and regional security executives, respondents indicated that less than 10% of their personnel were armed. Table 7-3 displays the responses of security employees in the site surveys. The majority of contract supervisors and about 23% of guards have carried a firearm in some assignment, but only 40% of supervisors and less than 10% of guards carry a firearm in their present assignment. Yet, less than 20% of both guards and their supervisors saw any need to carry a firearm in their present assignment. The fact that more supervisors than guards carry firearms may indicate, in part, accommodation of client demands for firearms. As noted in Chapter 5, nearly 50% of the contract security firms reported an increase in client requests for firearms in the past five years. At the same time, other data indicate that company policies have decreased the use of firearms, and discouraged client requests for armed guards.

In contrast, to the foregoing statistics, 86% of alarm company runners carry firearms in their present assignment and feel that they are necessary. Alarm runners respond to activated burglar and/or holdup alarms and, as reported earlier, have a higher rate of detention, search, arrest and potential

TABLE 7-3
 CARRYING AND USE OF FIREARMS
 REPORTED BY PRIVATE SECURITY EMPLOYEES

	(N = 110)	(N = 78)		
		Proprietary	Contractual	Alarm
Carry a Firearm		Guard	Supervisor	
Any assignment	41%	23%	60%	86%
Present assignment	31%	8%	40%	86%
Use of Firearm (armed personnel)		<u>Guard/Supervisor</u>		
Any assignment	39%	11%		75%
Necessity for Firearm				
Present assignment	33%	19%		86%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

rior use of force. For contract employees, then, it appears that firearms are most frequently carried by armored car personnel, security supervisors, and alarm runners. The often expressed concerns of law enforcement about the number of armed "guards" does not always distinguish between types of contract security personnel; yet, of all groups of uniformed security personnel, guards (those who actually perform guard duties) are the least often armed.

In the Baltimore area site, firearms are carried by twice as many proprietary security officers (51%) than by contract security guards. In the Portland/Multnomah County site, however, the opposite occurs: twice as many contract guards reported carrying firearms. Two factors may explain this difference. Maryland licensing regulations for contract guards require a permit for armed security personnel, neither the State of Oregon nor Multnomah County have any licensing or firearms requirements. In addition, the Baltimore sample includes defense contractors, high-technology manufacturing firms and a major utility, some of which have requirements to provide armed security personnel (e.g., Nuclear Regulatory Commission). Although the sample sizes are too small to draw any universal conclusions, it would be valuable to test the hypothesis that licensing and regulation discourages the use of firearms by contract security companies. Overall, 31% of proprietary security officers in the sites carry firearms in their present assignments. This contrasts sharply with the national survey, in which the majority of security managers

reported that none of their personnel carry firearms, and 73% reported that they arm less than 10% of their personnel. However, 33% of the national proprietary survey sample were from retailing, lodging, and health care organizations where the incidence of firearms carrying would likely be minimal.

The proportions of contract security personnel carrying firearms in both the Hallcrest national survey of security managers and site surveys of employees are consistent with the findings of Shearing and Stenning in Canada, where only 4% of 10,000 contract guards reported carrying a firearm. Ten years earlier in the Rand report, over 50% of both contract and proprietary guards reported carrying a firearm at least 25% of the time. In the Rand sample, twice as many guards said that firearms were necessary for their assignments (66%), than the in-house guards in the Hallcrest site surveys and the contract guards in Shearing and Stenning's study (33%). Contract guards in the sites were even less favorably disposed to carrying firearms, and 60% reported carrying no other protective equipment.

The evidence provided by these data, the literature review, and field interviews reveals a dramatic decrease in the carrying of firearms by contract security personnel in the ten years since the Rand report. It is more difficult to assess the status of proprietary security, however, because both the Rand proprietary sample and the Hallcrest proprietary sample are biased toward environments where firearms are more likely to be carried. Also, the Hallcrest national survey returns

could be slightly biased toward environments where firearms are less likely to be carried. In general, the national survey data and field interviews reflect a lower incidence of armed proprietary security personnel as well.

One inescapable fact is that firearms tend to be used when they are carried. For proprietary security and alarm personnel, the percentages were nearly the same for those who reported ever having carried a gun on any security assignment and those who reported using a firearm on a security assignment. Similar figures were reported by the 10,000 contract guards in Ontario, Canada, but slightly lower levels of use were reported in the Hallcrest site survey of contract guards. In addition, it can be concluded that those who carry firearms generally feel that their jobs require them, since about the same proportion of security employees reported carrying and needing a firearm. Fewer contract guards, again, reported needing a firearm in their present assignment than were presently carrying a firearm. Overall, the potential for firearms abuse seems to be greater in proprietary security, because of the larger number of firearms and more opportunities for exposure, notwithstanding the amount and quality of training. Before any firm conclusions could be drawn, as to the greater firearms abuse potential, a much larger sample of both contract and proprietary security would have to be drawn from similar distributions of work environments.

In the Hallcrest national surveys, approximately 50% of the proprietary security managers reported more than 40 hours

each of classroom and on-the-job training for armed security personnel. Forty-seven percent of contract security managers reported less than 16 hours of classroom training for their armed security personnel--this includes not only firearms instruction, but all training provided for armed security personnel. Both contract and proprietary managers reported a median of about eight hours' instruction on legal and policy restraints in the use of firearms. However, the survey of national and regional security executives and the site surveys suggest that the entire firearms training for armed security personnel probably does not exceed eight hours. The national and regional security companies report a median of 12 hours of pre-assignment classroom training for armed personnel. In the site surveys, about 50% of both proprietary and contract security personnel carrying firearms reported receiving fewer than eight hours of training from their companies. The average number of training hours reported by security employees is 12 hours for proprietary and 8 hours for contract, respectively (see Table 7-4). The proprietary distribution was skewed by special police officers in one Baltimore company, who were trained at a police academy; the contractual distribution is skewed by alarm runners, who most frequently reported receiving more than 40 hours of firearms training. If both of these subsets are controlled in the samples, then over 50% of the armed security personnel in both sites reported receiving less than four hours of firearms training from their companies. A similar discrepancy in the number of hours of

TABLE 7-4
FIREARMS TRAINING
REPORTED BY ARMED PRIVATE SECURITY OFFICERS

	(N = 110)	(N = 78)
	PROPRIETARY	CONTRACTUAL
Source		
Trained by Company	45%	56%
Trained by Military	36%	65%
Trained by Public Police	36%	23%
Self-taught	20%	39%
Amount Provided by Company		
Average	16.7 hrs	12.7 hrs
Median	12.0 hrs	8.0 hrs
Perceived Adequacy		
Very good	48%	43%
Adequate	36%	25%
Not enough	16%	32%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

training reported by companies and that reported by employees was also noted in Shearing and Stenning's study.

The low levels of company training in the site data do not necessarily indicate a lack of firearms instruction, since many contract and proprietary personnel reported being trained with firearms in the military or by the public police. In the site data, "public police" training does not distinguish between training from prior law enforcement experience and actual firearms instruction provided for security personnel. Just under 50% of both proprietary and contract personnel thought that their firearms training was very good, but about 33% of contract personnel did not think they had enough firearms training. It is interesting to note that half of the alarm personnel did not think they had sufficient firearms training, even though the majority of them reported more than 40 hours.

There are two disturbing aspects to the site survey data on firearms training. The first relates to the quality of the training: it seems that much of the firearms training merely treats the mechanical aspects of firing a gun and weapon safety and does not focus on situations which could be encountered in actual assignments. The far lower median levels of training reported by employees than by managers suggest a certain hesitance by security managers to report actual amounts of training--perhaps partly because they recognize its inadequacy. The national and regional security executives candidly reported 12 hours of "classroom" preparation of armed

personnel, which could exclude some firearms range training, but would still leave little time for discussion of legal and policy restraints of firearms use. As reported in Chapter 5, the Private Security Task Force Standard 2.6 called for 24 hours of firearms training prior to assignment, or evidence of competence. Of the 24 hours, 3 are to be a discussion of legal and policy restraints in firearms. Some of the military and public police firearms training reported by employees could be relatively recent experience, but without routine firearms qualification, the benefits of this training will diminish.

The second disturbing aspect of firearms training is that 40% of contract personnel report being "self-taught" in the use of firearms. Without negating the general firearms and safety experiences of hunting and gun clubs, it can be said that such experience is hardly relevant to the actual field situations to be encountered by security personnel. For the protection of the general public, the PSTF standard seems entirely reasonable, yet only 13 states require training for armed security personnel and only 4 of these meet the PSTF standard. In the absence of required training for armed guards, contract security companies apparently have not taken the initiative to provide adequate, verifiable levels of firearms training.

7.7 TRAINING

The Rand report found that only 35% of proprietary and contract guards in their sample were given pre-assignment training by their companies. Five years later, Shearing and Stenning found that 59% of the contract guards in Ontario, Canada, had completed a day or less of pre-assignment training at their companies. Contract agency managers tended to report more training of their employees than the employees themselves reported in interviews. Shearing and Stenning speculated that the most important objective of security guard agencies in training their personnel was:

to ensure that guards know what they are to do when they get to the job and further that they know how to provide a written report on what they have done.

This observation was based on the emphasis of "on-the-job" training, most frequently accomplished through the use of "post orders"--Shearing and Stenning included "post orders" as a training subject. In the Hallcrest site surveys, the majority of security guards had completed some pre-assignment training, but 40% of all contract employees had completed only on-the-job training. The lack of pre-assignment training was especially noticeable for contract guards (60% reported no pre-assignment training) and for alarm runners (50% or more in each site reported only on-the-job training).

In the national surveys, contract and proprietary security managers were asked to list the range of both classroom and

on-the-job training provided to four types of security personnel: uniformed, armed, supervisory and other security personnel. In Table 7-5 and 7-6, the distribution of responses for training hours is similar for supervisory and other security personnel (usually investigators), but proprietary security managers reported that their uniformed and armed security personnel received more training than contractual employees. In comparing the responses of security managers in Table 7-7 with the responses of security employees in the site surveys, nearly opposite distributions were obtained for pre-assignment and on-the-job training of contract guards. About 60% of contract security managers stated that their uniformed employees received less than eight hours' pre-assignment training, and 60% of contract employees who received training stated that it was more than eight hours. In the survey of national and regional executives, a median of four hours of guard pre-assignment training was reported.

The Private Security Task Force (Standard 2.5) recommended that contract security personnel complete a minimum of eight hours of formal pre-assignment training, as well as a basic training course of at least 32 hours within 3 months of assignment. A maximum of 16 of the 32 hours could be supervised on-the-job training. Based upon site and other field interviews, the majority of uniformed guards apparently receive training closer to the four hours reported by the national and regional security executives. For many assignments, especially those with limited public interaction, the training

TABLE 7-5
 SECURITY EMPLOYEE PRE-ASSIGNMENT CLASSROOM TRAINING
 REPORTED BY SECURITY MANAGERS

Type of Personnel	HOURS OF TRAINING					
	1-4	5-8	9-16	17-24	25-40	40+
UNIFORMED (unarmed)						
Proprietary	21%	15%	14%	10%	15%	27%
Contractual	38%	21%	12%	7%	9%	14%
ARMED						
Proprietary	8%	9%	11%	7%	16%	49%
Contractual	9%	19%	19%	10%	16%	27%
SUPERVISORY						
Proprietary	9%	7%	9%	7%	13%	56%
Contractual	3%	9%	7%	8%	10%	63%
OTHER						
Proprietary	16%	13%	11%	7%	13%	41%
Contractual	17%	17%	14%	8%	15%	28%

N = 676 Proprietary
 N = 545 Contractual

SOURCE: National Survey of Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

TABLE 7-6
 SECURITY EMPLOYEE ON-THE-JOB TRAINING
 REPORTED BY SECURITY MANAGERS

Type of Personnel	HOURS OF TRAINING					
	1-4	5-8	9-16	17-24	25-40	40+
UNIFORMED (unarmed)						
Proprietary	7%	13%	17%	13%	15%	36%
Contractual	14%	19%	16%	9%	14%	29%
ARMED						
Proprietary	3%	10%	13%	12%	17%	44%
Contractual	8%	14%	18%	12%	13%	34%
SUPERVISORS						
Proprietary	4%	7%	9%	11%	17%	53%
Contractual	5%	7%	8%	9%	10%	61%
OTHER						
Proprietary	8%	9%	12%	11%	15%	44%
Contractual	10%	12%	13%	10%	11%	44%

N = 676 Proprietary
 N = 545 Contractual

SOURCE: National Survey of Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

CONTINUED

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TABLE 7-7
 COMPARISON OF SECURITY TRAINING HOURS
 REPORTED BY MANAGERS AND EMPLOYEES

Type of Training	MANAGERS		EMPLOYEES	
	National Surveys(N=)		Site Surveys(N=)	
PRE-ASSIGNMENT				
Proprietary	60%	24 hrs(646)	60%	24 hrs(110)
Contractual	59%	8 hrs(545)	60%	8 hrs(78)
ON-THE-JOB				
Proprietary	36%	40 hrs(646)	54%	80 hrs(110)
Contractual	52%	16 hrs(545)	56%	16 hrs(78)

SOURCE: National Survey of Proprietary and Contractual Security Managers, (1981); Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, (1982); Hallcrest Systems, Inc.

cially those with limited public interaction, the training emphasis is on the particulars of duty assignments: the equipment used, patrol tours and activities, emergency notification procedures, and so forth. This preparation is best accomplished through on-the-job training, since every assignment has its unique requirements. As one contract guard in the site surveys stated: "My training came out of the post orders on the post from my supervisor." For most companies, the four-hour block of instruction, recommended in the PSTF standard, that covers emergencies and general duties is covered at the client's site rather than in the classroom (see Table 7-8).

The distribution of responses for proprietary managers and employees was very similar, with 60% of each group reporting more than 24 hours of pre-assignment training. Proprietary employees reported higher levels of on-the-job training, but this may have been influenced by the sample bias resulting from a high proportion of defense contractors and utilities, where high levels of on-the-job training were reported. In comparing all proprietary employees and contract guards in the sites, proprietary employees reported three times greater pre-assignment training and five times greater on-the-job training than contract guards. Although the reported training levels are higher for proprietary than contract guards, it does not necessarily mean that the quality of personnel or performance is substantially different. The similarity in background characteristics reported earlier in the site surveys suggest

TABLE 7-8
PRIVATE SECURITY TASK FORCE
MODEL PRE-ASSIGNMENT GUARD TRAINING PROGRAM

	Minutes
Section I - Orientation (2 hours)	
● What is security?	15
● Public relations	15
● Deportment	15
● Appearance	10
● Maintenance and safeguarding of uniforms and/or equipment	20
● Note taking/Reporting	15
● Role of public law enforcement	10
Section II - Legal Powers & Limitations (2 hours)	
● Prevention versus apprehension	40
● Use of force	25
● Search and seizure	15
● Arrest powers	20
Section III - Handling Emergencies (2 hours)	
● Procedures for bomb threats	40
● Procedures during fires, explosions, floods, riots, and so forth	60
Section IV - General Duties (2hours)	
● Patrol	40
● Fire prevention and control	20
● Safety	30
TOTAL 8 HOURS	

from a similar labor pool. (A tendency of contractual security firm managers to direct the surveys to their "sharper" employees may have introduced sampling bias which would not make background characteristics--e.g., education levels--representative of the larger population).

For contract security firms, training prior to actual assignment is almost always an overhead expense for the security company. With many contract firms operating on a 2% to 5% profit margin, increasing the amount of pre-assignment training could have an impact on profitability. It is advantageous for the contract company, then, to pass on as much training as possible to the client's job site. Proprietary security on the other hand, can afford to have more training for their security personnel, and this is one of the distinct advantages of maintaining a proprietary security force. In the traditional sense, proprietary security operations are not viewed as profit centers in the corporation, and security guard wages are paid regardless of whether they are in the classroom for training or on their assignments. Similarly, with on-the-job training, proprietary security managers can arbitrarily designate any initial period of time as on-the-job training, whereas the contract security firm must begin performing to the expectations of the client once on-the-job training of contract personnel has been completed.

Greater levels of training were reported by both proprietary and contract security supervisors, and their reported levels of training were generally in agreement with those

provided by security managers and by national and regional security executives. The majority of security supervisors receive one week or more of pre-assignment training and a comparable amount of on-the-job training. Just over 50% of contract employees reported that they were trained for security work by supervisors, but they were just as likely to be trained by their fellow workers (47%).

Proprietary employees reported that fellow workers and supervisors conducted most of their training for security work, but a nearly equal number of employees reported that most of their training came from previous law enforcement experience. Twice as many proprietary employees as contract reported that prior law enforcement experience provided most of their training for security work, suggesting that more proprietary security employees have law enforcement backgrounds. The proprietary sample, however, includes investigative positions, for which law enforcement backgrounds are common. The proprietary security employees also reported greater opportunities for additional training: their companies offered expanded training for 58% of proprietary employees in the sites, and about 25% of them also had additional training available at community colleges. The majority of contract employees, however, said that no additional training opportunities were available to them through the company.

The most frequently reported types of training for contract guards, alarm runners and proprietary security employees are: fire protection and prevention, report writing, legal

powers, building safety and investigation and detection procedures (see Table 7-9). Shearing and Stenning found that the least emphasis was placed on training in legal powers and handling crises. In the site surveys, 75% or more of proprietary employees and contract guards reported receiving legal training, and about 50% received training in crisis handling. Interestingly, lower levels of training in legal areas and crisis handling are reported by alarm runners, whose self-reporting of job tasks and activities indicate that they are the one group of security personnel most likely to need training in these areas. Security employees in the sites list manuals, lectures, films and slides as the most frequent method of training. Most respondents felt that their training was adequate, but this is not a reflection of client satisfaction with the levels of training. A specific survey of contractual clients was not conducted (other than proprietary security managers), however, it is likely that most clients would expect contract security personnel to have completed training equivalent to the PSTF eight-hour pre-assignment training standard described in Table 7-8. As noted above, the ability to control the amount of training provided to security personnel is one of the reasons often given for forming an in-house security force.

7.8 COMPENSATION

Historically, contract security guards have been paid unusually low wages. As noted in Chapter 6, a vicious circle

TABLE 7-9
 TRAINING SUBJECTS REPORTED
 BY SECURITY EMPLOYEES

Training Subject	(N=110)	(N=61)	(N=14)
	Proprietary	Contract Guards	Alarm Runners
Fire Protection & Prevention	76%	81%	82%
First Aid	69%	48%	55%
Legal Powers: Arrest, Search, Seizure	83%	74%	55%
Investigation & Detection Procedures	75%	62%	64%
Firearms (classroom)	13%	10%	64%
Firearms (firing range)	21%	7%	64%
Building Safety	61%	69%	64%
Crisis Handling	51%	55%	27%
Crowd Control	45%	41%	18%
Equipment Use	64%	48%	82%
Report Writing	82%	79%	73%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

exists with low wages leading to high turnover and ineffective performance: but contract security firm owners and managers insist that clients are unwilling to pay higher rates. Clients, on the other hand, indicate that they would pay higher wages for higher caliber security personnel. Yet, many large guard service contracts in government and industry end up paying near minimum wages for guards. Area wage surveys of the Bureau of Labor Statistics rank security guard wages between janitors and fork-lift operators, although guards are often responsible for the protection of hundreds of thousands of dollars of assets.

As the data indicate in Table 7-10, there is a considerable difference between the hourly wages reported for uniformed guards. In the Hallcrest 1981 survey, nearly 50% of contract guards were earning between \$3.35 and \$4.00 per hour, while the median hourly wage for proprietary guards was between \$6.00 and \$7.00. Similar patterns were found in three other sources: (1) the sample of contract guards in the study sites earned an average of \$4.35 per hour, while most proprietary guards earned over \$7.00 per hour; (2) in an ASIS-sponsored security personnel compensation study conducted in about the same time period, unarmed guards in "security services" [contract guards] reported earning a median hourly wage of \$4.55, while all unarmed guards and supervisors were earning \$6.99 an hour;¹¹ (3) Bureau of Labor Statistics data (Table 7-11) for the same time period for manufacturing and certain nonmanufacturing businesses show that contract guards

TABLE 7-10
 HOURLY WAGES OF SECURITY GUARDS
 AND OTHER SECURITY PERSONNEL

WAGES	Guards		Other Security Personnel	
	CONTRACT	PROPRIETARY	CONTRACT	PROPRIETARY
\$3.35-\$4.00	45%	5%	-	-
\$4.00-\$5.00	33%	17%	31%	14%
\$5.00-\$6.00	11%	20%	23%	20%
\$6.00-\$7.00	5%	21%	17%	16%
\$7.00-\$8.00	3%	14%	12%	11%
\$8.00-\$9.00	2%	11%	6%	11%
\$9.00-\$10.00	1%	3%	4%	7%
\$10.00+	1%	9%	8%	22%

SOURCE: National Survey of Proprietary and Contractual Security Managers, Hallcrest Systems, 1981.

TABLE 7-11
 GUARD WAGES FOR ENTIRE U.S.
 BUREAU OF LABOR STATISTICS

BUSINESS	Average Hourly Wage	
	CLASS I	CLASS II
Manufacturing	\$7.82	\$8.78
Non-Manufacturing		
Transportation	\$7.17	\$8.80
Wholesale Trade	\$6.14	-
Retail Trade	\$4.99	\$7.03
Services	\$3.84	\$4.79

SOURCE: All Metropolitan Area Wages, Bureau of Labor Statistics, July 1981

earn less than \$4.00 per hour, but proprietary guards in manufacturing earn more than \$7.00 per hour. In Table 7-11, the distinction between Class I and Class II guards is the amount of discretion exercised by the Class II guards and the expectation that they will resolve incidents by themselves; the latter may also include carrying a firearm. The category of "services" primarily includes contract guard firms.

The ASIS-sponsored study revealed a 10% to 20% pay differential in the salaries of both proprietary and contract armed guards. A similar pay differential appears between the Class I and Class II guards in the Bureau of Labor Statistics data. In the Hallcrest site surveys, slightly more than 50% of contract employees felt that their pay was too low. Nearly 50% of proprietary employees felt that their pay was commensurate with the job, and 20% said that they were paid more than security employees in other firms.

In the site surveys alarm runners reported making an average of \$7.07 an hour, and all proprietary security personnel averaged \$7.67 per hour. In both the ASIS-sponsored study and the Hallcrest site surveys, proprietary investigators reported earning salaries in excess of \$20,000 per year. In both surveys, the differential between guards and guard supervisors was much greater for contract guard supervisors than for proprietary; supervisors earn about half again as much as guards. This differential may reflect the emphasis placed on supervision in contract security; competent supervision helps

to compensate for minimal training and low wages for contract guards. In the Hallcrest national surveys, the median hourly wage range for all other contract security personnel was \$2.00 an hour greater than for contract guards. About 20% of all other proprietary security employees were paid over \$20,000 per year.

Table 7-12 lists fringe benefits reported by security employees in the site surveys; proprietary employees reported receiving more benefits than contract employees. The most frequent benefits received by both contract and proprietary employees are uniforms, medical insurance, and holiday and vacation pay. In addition, a majority of proprietary security employees are given sick pay, life insurance and the opportunity to participate in a company pension plan.

7.9 PERFORMANCE

Surprisingly, contract security managers in the national survey did not have a high self-rating for the performance of contract security personnel. Contract security managers rated the performance of private security firms in their geographic area as "poor" in the following categories: quality of personnel, pre-employment background checks, training received, supervision and familiarity with legal powers. As noted earlier, in the site studies there was a tendency for contract security firms to be more critical of the business practices and personnel of other firms. It is not clear whether the

TABLE 7-12
FRINGE BENEFITS REPORTED BY
SECURITY EMPLOYEES

Benefits	(N=78)	(N=110)
	Contract	Proprietary
Uniforms	71%	100%
Medical Insurance	65%	82%
Sick Pay	24%	79%
Holiday Pay	66%	86%
Bonus/Merit Pay	24%	23%
Vacation Pay	85%	84%
Life Insurance	46%	66%
Profit Sharing Plan	27%	30%
Pension Plan	18%	71%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon metropolitan areas, Hallcrest Systems, Inc., 1982

poor performance ratings by contract security managers pertain only to other firms or are also an assessment of their own personnel.

The chiefs and sheriffs in the contract security manager's vicinity also gave "poor" ratings in the above-mentioned categories, and these ratings by law enforcement were accurately perceived by the contract security managers. Proprietary security managers who are major users of contract security also gave them "poor" ratings in these categories, but rated their own proprietary security personnel higher. Previously, the potential for use of unreasonable force and improper use of weapons was discussed as a major liability for private security, but both contract security managers and law enforcement officials agreed that security performance was "good" in this area, or they reported they "don't know."

7.10 SECURITY MANAGERS

Industrial security programs received their first major thrust from the security programs established in critical industries related to World War II. Many of these first security directors were drawn from law enforcement and the military. In the Hallcrest national surveys, security managers reported on their years of law enforcement, military and security experience for several different positions. In Appendix A, the mean years of experience for those responding to each type of position are reported for the proprietary and contract security manager surveys. Table 7-13 summarizes the

overall areas of experience. Proprietary security managers are more likely to have both law enforcement and military experience than contract security managers. Just over 50% of contract security managers report some private security, but no law enforcement or military experience. Fifty-four percent of proprietary security managers report some law enforcement experience, and 60% report some military experience. No significant correlation was found between type and years of experience for proprietary managers and the number of security employees, security budget, security manager salary, and the sales or asset value of the organization.

TABLE 7-13
BACKGROUND OF SECURITY MANAGERS

<u>Area of Experience</u>	<u>Proprietary</u>	<u>Contract</u>
Private Security, Military, Law Enforcement	31%	19%
Private Security and Military	26%	18%
Private Security and Law Enforcement	19%	9%
Private Security only	19%	52%
Military only	1%	-
Law Enforcement and Military	2%	1%
Law Enforcement only	2%	1%
	<u>100%</u>	<u>100%</u>
	N=676	N=545

SOURCE: National Surveys of Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

Reconnaissance and site interviews support the national survey findings concerning the law enforcement backgrounds of many security directors. Many senior law enforcement managers have considerable interest in a second career in private security. Motivation, in part, may be the fact that most security directors and many security managers earn more than the chiefs of police and sheriffs in their area. Table 7-14 displays selected security manager compensation data from three sources: (1) Hallcrest national surveys, (2) a survey of ASIS membership by Abbott, Langer and Associates¹², and (3) the American Management Associations annual executive compensation surveys.¹³ The 1981 median annual base salary, excluding cash bonus and profit sharing, is compared for three levels of proprietary security management responsibility (entire organization, corporate division, a local facility) and local contract security managers and/or owners.

The Abbott and Langer survey found differences in salary based upon size and type of proprietary organization, level of education and years of experience. As a composite profile from Table 7-14, in 1981 security directors with responsibility for national and international operations earn over \$40,000 median base salary and security managers responsible for a corporate division earn a range of \$30,000 to \$35,000 median base salary. The Hallcrest data found that even local facility security managers earn a substantial median base salary (\$30,000) compared to many chiefs and sheriffs. While contract security managers in the Hallcrest survey earn a

TABLE 7-14
SELECTED SECURITY MANAGER COMPENSATION DATA (1981)

Level of Organization	Median Annual Base Salary*		
	Hallcrest	Abbott/Langer ⁺	AMA ⁺⁺
PROPRIETARY SECURITY			
Level I	(N=)	(N=)	(N=)
International Operations	\$43,461 (64)	\$35,000 (145)	\$35,500 (74)
National Operations	\$41,363 (108)		
Entire Organization	\$33,197 (279)		
Level II			
Corporate Division	\$35,131 (115)	\$30,000 (474)	\$28,500 (79)
Level III			
Local Facility	\$30,143 (162)	\$24,182 (20)	\$26,500 (50)
CONTRACT SECURITY	\$25,937 (476)	\$47,500 (8)	-

* Base salary excludes cash bonuses and profit sharing

+ In business/industry, corporate level or independent company; in government, an agency head reporting directly to CEO.

++ AMA designated companies by large, medium, small based on sales, employees, value of insured assets and other criteria; companies are manufacturing, processing, transportation, communications, and services.

SOURCE: National Survey of Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

The Security Report, Abbott, Langer & Associates, (Park Forest, IL), 1982.

Executive Compensation Service, American Management Associations, 1981.

median base salary of about \$4,000 less than proprietary security managers at local facilities, contract security firms frequently reward their managers for performance through cash bonuses and profit sharing. In a 1980 Security World survey of security manager compensation, only about 25% or less reported receiving company benefits of cash bonuses, stock or stock options, and profit sharing.¹⁴ In this same survey, over one-half of the security managers reported receiving company benefits of health and life insurance, contribution to a retirement fund and paid dues for a professional organization.

The educational level of security managers is significantly higher than reported by security employees in the Hallcrest site surveys. Two-thirds of the security managers in the Security World compensation survey had completed an associate or higher degree, and almost one-half had completed a bachelor degree. Over three-fourths of manufacturing security managers completed an associate or higher degree. In contrast, only 15% of contract employees and 32% of proprietary employees in the Hallcrest site surveys report attaining an associate or higher degree.

7.11 SUMMARY

Negative stereotypes have plagued private security, and the low performance ratings of private security personnel by law enforcement officers and managers indicate that operational security employees are not well regarded by law

enforcement. Selection and training of security employees were heavily criticized in two major baseline security studies. Yet, there has been identifiable, albeit not dramatic, progress in the upgrading of security personnel, with proprietary security personnel receiving more thorough screening and training.

Although the type and amount of training varies widely among local, regional and national contract security companies, the fact remains that the majority of contract security guards receive less than eight hours of pre-assignment training and actual firearms training for armed guards is about eight hours. On-the-job training is the primary type of training received by many contract employees and they are just as likely to receive most of their training from fellow workers as from supervisors. A lack of legal knowledge was displayed by security employees, but many security posts have little public interaction and security employees overall report very few detentions, arrests and use of force.

In at least one-third of the states, a criminal record check is prohibited by legislation. While reported incidents of abuse by security personnel are not widespread or rampant, the potential for abuse remains high in states where criminal history record information is not made available for security employees and in states where significant delays in applicant processing by regulatory bodies permit convicted felons to work as security guards until detected by a record check.

Over the past decade, there has been a decrease in the number of contract security personnel carrying firearms. Nationally, less than 10% of contract security guards are armed and the policies of most companies discourage client requests for armed guards. In addition, security company and client policies also appear to discourage security employee detentions, searches and use of force in most situations. Less abuse and fewer opportunities for abuse occur than the negative stereotype of security officers and the media portray, especially for contract security. The majority of security personnel are located in manufacturing or industrial settings and have little interaction with the public. Most incidents of abuse witnessed by law enforcement officers in the case study sites involve the lack of legal knowledge displayed by security employees (identified in earlier studies by Rand and by Shearing and Stenning).

Based upon self-reporting of tasks and security incidents, private security personnel perform relatively few of the common activities of police officers. Most private security officers are directly involved in protection of assets and preventing losses, and a criminal incident is just one of several potential threats. The most frequent security problems encountered by security guards are carelessness, trespassing, fire hazards, vandalism, disturbances and fire alarms. Investigators for proprietary security operations spend most of their time investigating employee theft.

FOOTNOTES

Chapter 7

1. James S. Kakalik and Sorrel Wildhorn, The Private Police Industry: Its Nature and Extent, Vol II (Santa Monica: The Rand Corporation, 1972), p. 67.
2. *ibid.*, p. 106.
3. *ibid.*, p. 110.
4. Michael R. Olson, "A Comparison of Some Characteristics of Public and Private Security Personnel," Journal of Security Administration, 1 No. 2 (Spring 1978) 71-72.
5. Ronald J. Nolfi, "Access to State Criminal History Records," ASIS Privacy and Security Seminar, Arlington, VA, July 12-13, 1982.
6. State of Washington, 43.43 RCW, Sec. 1, 1982.
7. Clifford D. Shearing, Margaret B. Farnell, and Phillip C. Stenning, Contract Security in Ontario (Toronto: Centre of Criminology, University of Toronto, 1980), p. 253.
8. *ibid.*, p. 229.
9. *ibid.*, p. 132.
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11. Steven Langer, The Security Report (Park Forest, IL: Abbott, Langer and Associates, 1982).
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CHAPTER 8

AN ECONOMIC PROFILE

OF

PRIVATE SECURITY

CHAPTER 8

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CHAPTER 8

AN ECONOMIC PROFILE OF PRIVATE SECURITY

Previous chapters discussed the extensive array of private security products and services used by business, industry, institutions and all levels of government. The apparent growth in the use of all elements of private security was one of the motivations for the sponsorship of this research by the National Institute of Justice (NIJ). The increased prevalence and use of private security has been described both in general terms in subjective sources such as magazine and newspaper features on crime and anti-crime measures, and also in more specific terms in market research reports prepared by commercial research organizations. The subjective discussions of crime problems and private security occasionally contrast increased use in private security with a reduced level of local police resources.

A review of extant literature, government publications and the market research reports, however, yielded a scarcity of descriptive material on the growth of private security and virtually none on the comparative growth of private security with law enforcement. Perhaps, the market research reports have a bias toward favorable projections of growth since they are prepared primarily for sale to individuals and organizations interested in market opportunity assessment for investment, expansion, product line development, or acquisition in private security products and services. In addition, these

reports are not scholarly assessments of the overall scope, complexity, and future direction of the total private security industry, and the inconsistency among the reports in the grouping and definition of products and services does not yield comparable data. Further, footnotes and other indications of informational sources are rarely presented.

Despite the limitations of the data sources, this chapter examines the growth of private security in the United States to encompass 1.1 million employees in 1982 and conservatively projects growth to 1985 of \$15 to \$20 billion in annual revenues. Total expenditures for private sector security have been estimated at \$22 billion in 1980. This chapter also compares the growth of private security and law enforcement during the 1970's. The first two sections of the chapter present trends in employment and expenditures, discuss theories of growth and summarize overall employment and expenditures for major categories of security products and services. Subsequent sections describe the major segments of contract private security and examine their revenues, growth trends, industry structure, key end user markets, and demand trends. Chapter 13 discusses the impact of emerging technology on future growth. Appendix C contains a more detailed economic outlook for private security, based upon a classification scheme and methodology that recognizes the limitations of existing data sources.

8.1 A DECADE OF GROWTH: 1970 to 1980

8.1.1. Trends in Employment and Expenditures

There are several sources for estimating the gross trends in employment and expenditures for private security and police: the Bureau of Justice Statistics, the Bureau of Labor Statistics, and the Bureau of Census. Data compiled by the Bureau of Justice Statistics monitors trends in local, state, and federal criminal justice systems expenditures. The Bureau of Labor Statistics (BLS) charts occupational growth for a variety of "protective service workers" including police officers, patrol officers, sheriffs and bailiffs, detectives, and parking enforcement officers. Protective service positions also include guards and doorkeepers, store detectives, fitting room checkers, railroad police, and other security "checkers" and workers. The BLS data include proprietary guard positions in virtually all major Standard Industrial Classification (SIC) codes commonly used to classify business types; the data also include some contractual security positions (under miscellaneous business services) and government security guards (federal, state and local).

The Bureau of Census is another source of data for both police and security employment and expenditures. The Census of Government conducted by the Census Bureau encompasses employment data for all police agency personnel--sworn and civilian--whereas the BLS data classify police-related positions on the basis of enforcement powers exercised. County Business Patterns, a Census Bureau publication, reports yearly

data for all employees in business establishments in SIC 7393, Detective and Protective Services (guard and detective, armored car and central station alarm). The Census of Service Industries reports similar data at five-year intervals. The Rand report compared the growth of private security with that of public law enforcement from 1950 to 1970. Using the BLS data as a baseline, the Rand report noted that combined private policemen and detectives and public and private guards in 1950 outnumbered total law enforcement by a ratio of 1.42 to 1.¹ By 1960, the ratio of public sector police and guards to private sector police and guards ranged between 1.27 to 1 and 1.52 to 1, depending on whether Census or BLS data are used. Using BLS data, this ratio had increased to 1.63 to 1 in 1967, with public police employment increasing 40% from 1960 to 1967, and private police and all guard employment increasing by only 11%. BLS and Rand trend line projections estimated a ratio of public sector protection to private sector of 2.19 to 1 by 1975. Although noting the steady rise of private security, Rand observed: "Thus, public sector security is growing much more rapidly than private sector security employment."² The Rand authors apparently had an intuitive feeling, based upon interviews and news articles, that the numbers of both in-house and contract guards and police were increasing. BLS data, however, suggested that contract guards were expanding their share of the market for

guard services (estimated in 1969 to be 20 to 30%) by replacing proprietary security staffs: "contract security employment has been increasing at the expense of declining employment of in-house guards and police."³

Tables 8-1 and 8-2 display the latest available comparative data for employment and expenditures, and Table 8-3 displays BLS projections to 1990 of public and private protection employment. Table 8-3 compares employment estimates of the BLS for crime-related protective service positions, somewhat similar to the Rand report.⁴ For government positions, Table 8-3 lists both law enforcement and guard positions by sector and level of government; Table 8-1 aggregates all law enforcement sworn police positions, and for private security lists guard and security positions by primary business sector, including government. A caveat to the reader at this point is important: these data include only guards, store detectives and miscellaneous operational security positions. Large numbers of both contract and proprietary security personnel are excluded in the BLS data, e.g., armored car personnel, alarm company armed personnel, private investigators, managerial security personnel and other security personnel.

The summary employment and expenditure data in Tables 8-1 and 8-2 are the most recently available government source data from the BLS and DOJ. These summary tables, depicted graphically in Figure 8-1, indicate that total private security employment (measured largely by guard positions) now exceeds total public police protection. In Table 8-2, the private

TABLE 8-1

SUMMARY OF PROTECTIVE SERVICE WORKER EMPLOYMENT

1980

PUBLIC LAW ENFORCEMENT (Sworn Police Personnel)		580,428
Local	495,842	
State	55,042	
Federal	29,544	
 PRIVATE SECURITY		678,160
Government Guard	35,982	
Local	16,040	
State	9,130	
Federal	10,812 ¹	
Contract Guards/Workers	341,102²	
Proprietary Guards/Workers	301,076	
Industrial/Manufacturing	65,800	
Construction	3,010	
Retail	55,838 ³	
Financial Institutions	16,874	
Real Estate	38,179	
Health Care Facilities	29,003	
Educational Institutions	25,553 ⁴	
Utilities/Communications	2,594	
Distribution/Warehousing	4,620 ⁵	
Hotel/Motel/Resort	8,773	
Transportation	5,109 ⁶	
Other	45,723	
 GRAND TOTAL		1,258,588

SOURCE National Industry Occupation Matrix 1980-90
Bureau of Labor Statistics

- 1 includes 1825 "other" protective service workers
 2 excludes armored car guards and alarm company armed response workers
 3 includes 28,695 guards, 18,279 store detectives, 8,864 fitting room checkers
 4 excludes organized police departments
 5 includes wholesale trade and truck/warehousing (transportation)
 6 excludes railroad police and transit police

TABLE 8-2

SUMMARY OF ESTIMATED ANNUAL EXPENDITURES

FOR PROTECTIVE SERVICES

<u>Police Protection (1979)¹</u>	<u>\$ billion</u>	<u>%</u>
Federal	\$ 1.9	14.1%
State	2.1	14.4%
Local	9.8	71.5%
TOTAL	\$13.8 billion	100%
 <u>Private Protection (1980)^{2,3}</u>		
Industrial/Manufacturing	\$ 5.9	27.6%
Retailing	3.8	17.4%
Government Installations	3.3	15.9%
Financial Institutions	1.9	8.8%
Health Care Facilities	1.4	6.3%
Educational Institutions	1.4	6.3%
Utilities/Communications	1.1	5.1%
Distribution/Warehousing	.92	4.2%
Hotel/Motel/Resort	.72	3.3%
Transportation	.29	1.4%
Other	.87	4.0%
TOTAL	\$21.7 billion	100%
 GRAND TOTAL:	\$35.5 BILLION	

1 Sourcebook of Criminal Justice Statistics, 1981 U.S. Department of Justice, 1982

2 "Key Market Coverage," Security World, 1981

3 Note the absence of residential, a major user of locks, alarms, fencing, and security patrols.

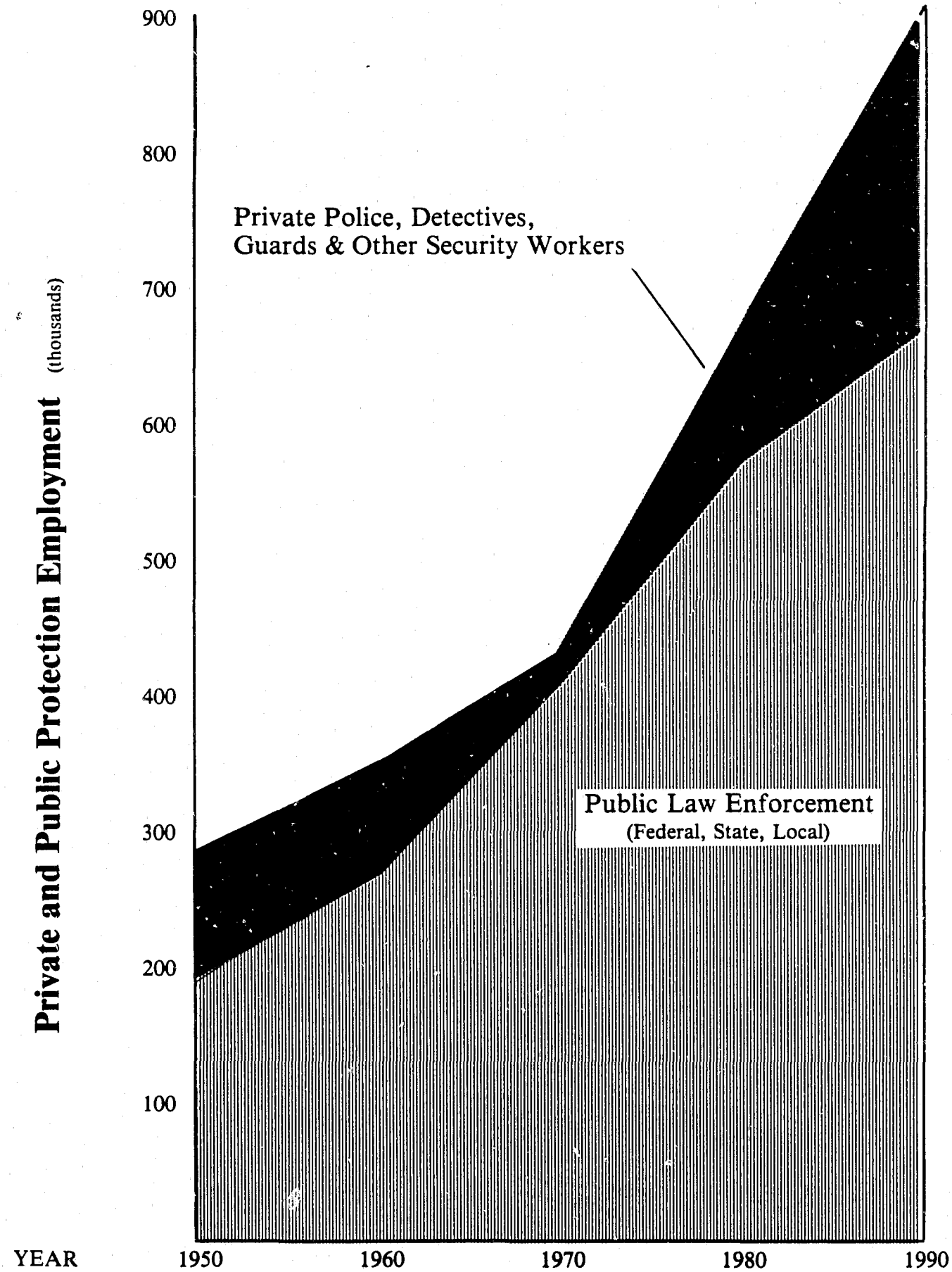


Figure 8-1
Trends in Private and Public Protection Employment
 Source: Bureau of Census and Bureau of Labor Statistics Publications

security expenditure data by business sector represent a projection by Security World to the universe of security market segments, based upon a self-reporting survey of their subscribers of total private security systems and services spending.⁶ These data suggest that total spending for private security goods and services far exceeds police protection expenditures at the combined federal, state and local levels of government. Extrapolating an estimated 1980 police expenditure figure by applying the prior three year average increases in police protection expenditures to 1979 data, yields a 1980 ratio of total private protection spending to police protection of 1.33 to 1. The Rand trend line projections of rapidly growing police protection, then, did not hold true.

Data in Table 8-4 reflect the growth in private protective services (SIC 7393), according to the Census Bureau,⁷ during the period Rand projected rapid growth in police protection. In comparing the growth of the protective services component of contract security with police protection from 1972 to 1977, it is clear that expenditures for private protection services of detective and patrol agencies, armored car and burglar and fire alarm central station monitoring increased at a faster rate than police protection. In fact, detective and patrol services (the most labor-intensive service) increased over 100% from 1972 to 1977, while total police protection expenditures increased over the same period only about 65% (\$6.9

TABLE 8-4

GROWTH OF PROTECTIVE SERVICES - ESTABLISHMENTS, EMPLOYEES, RECEIPTS
SIC 7393 DETECTIVE AND PROTECTIVE SERVICES

	1972	1977
ESTABLISHMENTS		
Detective Agencies/ Guard Services	3,490	5,173
Armored Car	1,019	705
Burglar/Fire Alarm	717	1,235
TOTAL	5,226	7,113
RECEIPTS (\$000)		
Detective Agencies/ Guard Services	\$ 912,252	\$1,859,607
Armored Car	232,464	298,742
Burglar/Fire Alarm	274,785	457,143
TOTAL	\$1,419,501	\$2,615,492
EMPLOYEES		
Detective Agencies/ Guard Services	176,315	245,071
Armored Car	21,260	16,468
Burglar/Fire Alarm	14,382	18,389
TOTAL	211,957	279,928

SOURCE Census of Selected Service Industries, U.S. Bureau of Census

billion to \$11.8 billion). The number of protective service establishments increased by about one-third during this period.

The employment and expenditure trend data reveal that private security since the 1950's has outnumbered law enforcement, even though public police growth accompanied the suburban sprawl and urban crime rates of the 1960's. Growth in police protection continued at annual rates of 11% to 16% until about 1976, when the rate of increase markedly slowed down. Police protection, then, expanded during the large crime increases and social unrest of the late 1960's and early 1970's. This growth was supported in large part by the assistance of federal, state and local crime control programs and by the resources of the Omnibus Crime Control and Safe Streets Act administered by the Law Enforcement Assistance Administration. As noted earlier, the longitudinal studies by Jacob and Lineberry show little impact of police resources on rising rates of crime, regardless of geographic locations. Interestingly, it was during this period that private protection expenditures and employment began to increase significantly.

The BLS Industry-Occupation Matrix 1980 - 1990 makes labor force projections to the year 1990 from 1980 baseline data.⁸ State and local sworn police are projected to add about 93,000 positions from 1980 to 1990 at an annual average rate of growth of only one and one-half percent. According to BLS, employment of state and local government guards would increase nearly 70% during the same period, but overall employment

growth in public sector protection is expected to be less than 2.5% annually. In sharp contrast, BLS projects a one-third increase in total private sector protective worker positions from 1980 to 1990. Store detectives in the retail setting are expected to increase by one-half. Railroad police and the small number of "other" workers are forecasted to decline by 1990. In the aggregate, if the trend continues, BLS forecasts about 215,000 new protective workers to be employed in the private sector by 1990.

The Hallcrest national surveys also reflect sizable growth in private security from 1977 to 1981; both reported expenditures by proprietary security and contract firm revenues increased significantly between 1977 and 1981. As noted in Chapter 4, nearly 90% of security directors in our national survey report annual increases in their security budgets over the past five years, with just over one-half reporting double-digit increases. The Hallcrest survey of contract security firms, found over one-half of the local and central station alarm companies reported average annual increases in revenues of greater than 15% per year over the past five years. Similarly, over one-half of guard and patrol service companies of greater than 100 full-time employees reported annual revenue increases of greater than 15%. Smaller firms, however, did not grow as rapidly. This is contrasted with the decline in law enforcement resources in relation to growth rates in population and crime, reported in Chapter 2. In our national

surveys, the actual number of law enforcement personnel decreased or remained the same in the past five years in 44% of all agencies--almost one-third of responding law enforcement agencies reported decreases in police personnel.

Increased revenues by themselves are not always an indicator of true growth. In our field interviews, we noted several business practices of contract guard companies which have an impact on seemingly robust rates of growth. In some major marketplaces with keen competition or in other economically distressed areas of the country, security guard contracts in 1982 have been renewed at the same or lower hourly billable rates than the prior contract year. In some cases the large national and regional firms have led the pricing "holds" or reductions in order to sustain overall billable hours and revenue for the company in the face of stiff local firm competition. Yet, still other firms have engaged in the practice of increasing the billable rate to premium and long-standing accounts--increasing revenue but not on the basis of true growth as measured in billable client hours.

8.1.2 Theories of Private Security Growth

The apparent decline or stabilization of public protection resources and property tax limitation measures correspond with an increase in employment and expenditures for private protective measures. Previous chapters focused on the increased use of private protection measures by all segments of the community. A number of theories have been offered to explain the

growth of private security. Many of these theories relate to the perceived role of private security, and the following chapter discusses them in greater detail as they relate to perceived roles and relationships of law enforcement and private security. At this point, some plausible explanations are presented for the growth of private security.

The most rapid growth for private security appears to have occurred in the last five to seven years. The latter few years have seen a recession in the national economy. During this period, private security has sustained a rate of growth higher than service industries in general;⁹ this was also true for earlier growth of private security reported in the Rand study. Thurow (1982) in his book, The Zero-Sum Society, argues that private security guards are a good example of how certain services constrain rather than stimulate the economy:

While less than 30% of the additional man-hours added to the economy from 1965 to 1972 had been in services, 47% of all man hours added to the private economy after 1972 were in services. Since service productivity is 40% below the national average, every worker moving into services represented a sharp cut in average productivity...The essence of the problem can be seen in the 300,000 security guards added to our economy since 1972. Since security guards protect old goods and do not produce new goods, they add nothing to output, but they increase man-hours of work.¹⁰

This theory might have some validity in the warehousing, distribution and retailing of finished goods where security guards are extensively used, but many security managers would

successfully argue that goods lost to theft, fire and other forms of loss affect the profitability of a company and thus the economy. The lost goods are not automatically replaced with the purchase of new goods. In the case of manufacturing and industrial uses of security personnel--the highest users of security guards and equipment--the protection of raw materials, precious metals, production machinery and proprietary information all have a direct bearing on the ability of the company to produce new goods at a profit. The subsequent loss of the goods in distribution channels before the buyer or consumer takes possession also affects the profitability of the company. In addition, prevention and reduction of waste and accidents further contribute to a sound business posture for a company. Minimizing employee alcohol and drug abuse problems increases worker productivity and may reduce the risks of internal theft. Ironically, our reconnaissance interviews and observations found one instance of security personnel being used by a major Fortune 500 firm to monitor production processes and worker productivity.

Viewed in Thurow's context, an argument could be made that police services drain the economy with increased man-hours of work with no new production of goods, since police services and protection are oriented toward social control mechanisms in the community and the attempted control of crime. Private security personnel, on the other hand, are part of an overall

program of asset protection and loss prevention to sustain the viability and profitability of a corporation and, thus, stimulate the economy.

Occasionally news articles attribute the growth of private security to the simplistic theory that crime increases as unemployment increases, and security prospers through increased expenditures by management to control loss due to crime. One of the obvious myths in this theory is that all crime is related to the state of the economy. The prevalence of many crimes in the business environment is more directly related to the opportunity to commit the crime--especially in the case of "white collar" crime--and the lack of controls to address the threat potential. Both our national survey data and field interviews disclosed that security program increases have not been automatic; rather, they are subject to the budgetary constraints of business recessions just like other organization program budgets. Additions to, or upgrading of, security systems are generally treated as capital expenditures and as such have been subject to the same tightened controls placed upon other capital expenditures in many businesses in recent years.

The Rand report suggests a commonly held view that private security services merely complement or supplement police services in the community. Scott and McPherson (1971), at about the same time, offered a "competitive view" of private security and police services--the only differences between police

and private security are the degrees of legal authority exercised, not the services offered.¹¹ Consistent with the complementary view of private security is the commonly expressed theory that private security has merely filled a vacuum created by the reduced ability of police to provide services--i.e., that private security exists only due to limited growth of the public police. Flavel (1973) rejects the "vacuum theory" and complementary views of private security and suggests what he terms an "interest group view": private security protects things that otherwise would go unprotected.¹² In the Hallcrest survey of national and regional security executives and in the site surveys of police officers, respondents were asked their opinions on these theories of growth. Security managers and police officers reject the competitive view, even though some police express concern for private security erosion of the police scope of services. Both groups supported the "vacuum theory" and "interest group view." Additionally, top security executives did not see the growth of their firm's services as directly related to citizen dissatisfaction with police services or lack of confidence in the police.

While we view the "fiscal crises of the state" as a contributing factor to the growth of private security in recent years, the vacuum theory by itself is too simplistic an explanation of more fundamental changes that have been occurring. Hallcrest believes that three interrelated factors largely explain the employment and expenditure data shift from

private to public protective resources after 1950 and the now increasing growth of private security in the midst of declining or stabilizing rates of growth for public protection: (1) an increased awareness and fear (real or perceived) of crime, (2) an increase in crime in the work environment, and (3) an increased awareness and use of self-help protective measures, especially private security products and services. These trends have resulted in increased use of private security for protection of private property. In the discussions of police and security roles in Chapter 9, we tend to support the position of Shearing and Stenning (1981) that large private property holdings and increased corporate use and emphasis of security have resulted in the private streets and enclosed areas of large industrial, commercial and residential developments being primarily protected privately whereas public areas are protected by public police.¹³

8.1.3 Other Growth Indicators

Employment, expenditure and sales data are traditional indicators of growth that document the past and anticipated future growth of private security. The number and value of shipments of security products by original equipment manufacturers (OEM's) is another key indicator. Historical and projected growth of security equipment is discussed in detail in the last section of this chapter, and in greater detail in Appendix C. Three other key indicators of growth are the

entry and growth of new firms; the sales, earnings, and dividend performance of the major publicly held security firms; and the recent acquisition of major security firms by Fortune 500 companies.

U.S.-based corporations have been the primary suppliers of security hardware and systems in the U.S. The Security/Fire Manufacturers Directory (1978) lists over 300 OEM's of security equipment, and the Security World Source Book for 1983 lists over 800 firms in a much more comprehensive listing of categories. The updates of these two directories show substantial growth--new business listings in virtually all categories. A more recent development has been the entry of foreign corporations into the U.S. market because of its significant size and growth. For example, many of the well-known Japanese consumer electronics firms (Canon, Hitachi, Mitsubishi Electronic, Panasonic, Sharp Electronics, Sony, Toshiba, Toyomenka) are well established in the security closed circuit television (CCTV) market as well as other mass consumer markets. The economic outlook for security goods and services in Appendix C lists selected foreign suppliers along with major U.S. firms within each of the major categories of security.

On a quarterly basis, Security Letter reports the sales, earnings and dividends performance of approximately 50 publicly held U.S. corporations with a significant amount of security-related business. A 1980 analysis of 21 corporations with the greatest revenues derived from security-related business activities showed an average increase of 42.8% in stock

value over the prior year.¹⁴ This is a strong performance relative to other non-security-related corporations listed on the New York, American, or NASDAQ stock exchanges. Generally, publicly held private security firms recording the highest growth were security equipment companies although several guard and armored car service firms posted moderate growth. In 1981, 90% of the security-related firms monitored by Security Letter reported sales increases over 1980.¹⁵ Per-share earnings increased in about three-fourths of the firms, and 56% of the firms had dividend increases. Wackenhut, the third largest guard service firm with over \$200 million in 1982 revenues, posted five straight years of record earnings in 1981 when per-share earnings reached \$1.31. Current projections estimate 1982 and 1983 earnings at about \$1.60 and \$1.80 per share, respectively.¹⁶

For the first six months of 1982, the sales performance of all of the firms monitored by Security Letter was down over the first two quarters of 1981.¹⁷ Yet at the same time, Value Line, an investment advisory service, predicted that earnings of publicly held security service companies would increase 20% to 25% in 1982 and 1983.¹⁸ This advisory service felt that decreased state and local spending for public safety will prompt corporations and individuals more frequently to hire private security, and that federal budget reductions would lead to increased "contracting out" for security services at government installations. In addition, Financial World noted that for 1983 "among the areas where Wackenhut is anticipating

further gains is in contracting services to municipal and county governments."¹⁹ Interestingly, Value Line sees an increasing market share for small security firms as part of the "small business set aside" provision in Federal Government contract procurements.

8.2 A SUMMARY OF PROTECTIVE SERVICES AND PRODUCTS

8.2.1 Employment In Private Security

8.2.1.1 Total Employment

Hallcrest estimates that total U.S. employment in private security in 1982 was 1,100,000 persons, excluding Federal Government civil and military security workers. Figure 8-2 displays employment estimates by position classes for proprietary and contract private security. Given the sizable limitations of government sampling techniques, we have attempted to develop a logical basis for estimating total security employment. In some cases, these estimates are very conservative, especially in proprietary security, and thus total employment could be as much as 15% larger or 1.25 million. We conclude from these estimates that private protection resources significantly outnumber combined local, state and federal sworn law enforcement personnel and guards by a ratio of nearly 2 to 1. Inclusion of government security positions would alter these figures, but we are reluctant to attempt it since there are so many military job assignments that pertain to physical, information or personnel security. If all government and private positions in protection are measured against positions with

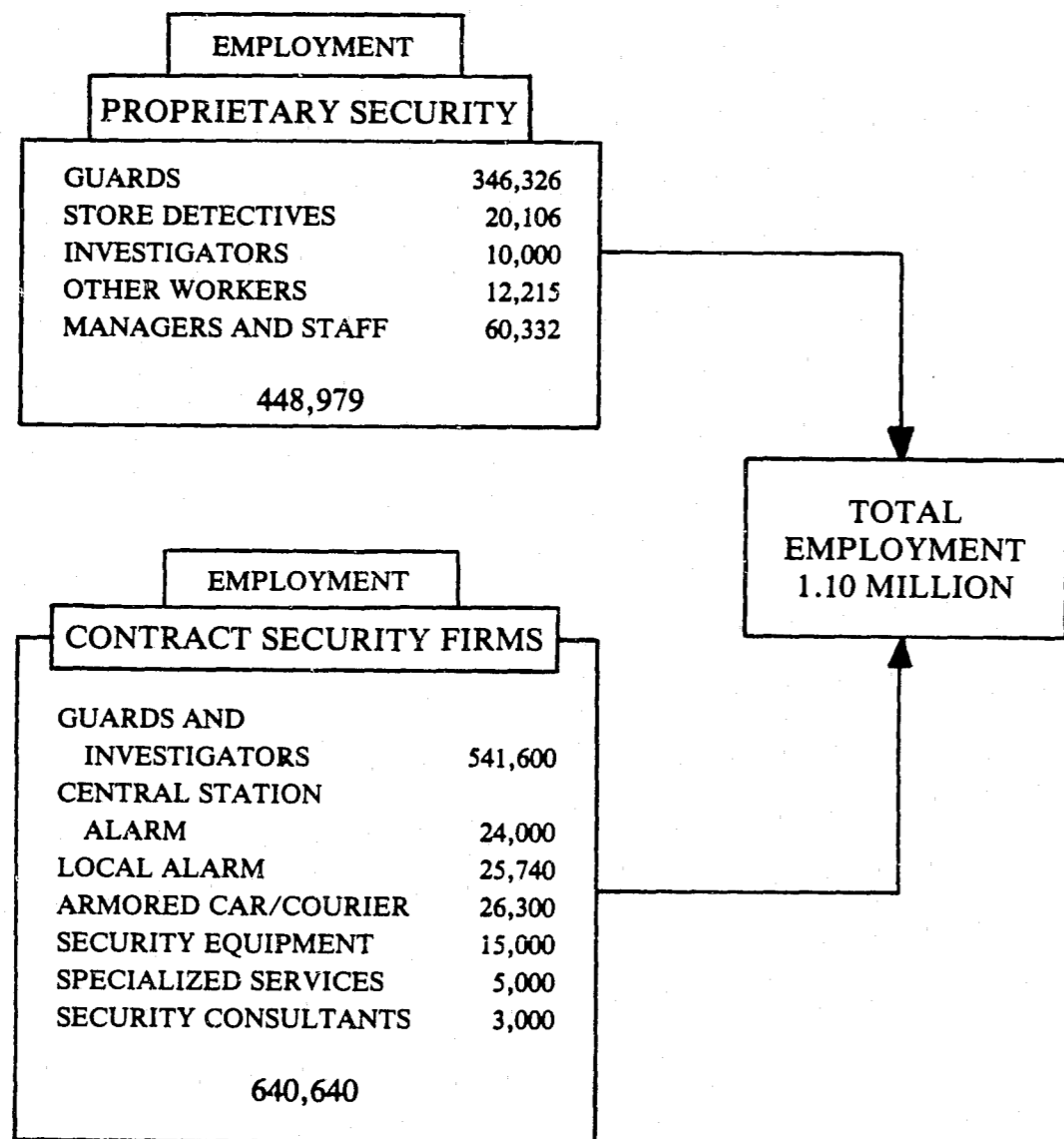


Figure 8-2
Hallcrest Estimated Private Sector* Security Employment in the U.S. 1982

*Excludes Government (Civil and Military) Security Workers

enforcement officer powers, then the Private Security Task Force characterization of a "massive" resource would certainly be an accurate one. The following sections discuss the major data sources and their limitations and provide the detailed estimates for the major position classes.

8.2.1.2 Past Estimates and Data Source Limitations

Obtaining valid data on total employment in private security is an extremely difficult task. The summary BLS data from the National Industry Occupation Matrix in Tables 8-1 and 8-3 indicate that in 1980 the total security personnel of 678,160 outnumbered the combined 580,428 federal, state and local law enforcement personnel. Whereas law enforcement figures include all sworn police positions (patrol, investigative, operations, support, supervisory and managerial), the BLS private protective worker positions are confined to guard, store detective and other miscellaneous security worker positions. Several other identifiable classes of security workers are missing from these employment estimates, including armored car personnel and alarm company personnel.

Private security involves a broad range of position classifications and occupational groups of persons engaged in the tasks of guarding, investigating, surveilling, transporting, inspecting, installing, monitoring and servicing protective products. Collectively, this group of persons would constitute the private protection labor force in America. In 1976, the Private Security Task Force (PSTF) estimated that as many

as 1,000,000 persons might be employed in security with the organizations represented by the membership of the American Society for Industrial Security (ASIS). A 1975 survey by the PSTF disclosed 291,143 persons employed by about a one-third sample of the ASIS membership. This figure was then projected up to the total membership of approximately 5400 to obtain a total of 880,000 security employees. The PSTF estimate of one million persons was derived by adding the 1000-member increase in membership from 1975 to 1976. Adding three to four thousand new members each year, the ASIS membership had reached 19,000 by the end of 1982. While the total population of security managers may have increased during that period, the significantly higher ASIS membership figure also reflects active recruitment efforts by that organization. Updating the PSTF estimate from this enlarged membership base would not be plausible since multiple memberships from the same organization would result in double counting of employees. The 1976 projections were subject to the same set of methodological problems.

Methodological problems also are present in attempts to develop private security employment estimates from government data. For Census Bureau data, the primary basis for collecting information on contract security is the number of paid employees employed for a single weekly payroll period in March. This method creates a number of problems. For example, there are many sole proprietorships and partnerships in the private investigative field where no full-time employees

are utilized. Frequently, outside independent investigative personnel work for these small firms on a contract basis for specific cases or assignments. These firms and workers would not be included in the Census reporting. The private guard industry, in particular, is characterized by a large number of part-time employees and employees who are involved in seasonal employment for the clients of guard firms; an unknown but certainly substantial number of these employees would not be captured during the single week in early spring when the data are collected.

The primary sources of government information on the size of proprietary security are two Bureau of Labor Statistics programs: (1) annual Area Wage Surveys conducted to determine occupational earnings in metropolitan areas, and (2) the Occupational Outlook Handbook and supporting labor force projections from the National Industry Occupation Matrix referenced in the previous section of this chapter. In the Area Wage Survey program, "all-area estimates" of security guards are derived from 70 sample areas selected and weighted to represent the 262 Standard Metropolitan Statistical Areas (SMSA's) of the United States. Establishments of 50 or more workers are surveyed in the following industry divisions: manufacturing; transportation; communication and public utilities; wholesale trade; retail trade; finance, insurance and real estate; and selected services. In 13 of the largest SMSA's,

the minimum establishment size is 100 workers in manufacturing; transportation, communication and other public utilities; and retail trade.

Major exclusions from the survey are construction, extractive industries (mining and oil, etc.), and government. A basic difficulty with this sampling procedure is the number of business establishments under 50 employees in most sample areas, and the establishments under 100 in the 13 largest SMSA's which our national reconnaissance interviews and observations indicate are frequent users of proprietary or in-house security guard personnel, especially in the manufacturing, finance and wholesale and retail trade. These facilities can be disproportionately large in physical and asset size and frequently employ security workers.

In compiling the National Industry Occupation Matrix protective service worker estimates used in Tables 8-1 and 8-3, there are inconsistencies in the data collection methodology which make it difficult to develop gross employment estimates for private security. For 1970, Census of Population data was used to compile the BLS data, whereas in 1980 BLS utilized the Occupational Employment Statistics (OES) survey. This survey collects information on positions it expects to find in certain industry types which primarily employ over 250 employees in most states surveyed. While the BLS data do capture some positions in protective services not covered by Census data, there are some inconsistencies; for example, armored car guards are included in the 1970 labor force projections, but

excluded from the 1980 projections. One of the most difficult problems in estimating the size of private security is the lack of universally acceptable definitions of the scope of private security. Professional and upper level management positions in private security do not have readily agreed upon job titles like accountants, engineers, etc.

8.2.1.3 Contract Guards

In a 1975 survey of state licensing and regulatory agencies of private security, the PSTF found 7421 regulated contract guard and detective firms which employed 275,782 persons in the 33 responding states. These figures represent about 1700 more firms and 30,000 more employees than the Census of Service Industries data showed two years later for all of SIC 7393, which also includes armored car and central station alarm firms. In the Hallcrest survey of licensing and regulatory agencies in 1981, approximately 7800 guard and investigative firms employing about 280,000 persons were regulated in just the six populous states of California, New York, Texas, Illinois, Ohio and New Jersey. While in some of the states there is a requirement that the local branch offices of firms be licensed and there is some double counting of firms, the important point to note is that six years later our data show more firms and employees in just a few major states than the PSTF found in over 30 states with state government regulation. We estimated approximately 10,000 to 11,000 guard and detective agency firms in the U.S. in 1982 by making a count of a

national mailing list firm, Yellow Page directory listings of major cities, and mailing lists of insurance underwriters for the security industry. Dun and Bradstreet lists about 4000 guard and detective firms that have applied to them for credit; and one national mailing list firm estimated about 5500 detective agencies and 4000 guard firms in 1981.

Our data indicate that there are about 2500 firms primarily engaged in providing private investigative services, and about 8500 firms providing guard services in the United States. We also estimate an annual business turnover rate of at least 20% based upon list updating of the insurance and mailing list firms and our analysis of telephone directory listings and the nondeliverable mailings on the national contractual security firm survey.²⁰

An estimate of the total number of persons employed by these guard and detective firms was developed in a two-step process. First, the Census of Service Industry (CSI) distribution of employee size of firm (see Table 8-14 in Section 8.3) was applied to the number of estimated firms through firm sizes of less than 1000 employees, yielding 391,600 employees. The known number of employees from ten of the largest national and regional guard firms (see Section 8.3) was added to the number of firms expected to employ over 1000 employees in the CSI distribution, yielding 150,000 employees of the 30 largest firms. The total number of contract guard and investigative firm employees, then, is estimated at 541,600.

8.2.1.4 Proprietary Guards

The BLS Area Wage Survey data estimated the total number of proprietary guards at 208,110 in 1980 and at 220,189 in 1981, an increase of 5.8%. Data used by BLS for the National Industry Occupation Matrix from the OES survey listed 271,308 proprietary security guards in 1980. Applying their projected average annual increase to 1990 of 3% yields 287,586 guards in 1982; applying the 5.8% annual increase from the BLS area wage surveys yields 302,779 proprietary guards in 1982. Making the assumption that contract guards now represent 61% of all employed guards in the U.S. (up from 55% in 1978), proprietary guards would total 346,326 compared to our contract guard and investigator estimate of 541,600. It is interesting to note that this combined figure for just contract guards and investigators and proprietary guards of 887,926 in 1982 approximates the PSTF total employment figure for all private security positions in 1975. In the Hallcrest national survey of private security licensing and regulatory agencies, agency administrators estimated at least a 2 to 1 ratio of security personnel (proprietary and contract) to law enforcement personnel in their states. In the more populous states like Ohio, New Jersey, Texas, California and Illinois, the ratio of security employees to law enforcement officers was estimated at 3 to 1 and 4 to 1. Applying the conservative 2 to 1 ratio to the BLS figure (in Table 8-1) of 550,884 state and local sworn police personnel yields approximately 1.1 million security personnel in the United States.

8.2.1.5 Alarm Company Personnel

Drawing on the same sources used in estimating numbers of guard and investigative firms, Hallcrest estimates that there were also about 10,000 alarm firms in the U.S. in 1982. One major insurance underwriter for alarm companies maintains a mailing list of approximately 10,000 firms (not establishments). One national mailing list company compiled a list of 8000 alarm establishments from Yellow Pages of telephone directories and other sources dating back to 1979 and 1980. Security Distributing and Marketing magazine cites 9500 alarm companies among their 13,000 readers, plus an additional 2240 locksmiths and other security service companies secondarily engaged in alarm sales and installations. The 1977 Census of Service Industries listed only 1235 alarm establishments primarily engaged in maintenance and monitoring of burglar and fire alarm systems in SIC 7393-30, i.e., the individual offices of central station alarm firms. Local alarm companies cannot be estimated from Census data since they are listed under the construction category of SIC 1799, Special Trades Electrical Contractors.

Applying a 3% rate of growth to the CSI 1977 total for central station alarm establishments results in a 1982 total of 1420 establishments; then subtracting the 220 central stations operated by the ten largest central station firms in the U.S. listed by Underwriters Laboratories yields 1,200 central station firms in the U.S. in 1982. Using the median number of

15 central station employees from the Hallcrest national survey data (see Table 8-6 in Section 8.3), and adding the estimated 6000 employees of the ten largest firms results in a total of approximately 24,000 central station alarm employees in 1982. A total of 25,740 local alarm company employees is estimated by using the median figure of three employees for the remaining 8580 estimated local alarm firms. The total number of estimated alarm company employees, then, is 49,740.

8.2.1.6 Other Contract Security Services

The Census of Service Industry data show a decrease in the number of firms and employees of armored car firms from 1972 to 1977. Courier service is an important aspect of the operation of these firms, and there also are firms that operate solely as courier services that compete successfully with armored car firms at the local level. Some decrease in number of firms might have occurred through acquisitions and increased use of electronic funds transfer and automatic teller machine convenience banking. Using armored transport industry estimates for armored car and adding security courier services, we estimate 26,300 employees of these firms.

Based upon telephone directory listings for security equipment firms, we estimate that employees of access control, CCTV, and other security equipment installation firms (excluding safe and vault and locksmith firms) to be perhaps as high as 30% of total alarm company employees--an estimated 15,000 employees.

The remaining category of contract security employees not covered by other categories includes security consultants, security trainers and the providers of specialized security services not usually offered as part of established guard and investigative service firms, such as document storage and disposal, guard dogs, polygraph, etc. We estimate approximately 5000 providers of specialized security services other than consulting. A government-published Directory of Security Consultants (1972) listed 6622 consultants employed by 128 firms. The figures are unrealistically high since they include some guard service and investigative firms as well as academic institutions, associations, authors, publishers and other specialized resources surveyed for compilation of the directory. We estimate that actual independent consultants actively soliciting business number no more than 2000 to 3000 in such diverse areas as security management and loss prevention evaluations, political risk assessment and counter terrorism, and security systems design.

8.2.1.7 Other Proprietary Security Workers

Other categories of operational proprietary protective service workers monitored by the Bureau of Labor Statistics include store detectives, fitting room checkers and other forms of security checking. Using the BLS projected growth rates to 1990 in Table 8-3 of 5% annually for store detectives, there were an estimated 20,106 store detectives in 1982. The BLS data forecasted a decline in the other security

worker positions, but a 3.3% annual increase would be consistent with other protective service worker positions, notwithstanding the "contracting out" of those positions. All other operational security positions, then, are estimated at 12,215 for proprietary security. These two categories may be significantly underreported in BLS data. Store detectives and other security workers are employed by many smaller retailers, branch stores and other businesses (e.g, transportation and distribution centers) which were not surveyed by BLS, i.e., under 50 employees in most SMSA's.

8.2.1.8 Proprietary Security Managers and Staff

As noted above, the lack of standardized definitions of managerial and staff positions in private security make it very difficult for the government to track employment in these positions. The 1982 year-end membership of the American Society for Industrial Security (ASIS) of 19,000 includes not only corporate security managers and staff, but also government security managers, managers of contract security firms and multiple memberships from the same company. The two major central station alarm firms of ADT and Honeywell, for example, have over 100 members; and the largest guard service firms, Pinkerton's, Burns, Wackenhut, and California Plant Protection (CPP), have nearly 400 ASIS members among their organizations. Members from the U.S. Government number nearly 1000. Large corporations like General Motors and General Electric each

have over 40 ASIS members, and IBM has about 80 members among their security managers. Some of these members are in subordinate relationships to each other, and in turn manage other supervisory security personnel.

To estimate total private sector security managers and staff from ASIS membership figures, three steps were followed in the Hallcrest national survey of proprietary security managers using the ASIS membership: (1) all government, law enforcement, and contract security services and equipment suppliers were eliminated; (2) the category of "position responsibilities" was limited to corporate and department management and to division, section or unit security management; and (3) except in a few large cities, no more than one person per location was sent a survey. The median number of persons reported as being under the responsibility of the responding security managers was 15 employees at that location, not company-wide. Assuming that 40% of the ASIS membership represents this supervisory or managerial position of security responsibility, and applying only one-half of the median reported value number of employees would conservatively result in 53,225 security staff positions managed by 7097 managers, a total of 60,332 managerial and staff employees. Although some investigative employees would be included in the total number of employees, at this level of management they would be largely excluded, i.e., they would work for a security manager or staff supervisor of investigative activity. We estimate that

there are an additional 10,000 persons employed as investigators in proprietary organizations, e.g., credit card investigators, insurance investigators, internal theft investigators, defense contractor companies, etc.

8.2.2 Revenues and Value of Shipments to 1985

An overview is provided in Table 8-5 of the most recently available historical revenue/value of shipments data. Using trendline projections (least squares method), the grand total for protective services and products is estimated at \$14.9 billion in 1985 for the listed categories of security products and services. Rapid changes in microprocessor, alarm, audio and video technologies to a large degree will shape the future growth of different categories and end user markets. The principal information sources used in this analysis of the growth trends in the private security industry were commercially available market research reports and standardized government documents. The principal measures of economic growth are revenues for the protective services category and value of shipments for the deterrent equipment, monitoring and detection equipment, and fire detection and control equipment categories.²¹ Value of shipments is the common economic value indicator used by government reports and provides the most consistent comparative database. Each of these categories is discussed in detail with supporting data in Appendix C.²²

The primary purpose of the analysis is to obtain a current picture of the expenditures for private security goods and

In general, the markups taken by wholesalers and retailers in the distribution channel for security product sales and services are not reflected in the totals, nor are the installation costs of either simple or complex security systems. Conservatively applying these markups at 40% to the shipment value of products in Table 8-5 would add approximately \$3.5 billion to the total \$14.9 billion. If all security services and ancillary equipment and distribution channel markups were accounted for, we estimate that private protective service and product revenues could reasonably be expected to be in the \$15 to \$20 billion range by 1985.

The results of our research efforts include two observations that impact assumptions of security industry size and growth: (1) where SIC codes are available, trendline projections and market research report projections have in many cases been in close agreement, definitional problems notwithstanding; and (2) a broad range of continually growing security products and services, both large and small in volume are not, and perhaps cannot, be tracked and validated through SIC reporting. Thus, there is no question that private security is a multi-billion dollar and continually growing industry, despite the methodological concerns with aggregate projections of security industry size by revenue and value of shipments to 1985, and with market research report projections to even year 1995 (Predicasts, \$53.4 billion).²³

8.2.3 Key Demand Forces

The previous section of this chapter briefly discussed several theories on the growth of private security in the past decade. The key demand forces that accelerated growth in the late 1970's will continue to provide growth in the 1980's: the prevalence and fear of crime; declining public law enforcement resources; and private protective initiatives of individual citizens, neighborhoods, businesses, and institutions. Guard and investigative service revenues alone are estimated at \$12.2 billion in 1995 by Predicasts--close to Hallcrest's range for overall security industry projections to 1985! The single greatest demand factor influencing growth will be the ability of public resources (1) to recognize that a fundamental shift of protective resources from the public to the private sector has occurred, and (2) to forge new operational relationships and mechanisms for protection of communities. These initiatives will affect relative rates of expenditures between public and private sectors, contractual and proprietary security, and technology and human services.

Another major demand factor will be rapid changes in technology and lower end user prices for many security products, thus making many more protective devices available to the mass consumer market. Although forecast data are all but nonexistent at this time, robotics (or computer-controlled robotical devices), for example, may begin to make major market penetration for security monitoring and surveillance, replacing to some extent, human and lower levels of security

technology now frequently used. Another good example is the application of emerging thermal optics, laser, microwave and digital technologies to CCTV. These technologies potentially can overcome existing camera limitations associated with low-light conditions and range of light intensity. Thermal optics is evolving to apply thermal imagery principles to differentiate temperature variations between objects, which would eliminate the need for light. Use of digital, optical fiber, and microwave transmission can also eliminate costly cable and improve system security over long distances. (See Chapter 13 for a fuller discussion.)

8.2.4 Growth Trends by Category

Monitoring and detection equipment appear to be the strongest performing sector to 1985. Particularly high rates of growth are indicated for electronic article surveillance systems, and closed circuit television (CCTV), while direct connect intrusion alarms to police departments will decline sharply. Some of the major forces supporting the growth of this category are:

- computer-based systems integrating protection, energy, and facilities management;
- insurance incentives (premium reductions/discounts);
- security expenditure tax credits;
- high inventory shrinkage rates,
- increased residential security market penetration;
- increased use of computerized central monitoring services for local alarms;

- limited police response to alarm systems;
- general budgetary and manpower constraints on public law enforcement.

Deterrent equipment, like monitoring and detection equipment, will benefit in the shift from the human security services to electronic/automated security systems. Yet, the highest technology areas--electronic access control and data encryption units for computer security systems--promise to be extremely high potential growth areas. Electronic access control, especially, has been experiencing extremely favorable growth rates. Security fencing growth has been consistently strong over the past five years and should continue. Fixed security equipment, indicate relatively lackluster growth rates, particularly when inflation rates are considered.

Protective services growth lags the technology categories, in part because of technological displacement of guards. Guard and investigative services will still continue to experience growth due to increased conversion from in-house to contract guards, declining public police resources, and the considerable potential for contracting out of some traditional law enforcement activities discussed in Chapters 5 and 9. The growth of central station alarm services will depend largely upon their ability to expand beyond a commercial business base and successfully penetrate the residential alarm market, more recently the stronghold of local alarm companies and wireless intrusion detection systems. Sluggish growth rates and the

increased use of electronic funds transfer will limit armored car service expansion to a relatively small scale.

All indications point to the fire detection and control category being outpaced by all the other categories. The boom is well over for residential smoke detectors. Good potential, however, still exists in local and proprietary alarms, central station alarm systems, and automatic sprinkler systems.

8.2.5 End User Market Summary

In each category incorporated in the economic outlook in Appendix C, attention is given to key end user markets. The current size and respective growth rates of residential, commercial, financial, industrial and transportation sectors vary considerably by security category. Figure 8-3 summarizes Predicasts estimates of the overall potential of the various security market segments to 1985. Based on the Predicasts analysis, general consumer or residential markets will experience the largest growth rates to 1985. Fire control regulations, greater use of alarm systems and a greater awareness and concern on the part of the public for security appear to be the major supporting forces. Commercial and financial markets will also benefit from integrated security systems, higher incidence of retail business crime, electronic funds transfer and automated banking, insurance premium incentives, regulation, and increased sophistication of equipment. The

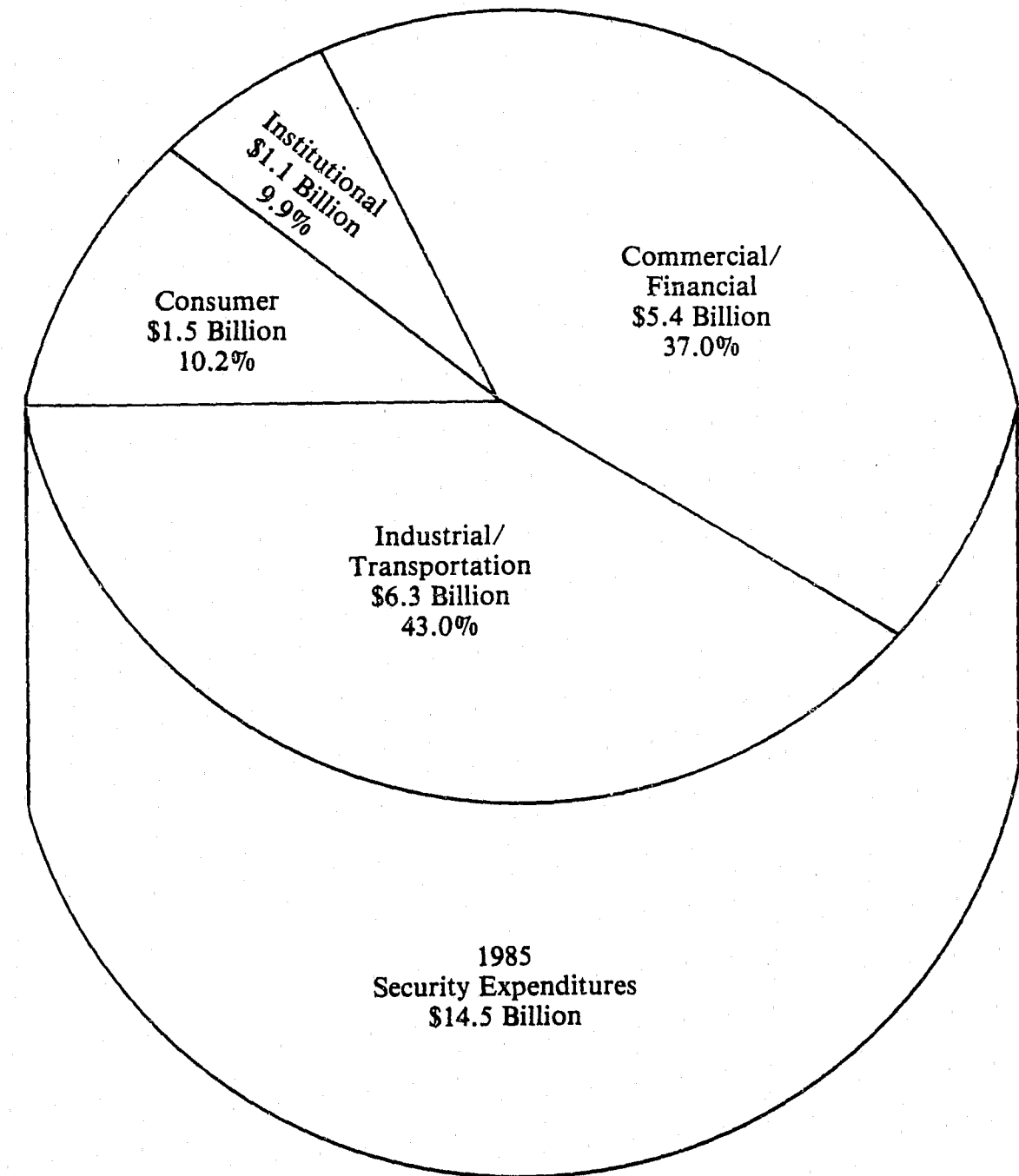


Figure 8-3
1985 Forecasted Private Security Expenditures by Market Segment

Source: *Private Security Industry Report, E55*, Predicasts, Inc., Cleveland, Ohio, 1979.

industrial and transportation markets and institutional markets will be outpaced by the above segments according to the Predicasts forecasts.

The following sections present the anticipated growth for major security categories summarized in Table 8-5. Primary emphasis has been placed on protective services (guard, investigation, armored car, alarm monitoring) and alarm equipment, since these are the most visible components of private security and have the most interaction and impact on relationships with public law enforcement. Detailed analysis of all categories is contained in Appendix C.

8.3 PROTECTIVE SERVICES: GUARD AND INVESTIGATIVE, ARMORED CAR AND CENTRAL STATION ALARM SERVICES

8.3.1 Category Definition

The U.S. Department of Commerce Standard Industry Classification (SIC) 7393 includes contract (outside) guard and patrol service firms employing guards and watchmen, private investigative services, armored car firms, and central station alarm services. The proprietary (in-house) protective service employees of business, industry, institutions, and other private sector entities are excluded from SIC Code 7393. Data in SIC 7393 are captured separately for detective agencies and guard services, armored car firms, and central station alarm companies. As noted in the summary section, many other security services are not captured by these reporting categories:

security consulting, security systems design, security surveys, specialized fraud and computer investigations, employee honesty testing, retail honesty shopping services, etc. These services are both preventive and investigative and frequently are not part of "detective agencies" (SIC 7393-10).

Detection of deception testing (e.g., polygraph and psychological stress evaluators) is often a service performed by some guard service firms and some investigative firms, yet many specialists abound in this field where services cannot be distinctively captured by SIC reporting. Many of these "other services" are major growth areas even though the aggregate revenues are not significant, e.g., executive protection and political risk assessment consulting. Similarly, the growth of these services cannot be tracked with SIC codes.

Central station alarm services earn significant revenues from monitoring intrusion detection and fire alarm systems. Yet, there are less than 500 central stations meeting the standards of Underwriters Laboratories and the National Fire Protection Association, and a total of less than 1300 central station firms are captured in SIC 7393-30 among our estimated 10,000 alarm companies in the U.S. The installation and service revenues of thousands of local alarm companies become "lost" in SIC's 1731 and 1799 as Specialty Trades Electrical Contracting. Additionally, there are over 2200 locksmiths and other firms secondarily engaged in alarm sales and service.²⁴

Thus, summary data for SIC 7393 presented in this section do not comprise a comprehensive listing of protective service

revenues, since many types of protective services other than guards, investigations, armored car and central station alarms are not captured.

8.3.2 Industry Structure

8.3.2.1 Contractual Firm Business Profile

There are a few large security companies of national scope and also a few Fortune 500 corporations diversified into security services or products; but, for the most part, security services are mostly provided by locally owned or operated companies. CSI data on size of firm and receipts in Appendix C tables make it clear that the industry is dominated in number of firms by the small size firm. While there are 21 firms with 1000 or more employees grossing between \$10 to \$50+ million, firms with fewer than five employees accounted for about 40% of all firms, and firms with fewer than ten employees accounted for 60% of all firms in 1977.

In the 1981 Hallcrest survey of contract security companies, firm owners or managers were asked to list annual revenue, payroll, numbers of employees and supervisors, and the salary of the senior manager. On a comparative basis with Census data, Hallcrest data represent establishments at the local level--i.e., individual companies or the branch or regional locations of a large security firm. The sample distribution of revenue and employment size indicates that both the small local firm and major regional and national security firms were well represented. A composite picture or

business profile of various categories of security service companies is displayed in Table 8-6.

It is interesting to note the differences in size of firms among the different categories for the median values displayed. The categories represent respondent class identification of their primary business type on the basis of revenue, regardless of the range of services provided. In some cases where more than one primary business category was checked, new aggregate categories were created for data tabulation and analysis; e.g., most guard and patrol services provide investigative services, but where both categories were checked, the category of Guards and Investigators was used. (A further breakdown of the Hallcrest national survey data is included in Tables 8-7 to 8-9 by type and size of security service.) The 1981 national survey data indicated, similar to Census data, that industry structure of security services is dominated by small firms.

8.3.2.2 Guard and Investigative Services

The respondents to the Hallcrest national survey of local managers and owners of guard firms were divided almost evenly with a one-third distribution among the size of firms: less than 25 employees, 25 to 100 employees and greater than 100 employees. Median value personnel and annual revenues by firm size are displayed in Table 8-7. We believe that larger firms and offices were over-represented in our survey responses even though the sample selection was done on a stratified random

TABLE 8-6

BUSINESS PROFILES OF CONTRACT SECURITY COMPANIES (MEDIAN VALUES)

Primary Business Type	(n=)	Annual Sales	EMPLOYEES		Senior Manager Salary
			Full Time	Part Time	
Alarms/Equipment					
Central Station	84	\$ 712,500	15.2	.4	\$33,500
Local Alarm	96	205,000	3.0	.7	24,500
Alarms	21	375,000	7.3	.4	26,500
Security Control Equipment	11	375,000	5.7	.2	25,000
Security Systems	14	275,000	5.5	.3	26,250
	226				
Guards/Investigators					
Guard and Patrol	174	1,275,000	74.8	20.4	29,000
Guards/Investigators	14	335,000	11.5	10.2	22,500
Private Investigators	56	155,000	2.7	.8	31,250
Full Service Firms	14	468,750	26.5	11.0	27,500
	258				
Armored Car					
Armored Car	14	3,500,000	30.0	12.5	33,750
Other					
Polygraph/Deception Detection	5	75,000	1.3	4.0	25,000
Security Consultant	9	105,000	3.0	.3	23,750
Guard Dogs	4	275,000	5.0	1.7	20,000
Miscellaneous/Unclassified	29				
	47				
TOTAL SAMPLE	545 Firms				

1 Type of business not identified or did not complete these survey items

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981

TABLE 8-7

GUARD AND PATROL SERVICE

BUSINESS PROFILE BY SIZE OF FIRM (MEDIAN VALUE)

Operating Characteristic	FIRM SIZE (TOTAL EMPLOYEES)		
	less than 25	25-100	more than 100
Personnel			
Full-time	8.3	63.0	200.0
Part-time	7.8	21.0	49.6
Supervisors	1.9	4.2	7.7
Gross Annual Sales	\$ 175,000	\$703,000	\$3,000,000
Annual Payroll	85,000	550,000	2,700,000
Senior Manager Salary	21,500	30,500	33,000
Gross Annual Sales			
less than \$50,000	18%	-	-
\$50,000 to \$99,000	18%	9%	-
\$100,000 to \$249,000	35%	9%	2%
\$250,000 to \$499,000	20%	25%	6%
\$500,000 to \$999,000	8%	39%	8%
\$1,000,000 to \$4,999,000	2%	18%	68%
greater than \$5,000,000	-	-	15%
TOTAL	100%	100%	100%
Average Annual Sales Increase (5yrs)			
less than 10%	18%	21%	28%
10 to 14%	14%	16%	18%
15% or greater	42%	38%	50%
TOTAL	74%	75%	96%

N = 202

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981

TABLE 8-8

BUSINESS PROFILE OF PRIVATE INVESTIGATIVE FIRMS
(MEDIAN VALUE)

Operating Characteristics

Gross Annual Revenues	\$155,000
Annual Payroll	60,000
Senior Manager Salary	31,250
Full-time employees	3
Part-time employees	1
Supervisors	1

Gross Annual Revenues

less than \$55,000	30%
\$50,000 to \$99,999	25%
\$100,000 to \$249,999	17%
\$250,000 to \$449,999	15%
\$500,000 to \$999,999	11%
\$1 million +	2%
TOTAL	100%

Average Annual Sales Increase (5 yrs)

less than 10%	10%
10 to 14%	10%
15% or greater	55%
TOTAL	75%

N = 56

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981.

TABLE 8-9

ALARM COMPANY BUSINESS PROFILE FOR
AREA OFFICES OR LOCAL COMPANIES (MEDIAN VALUES)

<u>Operating Characteristics</u>	<u>TYPE OF FIRM</u>	
	Central Station	Local Alarm
Gross Annual Sales	\$ 712,500	\$ 205,000
Annual Payroll	355,000	75,000
Senior Manager Salary	33,500	24,500
Full-time Employees	15	3
Part-time Employees	.5	1
Supervisors	3	1

Gross Annual Sales

less than \$50,000	8%	23%
\$50,000 to \$99,000	5%	19%
\$100,000 to \$249,999	14%	24%
\$250,000 to \$499,999	24%	16%
\$500,000 to \$999,999	17%	7%
\$1 million to \$4,999,999	26%	9%
greater than \$5 million	6%	1%
TOTAL	100%	100%

Average Annual Sales Increase (5 yrs)

less than 10%	11%	17%
10 to 14%	20%	10%
15% or greater	50%	56%
TOTAL	81%	83%

N = 84

N = 96

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981.

basis--i.e., smaller firms were just as likely to have received a survey. Conversations with guard industry executives and large insurance underwriting companies for guard firms indicate that the industry is dominated in numbers of firms by the small guard firms. As guard service firms become larger, they tend to expand their services beyond guard and patrol service to such services as investigation, bodyguards, and occasionally they offer alarm and armored car services. In some cases these multi-service firms began as private detective agencies which then supplied guards for selected clients. Overall, the most prevalent local guard service firm is, in fact, a guard and patrol service with few employees and with local annual revenues of \$50,000 to \$200,000.

Considerable attention has been focused in the commercially available market research reports on the large national firms and regional firms. The following is a listing of the top ten national companies and their 1982 revenues as reported to Security Letter Source Book:²⁵

<u>Company</u>	<u>1982 Reported Revenues</u>
Pinkerton's, Inc. (American Brands)	\$ 305,000,000
Burns International Security Services (Borg-Warner)	260,000,000
The Wackenhut Corporation	208,000,000
CPP (California Plant Protection)	120,000,000
Wells Fargo Guard Services (Borg-Warner)	117,000,000
Globe Security Systems, Inc.	70,000,000
Guardsmark, Inc.	50,000,000

American Protection Services	46,000,000
Advance Security, Inc.	45,000,000
Stanley Smith Security, Inc.	35,000,000
Allied Security, Inc.	27,500,000

The size of these firms ranges from about 10,000 employees to more than 30,000 employees; a few are larger than any federal, state, or local law enforcement agency. Employee totals (all positions) for these national firms would account for only about one-third of the BLS estimated total of 341,102 contract guards in 1980. The smaller firms provide strong competition at the local level, although larger firms are more competitive for large accounts and for multiple locations of large companies which can be staffed by branch offices. In the Hallcrest survey of major national and regional guard firms, the small local firm was projected to gain an increasing market share to 1985.

Large staffs are unusual for investigative firms; most are sole proprietors or two or three person operations. Some firms have a stable client base and are specialized in the areas of investigation or "cases" which they will undertake. The firm listing itself as a "private detective" agency generally is small and accepts a wide variety of cases for investigation. Hallcrest national survey data in Table 8-8 show the average private investigative firm employs three persons with

\$155,000 in median annual sales. In our national reconnaissance interviews, a few investigative firms were encountered with 20 or more employees with several branch offices, and there are several national employee background investigation and honesty testing firms. Equifax, for example, the insurance investigating, employee screening and credit reporting firm, has a network of 3,500 "field agents."²⁶ The data, however, favor the sole proprietorships and partnerships with few employees.

8.3.2.3 Armored Car and Courier Services

Armored car firms have a fiduciary relationship with their customers in assuming liability for shipments while in their possession. The high capitalization involved in armored trucks and fidelity insurance costs have been significant barriers to entry into the armored car industry. The industry has been dominated by a few large firms, for example:

SELECTED MAJOR FIRMS

Brinks (Pittston)
Wells Fargo (Baker Industries)
Purolator Armored
Loomis Armored car (Mayne Nickless, Ltd.)
Armored Transport
Federal Armored Express

Brinks, Wells Fargo and Purolator are the largest firms and have dominated business in the Federal Reserve System. Since January 1982, the banks pay for transport services rather than the Federal Reserve districts, and this has opened up more bank business for smaller armored transport firms. A firm

would likely still need a 20-to-30 truck fleet to compete successfully in banking, depending upon geographical location and branch banking laws. Commercial accounts have been the primary business base of the small independent local companies. Spokesmen for the two major industry associations (Independent Armored Car Operators Association and National Armored Car Association) suggest that both large and small firms have carved out their own marketplace. In addition, a few "full service" guard service firms provide armored car services. Some firms have gone to light-weight armored vans in an effort to reduce operating costs, but other firms question the ability of vans to afford the same level of protection, especially in light of recent major assaults by heavily armed groups.

8.3.2.4 Central Station Alarm Monitoring Services

Similar to the guard industry there are only a few national and major regional central station alarm firms with a significant market share. Below are nine major firms listed by Underwriters Laboratories (UL) in 1981 that operate about half of the approximately 450 U.L.-listed central stations in the U.S.

SELECTED MAJOR CENTRAL STATION ALARM FIRMS

<u>Firm</u>	<u># Central Stations</u>
ADT	143
Honeywell	40
Wells Fargo	36
Electro-Protective (N.J.)	9

Alarmex (CA)	9
Holmes Protection (NYC)	8
American Protection Industries (CA)	5
Smith Alarm Systems (TX)	3
Crime Control, Inc. (IN)	3

In addition, Sonitrol, Rollins, Dictograph and Westinghouse (WESTEC) have national coverage on a franchise basis. Frequently, central station alarm companies tend to be closely held family businesses. The large national firms retain a significant base through national accounts with major corporations for protection of their facilities at multiple locations around the nation. The 1977 Census of Service Industries listed 1235 total central stations which would account for less than 15% of the estimated 10,000 local and central station alarm companies in the U.S. The Hallcrest national survey of security firm local managers and owners disclosed that the average central station alarm firm employs about 25 people with median annual sales of \$712,500. Table 8-9 shows the national survey distribution of both central station and local firms by annual sales. Sales data include revenue from monitoring and installation of alarm equipment. Central station alarm firms are considerably larger than most local alarm companies with median revenues nearly three times as large. Less than 20% of local alarm companies reported annual sales greater than \$500,000. While the major national and regional central station alarm firms listed above earn significant revenues, they do not dominate the alarm industry either in sales or in number of clients served.

8.3.3. Past and Forecasted Growth

Hallcrest projects the growth for protective services to \$6.4 billion in 1985 at an overall average annual growth rate of 11.8%. Table 8-10 shows higher rates of growth for guard and alarm services. These projections are supported by trend line projections of past rates of growth, the Hallcrest national survey data, and the key markets and demand forces to be discussed in this section.

TABLE 8-10
HALLCREST GROWTH PROJECTIONS TO 1985
PROTECTIVE SERVICE REVENUES

Service	Revenue(\$ million)		Avg Annual % Change
	1980	1985	
Guard and Investigative	\$2945	\$4712.0	12.0%
Armored Car	390	487.5	5.0%
Central Station Alarm	700	1225.0	15.0%
	<u>\$4035</u>	<u>\$6424.5</u>	<u>11.8%</u>

The Hallcrest survey of major national and regional guard companies shows most companies reporting annual rates of growth of 15% or greater from 1976-1981. In the Hallcrest national survey of local guard and patrol service offices, 45% of the respondents reported average annual revenue increases

of 15% or greater; 17% reported increases of 10% to 14%. At the same time, the prominent industry firms of Pinkerton's, Burns, and Wackenhut recorded five-year average sales growth of 9.4%, 6.3% and 11.0%, respectively, on combined earnings of \$763 million in 1981.

The Predicasts armored car revenue projections are unrealistic given past growth rates and the increased use of electronic funds transfer. Even a 5% annual growth rate (less than one-half of the Predicasts estimate) would be a robust rate of growth for the armored car industry. The Hallcrest national survey did not have a statistically adequate sample size for armored car firms, but less than half of the armored car firms reported annual growth at the Predicasts level.

Annual growth of central station alarm services to 1985 also can be supported by past actual growth and key market and demand factors. In the Hallcrest national survey of central station area managers and owners, 55% reported average annual revenue increase of 15% or greater for 1976-1981; 22% reported increases of 10 to 14%. While local alarm services will continue to increase substantially in the residential market, the increased use of digital communicators from local alarm systems to a central station or remote location monitoring service should ensure the continued growth and competitive position of central station services.

8.3.4 Key Markets

8.3.4.1 All Market Segments

Figure 8-4 displays a rank ordering of current high, medium, and low business volume by market segment as rated by guard service and central station alarm firm area managers in the Hallcrest national survey. The Hallcrest survey respondents were asked to rate their highest client areas of service by business volume. Retail trade and residential areas were nearly equal as the highest volume markets for central station alarm services. While the market segments in the Hallcrest survey were more comprehensive, the Predicasts aggregate market segment estimates for 1985 are reasonably consistent with them. One notable exception is the residential market which Predicasts estimates at less than 20%. Central station managers and owners rated residential alarm subscribers as a very high area of business volume. The armored car industry will continue to have its traditional base in the commercial and financial sectors. In the Hallcrest survey of major national and regional security firm executives, there was considerable agreement on market segments for growth from 1980 to 1985: they closely paralleled current market segment business volume as shown in Figure 8-4. As noted in the subsequent section on key demand forces, the potential for contracting out for traditional police services and reduction in government use of state and municipal proprietary guards could create a substantial growth market in the government sector.

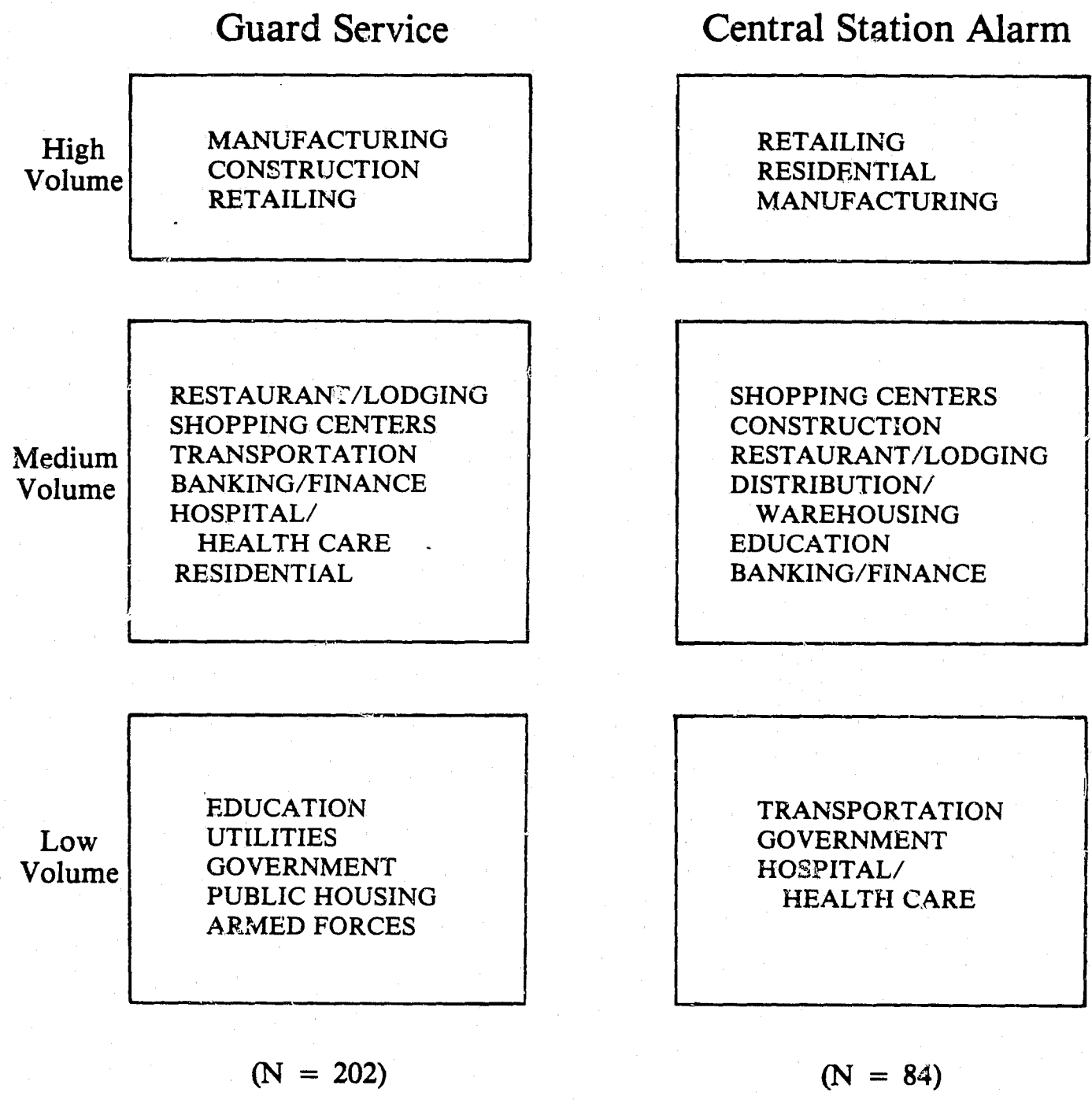


Figure 8-4
Guard Service and Central Station Alarm Firm
Business Volume by Market Segments

Source: National Survey of Contractual Security Managers and Owners,
Hallcrest Systems, Inc., 1981.

8.3.4.2 Industrial and Transportation Markets

Industrial plants and warehousing, shipping, receiving, and transportation of their goods will continue to be the primary business base for guard services. Guard companies in the Hallcrest major national company survey singled out manufacturing as the highest future growth area, followed closely by utilities and warehousing/distribution centers. Airports, bus depots and other passenger transportation facilities will continue to employ contract guard services. The movement of some industrial security programs to proprietary integrated security systems will slow the growth of central station alarm monitoring services in this market. Armored car services are often required for movement of precious metals for electronics, aerospace and other high-technology industries.

8.3.4.3 Commercial and Financial Markets

The major market segment for armored car and courier service will be commercial and financial business. Some firms have combined Automatic Teller Machine (ATM) pickups with servicing of the units. Expanded use of ATM's in outlying non-bank facilities will stimulate use of armored car services. Movement of coins will still be required despite increased use of electronic funds transfer. Similarly, retail businesses will continue to be a major market for central station alarm services, especially where insurance underwriting requirements or premium reductions encourage the use of monitored alarm systems. Decreased availability of public resources will

further decrease the use of direct-connect alarms into smaller police departments that have maintained them. Most large law enforcement agencies have eliminated direct-connect alarm monitoring by their communication divisions during the past decade.

8.3.4.4 Institutional Markets

Hospitals and college campuses traditionally have been protected by proprietary security forces, often with special police powers. Rising costs of health care and decreasing federal student loan support will force hospitals and colleges to look more toward contract security guard forces to cut operational costs. As crime rates of the cities become reflected in institutional campus settings (cities unto themselves), contract guards will likely be used to supplement existing in-house or special police personnel.

8.3.4.5 Consumer or Residential Market

In the Hallcrest national survey, 81% of the central stations reported "significant increases" from 1976-1981 in services to residential clients. Current volume of business in residential areas was rated nearly equal with retail trade subscribers. Hardwire systems of central station companies have not been as competitive in recent years with lower cost wireless systems, but the desire for monitored response will increase central station monitoring of local alarm company

installations using digital communicators. Predicasts forecasts that the residential market for central stations will double between 1978 and 1985 to account for 17% of total central station revenue. Currently, less than 5% of households have alarm systems. Successful penetration of the residential market will depend upon consumer education and demonstrated cost effectiveness of alarm systems against property crimes.

Decreased availability of law enforcement personnel for residential patrols and high property crime rates will create a demand for residential security patrols. In the past, residential patrols have been limited to high-density apartments and condominiums, luxury high-rise buildings, and exclusive residential subdivisions. More recently, these services have extended to public housing and middle class neighborhoods with voluntary neighborhood patrols being replaced by contract security patrols--not unlike the early birth of private security/watchmen with the collapse of citizen watches two centuries ago. Some areas, with heavy police workload and slow alarm response time, will likely see an increase in combined alarm response and security patrol service. Overall, major national and regional security companies in the Hallcrest survey see both patrol service and central station alarms as having a moderate demand in the residential market.

8.3.5 Key Demand Forces

Contract private security has occasionally been described as a "recession-proof" industry; that is, a concern for protecting and preserving assets is heightened by an increase in crime, or fear thereof. This scenario is not entirely supported by facts. The downturn economy of recent years has caused some reductions in corporate security spending that are not always offset by the use of contract security. The rate of crime has increased steadily in the late 1970's but, in fact, the absolute number of reported property crimes and burglaries has decreased steadily since reaching an all-time high in the second and third quarters of 1980, according to FBI ten-year trends in UCR crime data.²⁷ For the first six months of 1982, decreases were reported in property crime, (-6%), burglaries (-11%), and robberies (-7%) over the same period in 1981.²⁸ Yet, contract security services have sustained healthy growth in recent years along with most service industries in the midst of a sluggish national economy. The key demand forces which will influence the near-term growth of contract security services are: technological displacement of labor-intensive services and conversion to contract guard services by both the private and public sectors.

8.3.5.1 Technological Displacement of Traditional Security Services

Electronic funds transfer has already been mentioned as impacting armored car services. Electronic mail and improved

data transmission safeguards will reduce the demand for courier services which provide extensive services in transporting confidential documents. At the same time, increased access to computer centers from remote terminals and personal home computers will increase the need for transportation to off-site, back-up storage facilities. This could become a substantial growth market for armored car and courier services as well as highly secured private safe deposit centers.

All market segments have made increasing use of technology in access control, monitoring, perimeter security and interior space protection to offset rising costs in human services. The use of several CCTV surveillance cameras monitored by a single guard, for example, can perform the surveillance work of additional guards on foot or motorized patrol. In a 1981 survey by Security World, 80% of corporate executives anticipated increases in security equipment expenditures over the next five years, but only 47% expected increases in guard forces.²⁹ In reality, wholesale reduction in guard forces does not result from acquisition of new equipment; rather, personnel are integrated with equipment for more cost-effective security coverage. Overall, contract guard growth will be slowed by technological displacement, but the full-service contract security firms with guard service, alarm monitoring and response, and other security equipment will have a strong market position in delivering security services.

Monitoring and detection have primarily been the province of central station alarm firms, but increasing numbers of corporate and institutional security programs have gone to proprietary (in-house) central stations. The Security World corporate executive survey and their earlier 1980 survey of loss prevention managers show that approximately one-third of security programs use contract central stations while about one-fourth have proprietary central stations.³⁰ Proprietary central stations provide more rapid response and action by guard personnel who are more familiar with the facility.

The capital investment in a proprietary central station is not initially recovered through savings in monthly monitoring and service contract charges. Increasing numbers of commercial, industrial and institutional facilities have been integrating the monitoring of security (alarm and access control), fire, and energy management. In a 1982 Security World survey of corporate executives, security and loss prevention directors, and facility managers, 66% of all respondents stated that they would be adding fully integrated security systems within the next five years.³¹ In fully integrated systems, energy savings are anticipated to offset the high capitalization in security equipment. The use of microwave relay in place of coaxial cable for signal transmission of CCTV cameras to monitors will allow larger facilities with remote locations to more cost effectively install proprietary central stations.

Integrated systems can be expected to impact guard services and central station alarm monitoring services. The increased use of integrated systems may require more skilled security personnel for monitoring and response. Integrated systems do not necessarily mean proprietary monitoring. In the same Security World survey, 45% of the corporate executives were uncertain as to whether the proposed integrated system would be monitored by a proprietary or contract central station. Thus, integrated systems monitoring could be a strong area of growth for central station firms, if they can position themselves correctly in the marketplace. The major drawback to market share attainment will be alarm signal transmission costs (largely leased telephone lines) for contract firms which are passed onto subscribers.

Large-scale integrated systems are usually found only in luxury residential (apartment, condominium, resort) settings, and the large industrial, medical, institutional and commercial complexes. A growing number of central station alarm companies have been competing successfully with proprietary systems for access control monitoring. Data from individual card readers are relayed from a client's building through a modem and leased telephone lines to computers and monitoring units in the central station office. This system provides the security advantage of independent monitoring and logging of entries, thus minimizing opportunities for collusive theft through unauthorized access. The largest growth potential is for the smaller facility which can effectively achieve 24-hour

facility management and access control without high costs for monitoring stations and/or guard service. The single guard post manned 24 hours a day is primarily a small guard firm client base. Remote access control monitoring by central station firms could significantly reduce the market for small guard firms servicing a few accounts. One-third of contract firms surveyed by Hallcrest have less than 25 employees or the equivalent of about six client accounts with 24-hour guard posts.

8.3.5.2 Conversion to Contract Guard Services

Predicasts estimated contract guards as a percentage of total protective service workers would increase from about 55% to 60% of all guards by 1985. Based upon Hallcrest interviews with security guard companies throughout the country and the two case study sites, contract guards may well account for 65% of all guards by 1985. In a 1980 Security World survey of security directors, 40% indicated use of contract guards while 64% used proprietary guards.³² Six months later, a Security World survey of the same population group of security directors showed use of both proprietary and contract guards in the seventieth and eightieth percentiles in commercial and industrial sectors; nearly all institutional security directors reported proprietary guard use, and one-half reported contract guard use.³³ The security directors among membership of the ASIS in the Hallcrest national survey indicated that 58% utilized contract guard services.

In another 1980 Security World survey, nearly 75% of surveyed security directors projected increases in the use of contract guard services.³⁴ In the 1981 survey by Security World, 70% of security directors with proprietary guard forces project increases in their guards, but one-fourth of them also projected increases in contract guards.³⁵ Security directors tend to feel strongly about the merits of proprietary versus contract guard services. Some security directors with law enforcement backgrounds zealously cling to maintenance of security departments and rank structures. Executive officers, however, with financial decision-making responsibility in business and industry, may be expected to increasingly direct shifts to contract security guards to reduce company expenses. In some cases "hybrid" staffs of security officers will emerge as proprietary personnel are retained in key positions to supervise operational positions staffed with contract guards. In the Hallcrest survey of major national and regional security companies, these security executives ranked their largest source of anticipated growth to 1985 as increased demand and change in contract firms by existing contract users, followed by new first-time users of contract guards, and then proprietary guard forces changing to contract guards. Contracting for many non-crime-related tasks of law enforcement agencies was viewed as a large potential area of growth by the surveyed security company executives. Most studies on police workload and citizen calls for service have consistently shown demand and response to non-crime-related service requests account for

80% of patrol officer workload.³⁶ The increased ability of law enforcement to shift reduced resources to more essential crime-related tasks will facilitate the contracting of these lower priority activities to security service firms. The renewed interest by police practitioners and researchers in order maintenance policing problems (discussed in Chapter 9) will focus attention on the potential for private security services to increase citizen feelings of safety.

Similarly, the Executive Branch of the Federal Government, excluding the military services, employs more than 18,000 protective workers (7800 guards and 10,500 special police officers) in various facilities and property holdings of the Federal Government. Despite recent federal legislation creating a temporary moratorium on contracting of defense-related protective services, sufficient economies of scale may eventually be realized through contracting with private security firms. Modest gains can be expected in Federal Government contracting for guard services.

A major competitive force for guard firms has been the off-duty, secondary employment or "moonlighting" by law enforcement officers in private security. In Chapter 11, Hallcrest estimates as many as 150,000 law enforcement officers secondarily employed in private security based upon national survey data from chiefs of police and sheriffs. The use of police uniforms and equipment, liability issues, and the potential for conflicts of interest could lead to some department restrictions and a slight reduction in private security

"moonlighting" by 1985. This would open up new clients or accounts in the existing markets for contract security guard firms.

In summation, technology will displace some guard positions, but a healthy increased rate of growth could still result from proprietary and eventual government conversion to contract guards, contracting out of some non-crime-related police tasks and a possible reduction in off-duty police "moonlighting" in private security.

Table 8-11 projects speculative potential guard service industry gains that could result if all of these demand forces were to be realized. The net gain could result in 65,860 additional contract guards and \$907.1 million in annual revenue for guard service firms (at the average billable rate of \$6.62 per hour paid by proprietary security managers in the 1981 Hallcrest national survey).

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TABLE 8-11
 POTENTIAL GUARD SERVICE
 INDUSTRY GAINS 1980-1985

SOURCE	NET GAIN (Full Time Equivalent [FTE])	REVENUE (\$ million)
<u>State and Local Government</u>		
• 5% reduction in Private Security moonlighting (150,000)	7,500	\$103.4
• 5% reduction in FTE police officers (450,000) to contracting-out	22,500	309.8
• 25% conversion of government employed guards (15,000) to contract guards	3,750	51.7
<u>Federal Government</u>		
• 60% conversion in Executive Branch Guards (7800)	1,560	21.5
• 10% conversion special police officers (10,500) to Contract Guards	1,050	14.5
<u>Proprietary Security</u>		
• Increase in contractual share of guards to 65% (+10%)	29,500	406.2
TOTAL	65,860	\$ 907.1

8.4 ALARM SYSTEMS

8.4.1 Category Definition and Baseline Data

The alarm sensor devices, controlling, and signal transmission equipment associated with burglar and fire alarm systems are measured separately from alarm company revenues for monitoring. The value of shipments of original equipment manufacturers (OEM) is used as the primary indicator of alarm sales and installation revenues. Alarm system revenues and growth are discussed in some market research reports according to the type of application (e.g., perimeter, interior space protection, controls/signalling) or type of sensor devices (e.g., ultrasonic, microwave, passive infrared, sound discrimination). Value of shipment data, however, are reported to the government by OEM's according to method of alarm signal transmission of the alarm system (i.e., local, central station, proprietary, direct connect, and hold-up alarm systems).

The relevant SIC Code is 36623 encompassing both intrusion alarm systems and fire detection and prevention systems. U.S. Census of Manufacturers data are available on a summary basis for 1972 and for 1977. Summary data for 1973 to 1980 are available from the Annual Survey of Manufacturers. Data for 1973 to 1980 are available from the U.S. Department of Commerce Current Industrial Reports (MA-36N) series on "Selected Electronic and Associated Products." These baseline data are reported in Appendix C; for intrusion and fire alarm systems, the value of shipments was \$192.2 million in 1972 and \$617.6 million in 1980.

8.4.2 Forecast to 1985

Based upon 1978 estimated figures, Predicasts projected intrusion alarm sales to reach \$475 million to 1985 and fire detection and prevention systems to be \$355 million. Average annual compounded growth for intrusion alarms in the Predicasts estimate is 17.9%. The Predicasts forecast is based on a trend extension of the relationship of alarm systems (estimated percentage of total construction) to historical building construction (business, federal, state, and local excluding residential). Using the National Business Forecast (UCLA, 1981) to forecast building construction, an updated revision of the Predicasts method by Hallcrest in Appendix C yielded a revised 1985 estimate of \$908.8 million for intrusion alarms (nearly double Predicasts) and \$173.1 million for fire detection and prevention systems (about one-half Predicasts estimates). This forecasting technique assumes a relationship of alarm installations to building construction and the relative mix of intrusion and fire alarms. The Business Opportunity Report: Security/Monitoring/Alarm System projects 1980-1985 growth in current dollars at 13.6% compared to an actual growth rate from 1975 to 1980 of 25.4%. Using a durable goods price deflation index, this report projects a 1980 to 1985 constant dollar average annual growth of 11%.³⁷

Because of these tenuous assumptions made by the Predicasts 1985 forecast (and Hallcrest revisions), an alternative projection was made using a linear trend extension (least

squares method) for each individual component of intrusion and fire alarms. Tables 8-12 and 8-13 display the alternative forecast results.

TABLE 8-12

HALLCREST LINEAR TREND EXTENSION FORECAST OF OEM SHIPMENTS
OF BURGLAR ALARM SYSTEMS TO 1985
(\$million)

	<u>Actual 1980</u>	<u>1985 Forecast</u>	<u>Compound Annual Growth</u>
Local and Proprietary	\$ 199.2	\$ 303.4	8.8%
Central Station	90.3	134.4	8.3%
Direct Connect	63.9	87.5	6.5%
Hold-Up	4.6	1.2	-23.5%
	<u>\$ 358.0</u>	<u>\$ 526.5</u>	<u>12.6%</u>

TABLE 8-13

HALLCREST LINEAR TREND EXTENSION FORECAST OF OEM SHIPMENTS
OF FIRE ALARM SYSTEMS TO 1985

	<u>Actual 1980</u>	<u>1985 Forecast</u>	<u>Compound Annual Growth</u>
Central Station	\$ 72.6	\$ 105.5	7.8%
Direct Connect	21.9	46.1	16.1%
	<u>\$ 94.5</u>	<u>\$ 151.6</u>	<u>9.9%</u>

In this conservative estimate, intrusion alarm systems would grow at a compound annual growth rate of nearly 13% and reach \$526.5 million in 1985, while fire alarm systems would reach \$151.6 million on a 13.7% growth rate. The market for smoke detectors would be \$210.6 million in value of shipments by 1985 using the same linear trend extension method. In 1979, the U.S. exported \$57.5 million of smoke detectors and burglar and fire alarm systems while importing \$33.2 million.³⁸ This results in actual U.S. domestic market consumption of only 92% of the U.S. value of shipments. Assuming that this export/import ratio remains the same in the near future, a net market analysis (U.S. production plus imports and less exports) would lower the 1985 U.S. projected market for intrusion alarm and fire detection and prevention systems from a total of \$888.7 million to \$817.6 million.

The Business Opportunity Report projected comparative estimates for the market size and relative growth rates for non-residential versus residential end use for perimeter and interior space intrusion detection devices (ultrasonic, passive infrared, and microwave) and for control and signalling equipment. There are three important estimates in this report: (1) the overall residential sector is expected to attain 21.3% of the total intrusion alarm market by 1985; (2) annual growth rates for perimeter and interior space protection systems are estimated at about 20%; and (3) passive infrared and microwave sensor-based systems are expected to have the highest levels of growth.

8.4.3 Key Markets

The retail, residential and manufacturing sectors should continue to be the strongest markets for alarm equipment. In the Hallcrest national surveys, local alarm companies rated residential three times more frequently than retail for high business volume. Central station firms rated residential and retail nearly equal, which is consistent with the general emphasis on residential and "light commercial" as a client/customer base for central station alarm companies. Insurance company premium reductions for burglar and fire alarm systems are a large incentive for their use in the commercial and industrial sectors. In some cases intrusion detection and fire detection and prevention systems are mandated by insurance underwriting requirements or increasingly stricter local and state building codes. These traditional markets will continue to remain strong and provide a large base for central station alarm companies. Larger corporations and institutions, however, will increasingly utilize proprietary alarm systems and integrated security systems.

"Significant increases" in services to residential clients in the past five years were reported by 81% of central stations and 72% of local alarm firms in the Hallcrest national surveys. The growth of the residential market is dependent upon a number of interrelated factors of demand and industry structure discussed below.

8.4.4 Industry Structure

The industry structure of the alarm industry is best understood in terms of the distribution channel for security alarm products. As noted earlier, the Security/Fire Manufacturers Directory lists about 300 firms as original equipment manufacturers (OEM) of alarm related equipment, and The Source Book, a Security World publication, lists over 800 firms. The largest U.S. firms are ADEMCO and Walter Kidde which make a variety of alarm system components and supplies; there are also other medium-size firms in this category. Another category of OEM is the firm that manufactures and markets "complete" alarm systems, including transmitters, sensor devices, control panels, etc.; often, however, their system components rely on those of other manufacturers.

Smaller firms that primarily manufacture alarm sensing devices are the most prevalent type of alarm industry OEM. Other firms manufacture control and signalling equipment and central station monitoring equipment. In addition, a few of the nationwide central station companies, like ADT and Honeywell Protection Services, manufacture much of their own equipment. The large multinational electronics manufacturing firms have little involvement in the alarm industry, although Westinghouse entered the market for a brief period and then franchised their operations. Manufacturing of alarm equipment is dominated by small-to-medium speciality electronics and communications firms. The OEM alarm products are then distributed directly to larger installers, to wholesale alarm supply

distribution firms, or to retailers (generally for appliance type or "do-it-yourself" alarm systems).

Although the SIC reporting system produces consistent reporting of historical industry demand, it does not provide an accurate assessment of the relative market share of local, proprietary, central station and direct connect alarm systems. In completion of the Census reporting form, the OEM firms are given total discretion as to whether they believe that the alarms and components will be used for these different applications. Wholesale alarm supply distributors play a major role in the distribution channel to installers, and it would be difficult to assess from the OEM vantage point the relative breakout of eventual distributor sales. Nevertheless, it is clear that small local alarm firms and proprietary installations are greater in total numbers and dollar value of shipments than central station alarm firms, even though their median value of sales and employees is significantly smaller than central stations.

As noted earlier in the report, the use of digital communicators and monitoring services has somewhat blurred the distinction of local and central station alarm companies. Now more alarm dealers and customers have some of the advantages of round-the-clock central station monitoring with the installation of a digital communicator monitored remotely (via WATS telephone lines) by nationwide monitoring services. Local alarm companies should be able to increase sales of both new systems and retrofitting of existing systems using digital

communicators and both local area and national monitoring services. In addition, the use of "wireless"³⁹ component systems has allowed many local alarm companies to bring the cost of alarm systems down to reach more middle class homeowners and small businesses.

Another major development in the alarm industry has been the growth of retail sales market by general merchandise department stores, mass retailers, hardware and building materials outlets, and electronic firms. A growing consumer interest has been shown in both wireless systems and do-it-yourself installations. Frost and Sullivan in their Home Burglar Alarm Market research report (1980) predicted that manufacturer shipment value of components used in home alarm systems would nearly double in four years (\$240 million in 1984), and also that appliance type or do-it-yourself systems will overtake professionally installed residential alarm systems.⁴⁰ The Hallcrest reconnaissance efforts revealed a growing consumer interest in this low-cost market, but the protective qualities of these mass retail components do not begin to compare with a professionally installed alarm system and/or the services of a monitoring service or central station.

8.4.5 Key Demand Factors

There are five key factors affecting demand for alarm systems in the next few years: (1) the strength of retail sales of alarm components; (2) the potential for limited

police response to alarm calls; (3) insurance premium reductions and tax credits for alarm system purchase; (4) the penetration of interactive cable television in residential security; and (5) the potential entry of Bell System operating companies into the alarm field.

Alarm engineering technology has been reducing the size and cost of components which has made pricing more attractive and alarm systems more available to a wider small business and homeowner market. Retail sales will simply achieve greater residential market penetration rather than displacing traditional alarm company sales and installations. If retail sales flood police with an even higher false alarm problem, then local alarm ordinances could become restrictive with regard to appliance-type alarm systems. Local and central station alarm companies presently working with their customers and the police to reduce false alarms could improve their market position in the event of a police backlash against the disparity in quality and reliability of retail appliance-type alarm equipment.

Reduced insurance premiums for burglar and fire alarm systems should continue to stimulate commercial and industrial markets, but the burglary alarm portion of premium reduction for the average homeowner or tenant's insurance policy would have to be increased to stimulate residential sales. At present, only combination burglary and fire systems in upper middle income levels can achieve any significant premium reductions. On the other hand, passage of state and/or federal

security equipment purchase tax credit legislation could significantly increase alarm and other security-related equipment sales.

With an average installation cost of \$800 and annual monitoring revenue of \$200,⁴¹ many cable television system operators can potentially tap the lower middle income levels that even the wireless systems have difficulty reaching. Many of the largest multiple system operators have plans to move rapidly with alarm services. As the cable operators begin to forge working relationships with alarm companies through joint ventures, promotional agreements, or channel lease agreements for alarm company alarm signal transmission, both established alarm companies and cable system operators will begin to see significant residential market penetration. The greatest potential of all for residential market penetration resides with the Bell System operating companies. They are already in the communications, signal transmission, and mass consumer communications sales and service business, and they control through AT&T the only currently viable alarm transmission mode. The combination of potential cable television and AT&T and/or Bell operating company massive market penetration could offer "affordability to the mass market" and accentuate the need to develop solutions to the growing false alarm problem.

8.5 DETERRENT EQUIPMENT

8.5.1 Fixed Security Equipment

This category includes various types of equipment used to store valuables for protection against theft or fire damage. This equipment, designed for banks and their branches, includes safes, vaults, chests (fire and burglary resistive), safe deposit boxes, bank security lockers, night depositories, security equipment for drive-in windows, and signaling and alarm equipment (when sold together with bank equipment). The relevant SIC codes for this category are in the 34991 grouping encompassing safes and vaults. SIC Code 25223-23 covering insulated filing, film and tape cabinets and security files (excluding retail stores) is also included within this category.

The Annual Survey of Manufacturers estimates for the entire 34991 grouping (safes and vaults) exist only for 1973 to 1976 and 1978. U.S. Census of Manufacturers data are available for each of the seven-digit safe and vault classifications in 1972 and 1977. The U.S. Department of Commerce Current Industrial Reports (MA-25H) are also available for 1979 and 1980 seven-digit data for insulated filing cabinets, and security files.

Two market research report projections to 1985 were discounted in the economic outlook in Appendix C because their operational definitions and data sources did not correspond with known SIC codes. One report included a broad range of retail banking equipment designed for customer convenience

(e.g., ATM's and cash dispensers) under the assumption that they also secure cash and documents from theft and burglary. The Hallcrest analysis focused only on those types of banking equipment which definitely perform the primary function of providing security and which carry clearly defined SIC codes to facilitate tracking of value of shipments data.

A least squares trend extension of historical data for safes and vaults (1972-1978) and insulated filing cabinets (1972-1980) suggests that manufacturer value of shipments should reach \$264.6 million and \$51.1 million, respectively, by 1985. Combined, these two categories of fixed security equipment should attain a total of \$316 million in 1985 value of shipments. Mixed growth patterns are anticipated among the fixed security subcategories. Annual growth in fire and burglary-resistive safes, vaults and chests is expected to be greater than the remaining categories. The commercial bank market will be moderately strong, while fixed security equipment used by commercial and retail firms--especially small business--will increase to 1985. Residential sales of safes--free standing, wall, floor, and ceiling--have performed well in recent years and will continue to have strong growth to 1985.

The recent advent of private safe deposit outlets has demonstrated a new demand for this equipment and the convenience of readily accessible storage. Client confidentiality, 16-to-24-hour access, and extensive guard and electronic security are key selling points. Primary users include

investors and homeowners desiring accessible storage for art, antiques, coins, jewels, silverware and other invaluable items. Given present trends, Hallcrest expects private safe deposit outlets to have a strong demand in the top 100 SMSA's with larger cities able to support several businesses. In the Washington, D.C. metropolitan area, for example, three private vault companies opened for business within one year. This new phenomenon is so recent that no historical data exist. Thus, no economic forecasts have been made. The success of these ventures, however, could stimulate otherwise flat rates of growth and saturated markets for safe deposit boxes.

8.5.2 Locking Devices

This category includes all exterior and interior locks such as padlocks, door locks, lock trim and other related hardware; miscellaneous locking devices including window latches, cable locks, security fasteners, and rim locks for windows and sliding doors; and hardware for installation. Locks used in safes, money chests, and bank vaults are not included. The relevant SIC codes are seven-digit classes of Builder's Hardware (34294). U.S. Census of Manufacturers data are only available for the seven digit classifications for 1972 and 1979. Annual Survey of Manufacturers data are available for the entire Builder's Hardware (SIC 34294) category (see Appendix C).

Two market research reports offered projections of locking devices. Predicasts provided a 1985 value of shipments projection based on an extrapolation of historical Census data, locking device expenditures as a percent of new construction expenditures, and an inflation index. Business Opportunity Report estimated retail sales of locking devices to 1986 using an approximate 70% markup over Census data. An alternative forecast was formulated by Hallcrest by applying the compound 1972-1977 growth rate for each of the major components of locking devices. An overall 9.2% compound annual average growth rate will be experienced with revenues of nearly \$1.2 billion in 1985 for locking devices. This forecast assumes that upgrading will grow in excess of new construction, and that door locks as a percentage of total lock sales will decline as sophisticated locking systems experience more rapid growth. It is interesting to note that locking devices and fencing, long the vanguard of security devices, comprise the largest security products categories.

The market for locking devices is conveniently divided between new construction hardware and the upgrading of existing structures. Upgrading older equipment and/or additions to existing locks will continue to provide the largest growth. Upgrading is most frequently undertaken in response to successful compromise of existing lock systems, a crime incident, fear of crime on the premises, or mandated levels (insurance or government) of security. FBI crime statistics have consistently shown that most entries in residential burglaries are

gained through forcing inadequate front or rear door locks. Lodging establishments, institutions and large commercial complexes are constantly looking for ways to improve tenant security when there are frequent changes in occupancy, e.g., in hotels and dormitories. Keyless locks (coded, push-button, electronic) are more frequently being used in these areas and often are standard components for any access control system.

8.5.3 Electronic Access Control Systems

Electronic access control systems incorporate electronic locks with microprocessor units to control access in specific areas. Activating devices such as special keys and credit card size materials such as mylar or polyester are encoded with specific data that identify the user. A card reader decodes the information and transmits it to a microcomputer or macrocomputer which decides if the card holder should be admitted. Larger systems usually monitor 20 or more control points and often are integrated with other security, fire and energy management functions. Since no separate SIC code currently exists within U.S. Census of Manufacturers data covering electronic or card access control systems, a composite of historical and "base year" figures reported by three market research reports were utilized in Appendix C. Using a midpoint in growth rates of two of the comparable reports (Predicasts and Business Opportunity Report) resulted in a consensus annual rate of growth of 10.2% to 1985. Value of shipments for the U.S. market is estimated at \$31.4 million in 1985.

The Business Opportunity Report indicates that there are currently at least 30 U.S. firms involved in this market, and Security World lists nearly 100 firms. In some cases manufacturers also provide distribution and installation services. Many of the firms are smaller regional operations competing only in restricted geographic markets or with stand-alone systems. Some firms which manufacture electronic locks also overlap into access control systems. Competition appears to be stiff, with new product introductions and changes in product lines occurring regularly. The trend is markedly toward larger firms offering microprocessor or computer systems capability to handle a variety of functions, such as personnel identification, time and attendance, personnel inventory, job costing, surveillance of facilities, and equipment control (e.g., elevators, gas pumps, copying and word processing equipment). In addition, access control is increasingly being incorporated into large-scale integrated systems which monitor security alarms and energy management. Small access control firms cannot effectively compete for large facilities management systems.

Electronic access control systems are an excellent example of a high-growth area of private security which represents a potential substitution of technology for human resources. Access control systems can replace or reduce the number of guards used to perform security functions. Yet, the same systems clearly can increase the effectiveness of a guard

force; a guard at a central control point can monitor the movement of many personnel, visitors, and vehicles.

Protection of sensitive information areas and high security facilities have been the two principal applications for access control. The protection of sensitive or confidential information includes classified government documents, industrial or trade "secrets," and confidential credit or personnel information. The large dollar markets have been in high security military, civil government, and defense industry installations; computer sites; corporate headquarters; and research facilities. The protection of high-value or high-risk facilities including nuclear power plants, oil refineries, oil drilling platforms and chemical processing plants is another major application. Access control systems are also becoming increasingly cost competitive, featuring electronic and mechanical locks that permit frequent changing of combinations or keys for existing locks. The ability to alter lock configurations is especially critical in high-turnover establishments like hotels, motels, and apartments, and in retail and commercial complexes.

8.5.4 Security Lighting

Lighting has long been used as a deterrent to crime. Research has shown lighting to be a major factor in deterring the criminal intent and in increasing sense of safety for both patrons and employees. This technique has been successfully

applied in such settings as garages, parking lots of entertainment establishments and institutions, and in commercial, industrial and warehouse settings. Due to both efficiency and quality of illumination, there is a trend toward high-intensity systems which use metal halide, mercury vapor, or sodium vapor as the active agents. No distinct SIC code exists for security lighting. Predicasts projects a security lighting increase from approximately \$358 million in sales in 1980 to \$530 million in 1985.

Two major types of security lighting lamps are available: high-intensity discharge lamps and high and low pressure sodium lamps. High-intensity discharge lamps of halide and mercury vapor are the most commonly used and the most generally cost efficient light sources. Original installation costs are high, and color renditions are relatively poor. High-and low-pressure sodium lamps are less expensive, both in original cost and energy costs. These lamps emit an unflattering yellowish light, but provide an excellent lighting source for CCTV cameras.

Two major factors affect the sales and distribution of security lighting product alternatives: (1) new construction, and (2) replacement of less energy-efficient systems. Increased construction costs, high interest rates, and an uncertain economic future dampen the outlook for the former; high and rising energy costs make the latter a growth situation. High-intensity lighting will not necessarily have a

larger percentage of the total lighting market. Area flood-light systems will continue to have applications in situations where the colored illumination of sodium lamps are inappropriate.

8.5.5 Computer Security

Security measures for computers can be grouped into two categories: physical security and data security. Physical security is concerned with protecting the overall site where data processing operations are located and restricting access to various locations within a facility where computer operations and staff are located. Physical security often utilizes guard services, access control, monitoring and alarms described in other sections of this chapter. Data security includes both software and data encryption devices installed at either data input or output stages. Computer software for security purposes limits user ability to access computer systems, data files, and programs. In this security equipment category, we are concerned primarily with data encryption devices. Data encryption devices use the National Bureau of Standards' Data Encryption Standard (DES) to unintelligibly scramble (encrypt) the transmission of data by using a mathematical formula. Data is then uncoded (decrypted) at the receiving end. No distinct SIC code exists for data encryption devices for computer security.

The market for data encryption units has been estimated at \$10 million for 1980.⁴² A major factor affecting the growth

of data encryption units is the large average dollar loss where the computer has been used for illicit activity-- estimated by the FBI at about half a million dollars. Large-scale embezzlements and fraud usually involve access to restricted data files. A computer used by an individual who knows the organization's system and access codes/passwords, can be the primary instrument for removing large sums of funds, negotiable documents, proprietary information, and trade secrets (key manufacturing and engineering processes). The data processing function in organizations has moved increasingly to distributed data processing (DDP) in which on-line access to mainframe computers is provided through a network of terminals at remote site locations. It is not unusual for large corporations to have key offices and facilities around the country interacting with a common data base. Some companies now allow key executives or staff to access corporate computer systems through a modum hook up to their personal or company provided home computer. The next few years may see an explosion in the use of home computers and their interface with the traditional corporate work environment. The growth rate for encryption devices should at least approximate the conservative estimates forecast for the growth of nonhome computers. On this basis, Hallcrest forecasts a conservative 15% compound rate of growth to 1985 with estimated value of shipments of \$20.1 million for data encryption devices.

8.5.6 Security Fencing

Fencing and other barriers have been one of man's earliest devices to protect himself from predators. Generically, security-related fencing is one of the most basic protective measures for both safety, assets protection and loss prevention. In the commercial and industrial environment chain-link fence fabric is most commonly used, and a minimum eight foot height is considered security-related by the fencing industry. Perhaps the best indicator of the strong growth in security-related fencing has been the steady increase in sales over the past decade, even though a large portion of razor-ribbon fencing in the prior decade was allocated to Vietnam war uses.

Fencing Industry magazine conducts bi-annual surveys of fencing manufacturers. Manufacturer estimated sales in 1980 were estimated at \$3.37 billion; residential sales are estimated as 60% of the total and industrial/commercial uses represent the other 40%. Security-related fencing sales are approximately 70% of all sales. The average annual growth rate for fencing was 9.6% between 1976 and 1982. Security fencing is an example of security expenditures that can be seldom identified in security budgets; more often it is found in capital expenditure budgets.

In addition to the many wood products companies which manufacture wood fencing in varying heights, approximately 60 companies manufacture chain-link fence but there are only three major manufacturers of barbed and razor-ribbon type

fencing. Heavy metal palings are used in high security applications; with only one U.S. manufacturer, most paling type fencing is imported. Presently, there are approximately 15 firms combining fencing fabric and alarm sensor devices; major firms include the alarm industry firms of Litton, Linear, Stellar, and Racon. The major firms have recently increased advertising and market penetration, offering turn key implementation of perimeter access control systems which may include fencing, intrusion detection sensors, CCTV, card entry, and intercom systems.

Security-related fencing applications have received increasing attention by the fence industry and its industrial/commercial consumers. The International Fencing Show now sponsors a separate security fencing seminar, and the August 1983 issue of Fencing Industry contains a security fencing feature. Some major corporations have reportedly been quietly including additional fencing as a secondary barrier in counter terrorist programs for strategic corporate facilities.

Applying a compound rate of growth (1976-1982) to the fence industry's 1980 baseline figure results in estimated 1985 shipments of \$3.72 billion for security-related fencing: \$2.24 billion residential and \$1.5 billion industrial/commercial.

8.6 MONITORING & DETECTION

8.6.1 Closed Circuit Television

Included in this security industry sector are firms who manufacture, distribute and install closed circuit television systems (CCTV) and equipment, including specially designed cameras, monitors, switching equipment, video recorders, receivers, scan converters, and control consoles. The appropriate SIC Code 3662241 is solely for closed circuit television systems and equipment and excludes commercial broadcast and consumer products. Security equipment as a percentage of total CCTV equipment was estimated by Predicasts to be about 75% of total sales in 1978. Many specialized firms custom design and install CCTV systems from manufactured components, but revenues for these firms beyond manufacturer value of shipments cannot be captured in SIC codes. Baseline data on the value of shipments for 1976 to 1980 from the U.S. Department of Commerce Current Industrial Reports (MA-36N) series on "Selected Electronic and Associated Products" are displayed in Appendix C.

Two market research reports forecasted CCTV security equipment to 1985. The Business Opportunity Report provided projected figures to 1985 of about \$170 million for sales, not value of shipments. Predicasts projections are based upon undocumented growth factors in building construction, the percent of construction cost (7.9%) devoted to CCTV security equipment, and security CCTV applications' share of the total CCTV market (75% in 1978). Predicasts estimated value of

shipments in 1985 is \$220 million, considerably higher than the sales figure of the Business Opportunity Report. Both reports, however, estimate about 11% annual growth rates. Assuming, at best, a 75% security CCTV market share, a Hallcrest linear trend extension (least squares method) of the historical value of shipments data results in a \$124.2 million 1985 forecast--an average annual compounded change of 15.4%. This method results in a much lower absolute figure than Predicasts, but a higher rate of growth. Due to the large number of Japanese firms in the U.S. market, these figures for value of shipments should be adjusted upward. The Frost and Sullivan Report estimated 1980 U.S. imports exceeded exports of CCTV systems--actual U.S. consumption would be 15.2% higher than the value of U.S. produced shipments. If this import/export ratio remained the same, then the Hallcrest 1985 projections for CCTV value of shipments (U.S. consumption) would be projected at approximately \$143 million.

The industry is dominated by two types of major American and Japanese firms which manufacture television and video transmission and receiving equipment. One group of firms produces a complete product line of cameras, monitors, switching units and accessories. The other group concentrates on video recorders, motion detectors and other specialty items. Compatibility of components among manufacturers is largely accomplished by manufacturer adherence to Electrical Industry Association Standards. Several technological developments have shaped market shares in the industry. Many of the innovations

have been with cameras. Silicon intensified cameras use ultra-low-light sources not visible to the human eye, thus reducing the need for security lighting in camera locations. General Electric, for example, introduced a patented device that compensates for small changes in light. In 1981, RCA paved the way for solid-state technology with the use of large-scale integrated circuitry in its cameras. Future developments will occur in switching and the use of microcomputers and microprocessors which will likely reduce the number of components in a CCTV system. Digital and microwave transmission systems will be increasingly used, where feasible, to replace more expensive cable.

CCTV systems in retail and industrial settings may be installed as stand-alone systems or as part of integrated monitoring and detection systems. Many local firms design systems and install equipment of major manufacturers. Some of these firms position themselves as CCTV specialists while others provide other security control equipment. The use of motion detection and other sensors to activate cameras has drawn some burglar and fire alarm firms into the CCTV security market.

The use of CCTV in industrial and commercial sectors is another good example of technological displacement of security personnel. A single security employee sitting at a monitoring console can alert and guide other security personnel and/or the police to unauthorized entry, theft, and security violations. Improved image resolution on monitors and time-lapse

video recorders assist in identification of suspects. In the industrial setting, CCTV equipment is particularly effective in monitoring shipping and receiving operations and remote areas of the facility. Retail security operations have been increasingly installing CCTV to serve as a visible deterrent and to aid in detecting of employee theft and shoplifting.

The increased use of solid-state components will likely result in equipment which is more compact, more reliable, and less expensive to purchase and maintain. This will open up more markets for smaller businesses like small retailers and convenience stores. A large potential market looms in residential applications--both single family dwellings and apartments and condominiums. Reduced component size and affordability could allow property management firms and homeowners to control visitor access through relatively inexpensive CCTV systems. Alarm companies will increasingly offer CCTV components to their customers. Compact portable units will be developed for use in surveillance of "problem areas" experiencing shortages and thefts; these units may also be used to expand the field surveillance capabilities of law enforcement agencies.

8.6.2 Electronic Article Surveillance

Electronic article surveillance (EAS) systems are used primarily in retailing to detect shoplifting and also in institutions, libraries, and bookstores to prevent book pilferage. In the typical EAS system, electronic circuits on

specially constructed tags or discs are generally attached to high-value or highly pilferable items such as high-fashion clothing apparel and rare and expensive books. The electronic circuits are activated and an alarm sounds when the item moves through a detection area near an exit without the tag/disc being removed by a salesperson or employee.

At present, no distinct SIC code exists for EAS systems. The Business Opportunity Report estimated 1980 value of domestic shipments at \$44 million and projected 1985 shipments to reach \$152 million; their 1980 value of shipments figure of \$44 million is estimated to represent only 3% of the potential market. This report also notes Sensormatic's (largest firm in domestic shipments) estimates of opportunities for 237,000 systems in the U.S. plus over 340,000 more in European markets, and cities Knogo's (largest firm in exports) contention that U.S. potential alone is at least 600,000 systems. The Knogo estimate includes supermarkets, bookstores, libraries, and other retailers in the prospective market. At present, the key end-use markets are bookstores, libraries, department and general merchandise stores, specialty shops, and discount and variety stores. Most retail applications have been for apparel and soft goods that can be tagged. New product introductions will broaden the market further to include hard goods applications and other merchandise categories in drug stores, supermarkets, and retail stores where shoplifting is a major problem.

Microwave, electromagnetic, and radio frequency systems are used by different firms with no great documentable difference in system effectiveness. One firm claims that its microwave systems enable greater distances between scanning units, thus providing an advantage in shopping malls and other locations where exits are wide and uncluttered. Microwave, however, is less effective where shoppers exit through narrow areas. A major limitation of EAS systems has been customer acceptance, especially since many activated alarms are caused by employees who forget to remove the tag or disc from a legitimately purchased item. Continued rapid growth of EAS systems will largely be dependent on customer acceptance and demonstrated system deterrent value in general merchandise, specialty and mass retailing uses.

FOOTNOTES

CHAPTER 8

1. James S. Kakalik and Sorrel Wildhorn, The Private Police Industry: It's Nature and Extent, Vol II (Santa Monica: The Rand Corporation, 1972), p. 17.
2. *ibid.*, p. 18.
3. *ibid.*, p. 19.
4. N.B., some classes/positions, which Rand summarized, have been dropped from our analysis. For example, the occupation of bailiff was not used because it is more closely aligned with corrections officer functions, even though bailiffs are commonly involved in court security activities.
5. The position of parking enforcement officer was retained in the employment trend data (Table 8-3) because it is too narrowly defined as an enforcement position.
6. While the survey methodology was sound, the data have an obvious bias toward a subscriber base which is sufficiently interested in security expenditures to subscribe to the security periodical conducting the survey. A recent survey of the membership of the Wisconsin Association of Manufacturers and Commerce (by the Governor's Select Committee on Business, Law Enforcement and Economic Crime) disclosed that only 9.5% of the respondents have a security director and that nearly two-thirds of the respondents (senior executives) estimated their security-related expenditures at less than \$5,000.
7. As we note later, data for number of firms, establishments, and employees are believed to be grossly understated by the CSSI data. The data, however, for expenditures do reflect a more rapid rate of growth.
8. The Bureau of Labor Statistics developed three sets of occupational employment projections to 1990 (essentially, low, medium and high) based upon an econometric analysis of the GNP updated every 2 years by BLS. [See Monthly Labor Review, Bureau of Labor Statistics, August 1981, pp 9-55 for a fuller discussion.] We have used the low forecast alternative for police protection and the high alternative for private protection in the Table 8-3 data on protective service workers. Even comparing public and private sector positions at the high levels, private protective worker positions are projected to increase at almost double the rate of police protection at all levels of government. In Table 8-3, the low projection was used for police personnel

due to the DOJ data which showed a slowing trend in rates of growth for police personnel from 1976 to 1979. The difference between the low and high BLS alternative growth projections is only .2 percent in annual rates of growth for police personnel.

9. See Forbes, April 11, 1983, pp. 142-149.
10. Lester C. Thurow, The Zero-Sum Society (New York: Basic Books, 1982), p. 88.
11. Thomas M. Scott and Marlys McPherson, "The Development of the Private Sector of the Criminal Justice System," Law and Society Review 6 No. 2: 267-288.
12. W. Flavel, "Research into Private Security," Second Bristol Seminar on the Sociology of the Police, April 1973.
13. Clifford D. Shearing and Phillip C. Stenning, "Modern Private Security: Its Growth and Implications," in Michael Tonry and Norval Morris, ed., Crime and Justice: An Annual Review of Research, Vol. 3 (Chicago: University of Chicago Press, 1981).
14. Security Letter, January 15, 1981.
15. Security Letter, January 15, 1982.
16. Financial World, February 15, 1983, p. 48.
17. Security Letter, July 15, 1982.
18. As reported in Security World, April 1982, pp. 14-15 and Security Letter, March 1, 1982.
19. Financial World, op. cit.
20. Turnover of firms includes those firms that have gone out of business through failure, liquidation of assets, and merger or acquisition by another firm.
21. Fire detection and control equipment, especially alarm systems and smoke detectors, are a significant part of burglar and fire alarm company revenues. Many security directors have fire safety responsibilities under their direction. Thus, fire detection and control equipment is also included as part of protective services and products.
22. See Appendix C for a full discussion of data sources, categories of security products and services, and methodological problems.
23. Predicasts, Inc., Private Security Systems, Report E59 (Cleveland: Predicasts, Inc., 1982).
24. Security World Retrofit Study (Chicago: The Bureau of Marketing Research, 1980).
25. Security Letter, Source Book (New York: Security Letter, Inc., 1983), p. 94
26. Forbes, March 28, 1983, p. 115.
27. Federal Bureau of Investigation, Department of Justice Crime in the United States: 1981, (Washington: U.S. Government Printing Office August 26, 1982), pp. 324-334.
28. Uniform Crime Report: January-June 1982, U.S. Department of Justice, October 19, 1982.
29. Wayne Siatt, "What Corporate Executives are Thinking about Security," Security World, October 1981, pp. 35-42.
30. "Security Director Salary Survey," Security World, December 1980, pp. 19-26.
31. Wayne Siatt, "Integrated Systems," Security World, July 1982 pp. 23-33.
32. Security World, December 1980, op. cit.
33. Wayne Siatt, "Contract/Proprietary Guards: How They Suit Users' Needs," Security World, July 1981, pp. 21-30.
34. Security World, December 1980, op. cit.
35. Siatt, op. cit., July 1981.
36. See footnotes 8 and 9 in Chapter 9 and discussion of citizen demand for police service.
37. Business Communications Co., Inc. Business Opportunity Report: Security/Monitoring/Alarm Systems, G-046R (Stanford, CT: Business Communications, 1978).
38. Frost and Sullivan, Home Burglar Alarm Market (New York: Frost and Sullivan, 1982).
39. The term "wireless" is generally used to describe alarm sensors and control units which are stand-alone units not requiring "hard wiring." These units are frequently ultrasonic sound or other such devices which "flood" a room with a pattern of high frequency energy waves which are disturbed by the intruder.

40. Frost and Sullivan, op. cit., p. 133.

41. Home Security: The Impact of Cable TV (Norwalk, CT: International Resource Development, Inc., 1982); For a full discussion on perceptions of cable TV system executives on cable TV security system costs and market potential, see Sally Matteson, ed., "How Cable Executives View Security," and "Cable on the Horizon," Security Distributing and Marketing, April 1982, pp. 34-48.

42. Electronic Business, January 1979, p. 76.

CRIME AND PROTECTION IN AMERICA
A Study of
Private Security and Law Enforcement
Resources and Relationships

VOLUME II
POLICE AND PRIVATE SECURITY RELATIONSHIPS
CHAPTERS 9-13

By
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ABSTRACT

This is a descriptive research report on relationships between private security and law enforcement conducted by Hallcrest Systems, Incorporated under a grant by the National Institute of Justice. The report describes the increasing role of private security in the protection of America--their programs and resources, contribution to crime prevention, deficiencies in security services and personnel, and interaction with law enforcement agencies. The report reveals that primary protection responsibility is shifting from the public to the private sector, and that the private sector diverts significant amounts of crime from the criminal justice system. The private security resources of business, institutions, government, and citizens--guards, alarm systems, investigators, armored cars, etc.--exceed federal, state, and local law enforcement expenditures and personnel.

Specific topics of discussion include profiles of security program content, services and personnel; an assessment of economic crime impact; police "moonlighting" employment in private security, response to false alarms and other problems in police-security relationships; the impact of security technology; and security education, training and regulatory controls. Recommendations are made for more effective use of private security and law enforcement resources to combat crime and to relieve police agencies of their large workload of non-crime-related calls for service.

Project research techniques used national and local surveys and interviews of police and security managers and employees, site studies in two urban counties, a literature review, and an economic projection of private security spending.

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FOREWORD

The co-principal investigators of this research project were William C. Cunningham and Todd H. Taylor. Principal consultants for the project were Dr. J. Thomas McEwen, research methodology and data analysis; and Dr. Robert F. Dyer, economic analysis of the private security industry.

Inquiries concerning this report should be directed to William C. Cunningham at Hallcrest Systems, Incorporated, 7316 Hooking Road, McLean, Virginia 22101.

PREFACE

This volume is one of a series of four reporting a 30-month descriptive research project performed by Hallcrest Systems, Inc., under Grant No. 80-IJ-CX-0080 from the National Institute of Justice, U.S. Department of Justice.

The primary purpose of the project was to develop strategies and recommendations to use more effectively the extensive resources of private security and law enforcement in their respective roles in crime prevention and control. The research emphasized the relationships between law enforcement and private security operations as they deliver protective services in communities throughout the United States.

Major research tasks included a literature review, interviews of more than 400 people in law enforcement and all facets of proprietary and contractual private security, surveys of 1600 law enforcement and security managers, a survey of state agencies regulating private security, an economic analysis and forecast of the private security industry, and field studies in two urban counties--Multnomah County (Portland), Oregon, and Baltimore County, Maryland.

Four volumes comprise the project report:

VOLUME I: CRIME AND PROTECTION RESOURCES
(Chapters 1-8)

This volume describes the resources of public law enforcement and private security directed at crime and loss prevention. Specific emphasis is placed on citizen protective measures, the size and scope of proprietary and contractual security, and the impact of economic crime on business, institutions, and the public.

VOLUME II: POLICE AND PRIVATE SECURITY RELATIONSHIPS
(Chapters 9-13)

This volume discusses the protective roles of law enforcement and private security, interaction and cooperation between them, problems in operating relationships, mechanisms for upgrading private security, and the impact of security technology on relationships.

VOLUME III: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
(Chapter 14)

Major findings and conclusions are presented. Where appropriate, recommendations and future research needs have been suggested to maximize the role of private security as a crime prevention resource; and to improve interaction and cooperation with law enforcement; and to examine carefully economic crime, the private justice system and private security protective measures.

VOLUME IV: TECHNICAL APPENDICES

This volume contains the methodological approach to the project; it displays survey questionnaires and data from national surveys of law enforcement and security managers, national and regional security executives, and field study survey data. Included also are key provisions of state regulatory legislation; an economic forecast of the U.S. private security industry; and a list of selected security-related associations.

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CHAPTER 9

PROTECTIVE ROLES AND FUNCTIONS

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CHAPTER 9
PROTECTIVE ROLES AND FUNCTIONS

9.1 PRIVATE POLICE OR PRIVATE SECURITY?

Protective roles and functions of policing need to be discussed and classified if a comparison between law enforcement and private security functions is to be made. Without a full understanding of the goals, objectives and activities of policing, it is not possible to understand their relationship to private security. In addition, it is necessary to focus on relative emphasis and priorities placed on the various functions and activities in order to note precise variations, interactions, and similarities.

The term "private police" is used throughout the Rand report on private security to describe policing efforts initiated in the private sector which the Rand authors consider supplementary or complementary to law enforcement. Private security personnel ("private police") are relegated to a secondary role in the mutually shared goal of detecting and preventing crime. Rand's seminal work on private security (Kakalik and Wildhorn, 1972) forms the primary empirical baseline for this study. Following the review of current literature and interviews of hundreds of private security practitioners across the nation, it became clear that the Rand report has inaccurately characterized private security. The report has become a source for misperceptions and stereotypes of private security that have undermined law enforcement and private security relationships over the past decade. The

basic premises and assumptions underlying that research need to be examined as a reference point for discussion of roles and relationships.

The Rand report outlined the scope and dimension of private security by defining the roles and relationship of law enforcement and private security. That report was primarily an examination of the existence in the private sector of the common functions and activities performed by police officers in the public sector. The authors, for example, note that nationwide investigative services were performed by railway police and national detective agencies such as Burns and Pinkerton, prior to the formation of the FBI in 1924.¹ With expanded and improved public police capabilities, the role of private security is then primarily viewed in terms of guard forces and contract guard services. Hallcrest is concerned by the rather narrow scope that the Rand report ascribes to private security, as opposed to the comprehensive nature of the three major components of private security programs discussed earlier: physical security; information security including computer security, and proprietary information protection; and personnel security (including employee screening, security awareness and executive protection). Admittedly, guard personnel, both contractual and proprietary, are the most visible element of comprehensive security programs in business and other institutions. Although the Rand report makes some mention of the non-crime-related tasks performed by

guards and private investigators, private security is characterized primarily as detection and prevention of crime by private interests on private property.

The varying emphasis placed on specific crime control functions is the primary distinction between private security and law enforcement, according to the Rand study. The public police protect the public interest primarily in public places and have "primary responsibility for maintaining order, enforcing the laws, preventing crime, investigating crimes, and apprehending criminals."² The major functions of private security on behalf of private interests are viewed as the "prevention and detection of crime on private property and the gathering of information for private purposes."³ In addition, the major functions of guards are to protect property from loss by fire or equipment failure, to provide access control, and to enforce employer rules and regulations. The Rand authors view these functions as "services that public police either do not perform because of resource limitations, or cannot perform because of legal constraints."⁴ Further, this report compares the levels of legal authority, training, education, and background of public and private police. The conclusion is then drawn that "private police" are woefully inadequate to perform somewhat similar "police" activities, and, therefore, more stringent licensing and regulation is required to upgrade personnel and control abuse of authority.

Comparisons of the crime control function should be only one element in the analysis of the relationship between private security and law enforcement. The Rand report has limited private security to a narrowly prescribed role by failing to include it in the larger context of assets protection and loss prevention, of which crime prevention is merely a component (albeit a critically important component).

Most discussions in the literature make comparison of private security and law enforcement on the basis of their sponsorship (public or private), the source of their authority (criminal vs. tort, property and contract law) and functions or activities (shared or mutually exclusive). A common denominator for comparison of law enforcement and private security can be generically described as protective functions or services. A classic security text, Security Administration (Post and Kingsbury), suggests ten generic protective service functions of law enforcement and private security that are performed "in furtherance of some specified protective services goal:" prevention, protection, enforcement, detection, investigation, deterrence, emergency services, reporting, inspections, and general service.⁵

Within this context, the crime prevention effort simply becomes one of the many functions that support a specific organizational goal: to protect lives and property. Labeling private security the "private police" unfairly and incorrectly

restricts their scope and invites comparisons from a police perspective rather than from the comprehensive framework of protective functions.

9.2 THE POLICE ROLE: CRIME PREVENTION AND CONTROL

Both English and American policing have roots in private protection initiatives. As society grew and became more complex, public protection with paid police began replacing private protection. In England, the early efforts of tythingmen, watchmen, constables, sheriffs, and special police units (River Patrol, Bow Street Horse Patrol) were directed primarily toward maintaining order in a growing society from the Anglo-Saxon period up to the Industrial Revolution and the 19th Century. In 1822, there were thousands of watchmen and only a few paid police.⁶ The origins of and model for modern policing in the United States were essentially patterned after the Metropolitan Police of London, organized in 1829 as a result of the reforms of Home Secretary, Sir Robert Peel. These reforms took hold in the United States as well; watchmen, bellmen and door "rattlers" were replaced by organized police departments. The initial mission of organized policing was oriented toward an "order maintenance" function. As Wilson noted in his discussion of "styles of policing" communities, the Wickersham Report in 1931 evaluated the public police primarily on their effectiveness in combatting crime.⁷ Since that time the police have become identified mainly with a societal mission or role of prevention and control of crime.

Literature on the police role generally falls into two categories: (1) overall role or mission of the police and (2) analysis of the activities which support or carry out the police role. The primary sources of data have been observation, self-reporting by officers, and analysis of calls for service by the public. In general, the literature describes the role of law enforcement as the prevention of crime, detection and apprehension of criminals, the protection of life and property, maintenance of public order, the regulation of traffic, and the performance of various auxiliary functions. The most visible activities of policing involve methods of deployment: patrolling and investigation. Substantive and procedural criminal law prescribe specific guidelines for activity and procedures of the police. Yet, considerable discretion is exercised by both law enforcement agencies and officers in the emphasis placed upon and the disposition of events.

Four major areas of analysis for both studies on police role and activities are (1) citizen calls for police services, (2) deployment of random police patrol, (3) police response time to calls for service, and (4) order maintenance in the community.

Some of the earliest research on police activity suggested that between 80 and 90 percent of citizen demands for police services were non-crime-related.⁸ Several types of studies over the last twenty years have consistently supported those

findings: (1) analysis of initial citizen calls for service; (2) subsequent radio dispatch of patrol units to most of these calls, (3) patrol officer self-initiated activities, and (4) the distribution of patrol officer time allocation to tasks and activities.⁹ Despite differences in methodology and activity classification schemes, Scott (1981) succinctly summarizes the conclusion to be drawn from these studies: "...the preponderance of evidence indicates that demand for, and police response to, noncriminal service requests comprises 80 percent of patrol officer workload."¹⁰

The formal crime control-oriented components of the police role, then, are incongruent with actual behavior and tasks performed by police officers. Police researchers and practitioners have developed two responses to these findings: a professional model of policing and a service model. In the professional model, the importance of the police crime control mission is enhanced by attempting to relieve police officers of those tasks and activities which are not directly crime-related. Task reduction can be accomplished by completely eliminating the task, by using civilian or nonsworn personnel, or by transferring the tasks to other public agencies or social service organizations. No studies were found in our literature search on the ability of the police to simply cease performing certain functions without a viable alternative mechanism for delivering the service to the public. Civilians have been increasingly used to release higher paid, skilled and trained sworn personnel to perform crime control

tasks, but this generally involves only civilians in support functions, not patrol tasks.

In a study of Police Referral in Metropolitan Areas, Scott (1981) found that the majority of referrals (55%) were made not to external agencies, but to internal police department units or to other law enforcement agencies (23%).¹¹ Task elimination, civilianization and external agency referral, then, have not reduced the high workload of non-crime-related police activities.

In the service model of policing, law enforcement becomes only one of several major missions of the police, and the other missions become formally recognized, legitimized and given resources and support commensurate with their new level of importance. Role definitions are formally reconstructed to reflect the reality of informal working roles of police officers. Interactions with citizens in these noncriminal activities are postulated to increase the overall level of police and public cooperation, and to produce greater citizen satisfaction with police performance in other noncriminal service tasks.

The deployment of random preventive patrol by the police and the emphasis on rapid response time to calls for service have been other major areas of analysis by police researchers. The results of research projects in Kansas City have been disputed by many police practitioners. In the preventive patrol experiment (Kelling and Pate, 1974), police visibility was reduced in one area of the city, increased two to three

times in another area, and maintained at a normal level of preventive patrol in a control area.¹² Researchers found no statistically significant differences among the three areas when measuring levels of crime, police response time and citizen fear of crime and satisfaction with police response.

The police response time effectiveness study (Pate et al., 1976; Kansas City P.D., 1977) found that on-scene interceptions of criminal activity or apprehensions of suspects were few and far between, and in most cases little relationship if any existed between police response time and arrest rates.¹³ The National Institute of Justice (NIJ) recently funded an experiment in St. Louis, using automatic vehicle locator (AVL) technology, to determine if any relationship exists between the geographic location of a crime in progress and the geographic locations of police patrol cars at the time the crime is in progress. The project data showed no significant effect of preventive police patrol on crimes against persons and that property crimes were either temporarily deferred or geographically displaced to other areas.¹⁴

Recently, renewed attention has been focused on the police role in "order maintenance." The Newark Foot Patrol experiment (Police Foundation, 1981) found that people feared being bothered by disorderly people--drunks, panhandlers, rowdy teenagers, etc. Foot patrol officers used extralegal measures to instill or enforce informal social controls in the neighborhood.¹⁵ Skogan and Maxfield (1981) found high correlations between fear of crime and actual experiences with public

disorder.¹⁶ Wilson and Kelling (1981) suggest that disorder and crime are "usually inextricably linked" and that "serious crime flourishes in areas in which disorderly behavior goes unchecked."¹⁷ The informal social control mechanisms of neighborhoods need to be strengthened to minimize fear in public places, say Wilson and Kelling and they further suggest that citizen-initiated efforts (tenant patrols, security guards, etc.) might have more impact in many areas than police actions--especially given declining police resources.

As noted in Chapter 2, citizens and property owners have increasingly undertaken measures to protect themselves. No data have thus far indicated that the public undertakes these measures because of reduced confidence in the police. Law enforcement is one of numerous options or "protective choices" available to individuals and entities.¹⁸ In addition to public law enforcement agencies, Post and Kingsbury suggest a large number of "self-help" measures that include individual measures, collective measures (proprietary security programs, community-based crime prevention) and commercial agencies (private security services and products).¹⁹

As noted by the Rand and Private Security Task Force Reports, law enforcement primarily serves the public interest by providing a general level of protection for the community at large. Private security, however, cannot automatically be assumed to be complementary to public law enforcement. Public law enforcement needs to be reexamined as one of the range of protective choices available for protection of life and

property in the community--as part of a "community protective service network"²⁰ of public and private protective resources.

9.3 THE SECURITY ROLE: ASSET PROTECTION AND LOSS PREVENTION

The Rand report depicts a sharp division of law enforcement and private security functions, based upon the fact that public interests are supported by law enforcement and private interests are served by private security. Most views in the literature tend to emphasize the functions performed by both public and private protective resources. Crime is one of many hazards that can cause a loss of assets in organizations. The main objective of private security is to protect these assets and to prevent losses. Post and Kingsbury visualize the relationship of law enforcement and private security roles as two slightly intersecting spheres of crime prevention (law enforcement) and loss prevention (private security) as depicted in Figure 9-1.²¹ The Private Security Task Force also visualized the respective roles as overlapping spheres but with the shared functions of crime prevention, crime reduction, and order maintenance.²²

Police and security tasks are depicted as a continuum in the Private Security Task Force (PSTF) Report and a recent unpublished study of police officers and guards in Federal Government agencies by the U.S. Office of Personnel Management (OPM). The PSTF draws a distinction between services provided in five areas: 1) input - the manner in which the service is



Figure 9-1
Protection in the Community

Source: Post and Kingsbury, *Security Administration* (Springfield, IL: Charles C. Thomas)

obtained (citizen or client); 2) role or function - predominant activity or purpose (crime response or crime prevention); 3) targets - the beneficiaries or objectives to which the service is directed (general public or specific clients); 4) delivery system - the mechanism through which services are provided (government agencies or profit-oriented enterprises); and 5) output - the end product of services performed (law enforcement/criminal apprehension or loss reduction/assets protection).²³ This continuum is illustrated in Figure 9-2. The OPM study depicted (Figure 9-3) security and order maintenance/law enforcement duties in a continuum with a "very broad gray area shared by the two lines of work."²⁴ An article written by a veteran police officer and a contract security manager discussed six "shared goals" of law enforcement and security: (1) deterrence, (2) discovery of crime, (3) crime prevention (i.e., target hardening), (4) non-crime-related duties, (5) enforcement of laws, and (6) recovery of stolen property.²⁵

Scott and McPherson (1971) maintain that a broad range of private security activities has always been performed, and that they are "virtually identical in many respects to those carried out by the public police."²⁶ They suggest that the main differences between public and private "policing" are not the activities performed, but for whom the services are performed and the degree of authority exercised. Even this distinction is not always clear, since occasionally private security personnel are given police powers within the limited

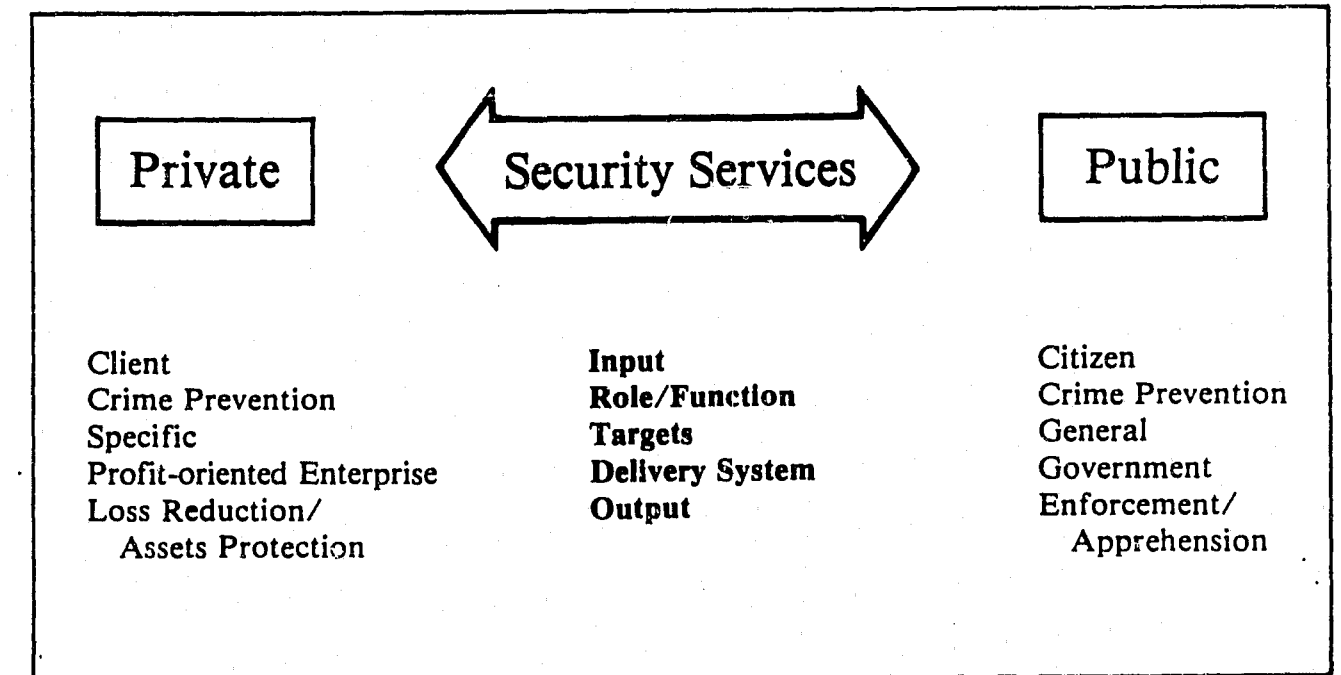


Figure 9-2
The Security Continuum

Source: *Report of the Task Force on Private Security*, National Advisory Committee on Criminal Justice Standards and Goals (Washington, D.C.: U.S. Government Printing Office).

SECURITY		ORDER MAINTENANCE/LAW ENFORCEMENT	
Monitor Alarm Equipment	Respond to Alarms	Stake Out Areas	Participate in Criminal Raids
Respond to Calls for Service	Investigate Complaints	Investigate Crime	Interrogate Suspects
Secure Building/Property	Detect/Report Criminal Acts	Patrol to Prevent Crime	Arrest Violators
Control Locks/Keys	Guard Restricted Areas	Control Access/Movement	Patrol to Preserve Peace
Check ID Badges/Passes	Escort Visitors	Control Traffic	Conduct Searches and Seizures
Enforce Miscellaneous Rules/Regulations	Protect Property	Protect People	Uphold/Enforce Laws
GUARD		POLICE OFFICER	

Figure 9-3
Continuum of Security, Order Maintenance and Law Enforcement Work

Source: *Final Report on the Study of Protective Occupations: Police Officers and Guards*, U.S. Office of Personnel Management, Washington, D.C., (unpublished), 1982.

area or premises in which they are employed. One fourth of medium and large police departments in our national survey report giving special deputy or police powers to security personnel. Site work done for the present study in Baltimore County disclosed that proprietary security managers frequently exercise this option for their security personnel.

Unfortunately, the focus of many of these illustrations is on overlapping tasks of operational personnel--police officers and guards. Yet, as a security director for a large national telecommunications firm noted, "industrial security has evolved from the old uniformed guard posture to an integral part of the overall corporate structure."²⁷ Two other statements by corporate security directors of *Fortune* 500 companies emphasize the complex and sophisticated role private security has in business and industry:

Industrial security departments in many industries are able to help their companies and the consumer by reducing losses, damage and injury to company property and assets and thus prevent needless expense that would otherwise be passed on to stockholders through lessened profits and to consumers through service interruptions and increased costs. Industrial security forces also provide physical protection to employees.²⁸

We're businessmen, we're part of running a business not quasi-policemen. We go into meetings of sixteen to eighteen people at the top corporate level, and talk about problems of the company--production, R&D, finance, personnel--and security is just one dimension. We bring a frame of reference to the decision-making process, just like finance, marketing, legal and every other skill and academic discipline.²⁹

Bottoms and Kostanoski (1981) disdain use of the term "loss prevention" since losses will occur in any free enterprise system, despite the best efforts to prevent them. Bottoms and Kostanoski use an acronym, WAECUP, to present an informational theory of loss control.³⁰ In this model, security seeks to control five basic threats, of which crime is just one: Waste, Accidents, Errors, Crime, and Unethical Practices. Waste and accidents erode company profits; high technology has resulted in a new generation of potential hazards. Errors include not only production processes which impact product quality and customer satisfaction, but also the transmission and storage of information, e.g., accounting errors that make it difficult to trace loss. Waste, accidents and errors focus attention on an important aspect of many industrial security programs: the use of security personnel for safety and control (shipping, receiving, inventory) functions. Unethical practices (bribery, industrial espionage, etc.) can affect the corporation not only through adverse civil and criminal judgments, but also through loss of prestige.

Modern policing evolved from a shift in policing initiatives from the private to the public sector. Calder (1981) notes that a "large number of laws and social principles are founded on the right and obligation of private property protection."³¹ The property law rights of proprietary organizations and their contractual relationship with contractual security firms form the basis for much of private security's

authority. Calder states that the growth and development of metropolitan police departments resulted from a "redistribution of private responsibility for property protection to public responsibility."³² Spitzer and Scull (1977) trace this redistribution to industrial and commercial decentralization and geographical dispersal throughout the country at the turn of the century.³³ Companies increasingly relied on public policing for protection of their geographically dispersed facilities. However, in the last two decades, demands have increased on the public police for many noncrime activities. At the same time, business management began to establish greater internal controls (including security) over all facets of production and distribution. These factors, say Spitzer and Scull, created a growth in demand for private protective services, especially the security services and equipment of contract security.

Shearing and Stenning (1981) correlate the growth of private security with "shifts in property relationships."

Whenever one finds a shift in property relations towards large geographically connected holdings of mass private property, one also finds a shift towards private policing initiatives.³⁴

The private streets and enclosed areas of large industrial, commercial and residential developments tend to be protected privately whereas public areas are protected by public police. Shearing and Stenning call this a "new corporate feudalism" which has shifted protection resources from the public to the

private sector. Thus, the "fiscal crisis of the state" and declining police resources have resulted from this shift; they did not cause it.

The following comment by the Corporate Director of Security for one of the country's largest corporations provides an example of mass private property holdings mandating the internal controls of private security:

Most of our plants are cities within cities and both police and fire departments are out of their element in our surroundings--they don't know where to go, where to begin. Elaborate liaison procedures are more difficult than doing it ourselves. It's in our own best interest to take care of our own problems. If our plants become a sanctuary for certain kinds of criminal activity (e.g., drugs), it affects productivity, quality control and potential for theft--that costs us money. We're here to turn a profit, not lose money before we get our products out the door.³⁵

According to Shearing and Stenning, the growth of modern policing and its expansion through the 1960's and early 1970's resulted from the redistribution of private property protection responsibilities to the public sector. The recent decline in law enforcement resources can be attributed in part to a shift back to the private sector of the primary responsibility for protection. This shift suggests a need for realignment of roles and relationships between the public and private sectors.

Colloquially, this phenomenon was expressed as a "turf issue" during the course of the present research. Law enforcement has enjoyed a dominant position in providing protective services to their communities but now foresees an erosion of their "turf" to private security. Extensive interviews with both proprietary and contract security managers have confirmed that this fundamental shift has already occurred through technological substitution for labor, and it is now simply being manifested in more highly visible human resources. This position was succinctly summarized by a leading police and security educator:

If one were to make a big pie of the protection of the wealth, health and welfare of a community, law enforcement would be a small part of the pie. Law enforcement which is basically manpower is now seeing a manpower shift to the private sector. But manpower is a small part of protection resources. A shift of protection resources to the private sector has already happened; cops only see the change in their turf.³⁶

9.4 PERCEPTIONS AND EXPECTATIONS OF ROLES AND PERFORMANCE

In both the national surveys and site surveys, a series of questions were asked pertaining to perceptions and expectations of law enforcement and private security roles, performance and contribution. The remainder of the chapter discusses the data from these surveys and displays it in tabular form.

9.4.1 Police Functions and Response Priorities

In the Hallcrest survey of chiefs of police and sheriffs in all 50 states, the law enforcement executives were asked to rate on a scale of "highest to lowest" the importance to their agency of nine "functions and activities" which are integral parts of the police mission. Table 9-1 rank orders the frequency of their responses from highest to lowest priority.

These responses are consistent with an orientation to the formal police role of crime control suggested by the literature reviewed. In light of the renewed interest in order maintenance among police researchers and practitioners and its "inextricable link" to criminal activity levels, it is interesting to note that order maintenance is ranked immediately after crime control functions and activities and ahead of crime prevention. On the other hand, departments serving areas of more than 500,000 population more frequently place crime prevention ahead of order maintenance. Ratings by line officers in Multnomah County (Portland), Oregon, and in Baltimore County, Maryland, were similar to ratings by chiefs and sheriffs nationally, except that line officers rank order maintenance higher than crime investigation. When asked how they thought law enforcement would rate these functions and activities, proprietary and contract security managers rather accurately perceived the priorities of law enforcement--perhaps because so many security managers come from a law enforcement background.

TABLE 9-1
LAW ENFORCEMENT EXECUTIVE
RATINGS OF LAW ENFORCEMENT FUNCTIONS
(Rank Ordered)

1. protection of lives and property
2. arrest and prosecution of suspects
3. investigation of criminal incidents
4. maintaining public order
5. crime prevention
6. community relations
7. general assistance to the public
8. traffic enforcement
9. traffic control

N = 384

SOURCE: National Survey of Police Chiefs and Sheriffs, Hallcrest Systems, Inc., 1981.

Chiefs and sheriffs were also asked to rate on a scale of "highest" to "lowest" the priority of response assigned by their agency to twelve typical calls for service, some of which are private security-initiated. Table 9-2 is a rank order of highest to lowest priority responses. A police officer in trouble is rated "highest priority" response by 99% of law enforcement respondents, while a security guard in trouble is rated by only 60% as a "highest priority." Small and medium sized departments place more emphasis on a security guard in trouble response than the larger departments.

The difference in response priorities for police and security officers in trouble is accurately perceived by private security. In contract security firms, about 60% think law enforcement would assign "highest priority" to security guards in trouble, but only one-fourth of proprietary security managers perceive a "highest priority" response by law enforcement. Activated burglar alarms are rated a high or highest priority response by about three-fourths of law enforcement, but small and medium departments rate alarm response a higher priority than large departments. In contrast, only about 40% of proprietary and contract security managers believe that law enforcement in their area is assigning a high response priority for burglar alarms.

Employee theft and shoplifting are very low response priorities for law enforcement departments, regardless of department size. About 75% of departments report daily "investigation" of shoplifting crimes, even though they are a low

TABLE 9-2
LAW ENFORCEMENT EXECUTIVE
RATINGS OF RESPONSE PRIORITIES
(Rank Ordered)

1. police officer in trouble
2. robbery in progress
3. burglary in progress
4. armed robbery
5. security guard in trouble
6. burglar alarm activated
7. assault and battery
8. domestic disturbance
9. traffic accidents
10. auto theft
11. shoplifting
12. employee theft

N = 384

SOURCE: National Survey of Police Chiefs and Sheriffs, Hallcrest Systems, Inc., 1981.

response priority. Employee theft is the most frequently investigated crime by private security, but 85% of the law enforcement agencies report a medium to low response priority and infrequent investigation of this crime. Other "crimes against business" are commonly investigated by private security personnel but are seldom investigated by local law enforcement: cargo theft, computer-related crimes, embezzlement, securities theft, and industrial espionage.

9.4.2 Private Security Functions

Proprietary and contract security managers were asked in the Hallcrest survey to rate on a scale of highest to lowest the priority of various security functions to their companies or organizations. The functions and activities are similar to those rated by law enforcement. Table 9-3 displays a rank order of their responses from highest to lowest priority functions.

Proprietary and contract security managers strongly agree on the highest priorities for security functions and activities. The first five rank-ordered activities are exactly the same. Both law enforcement executives in the national survey and officers in the case study sites accurately perceive these five top-rated functions as characteristic of private security. Table 9-4 displays proprietary security manager priorities, by aggregate business type--commercial, institutional and industrial. With the exception of shoplifting emphasis in

TABLE 9-3
SECURITY MANAGER RANKINGS
OF PRIVATE SECURITY FUNCTIONS
(Rank Ordered)

PROPRIETARY MANAGERS	CONTRACTUAL MANAGERS
1. protection of lives & property	1. protection of lives & property
2. crime prevention	2. crime prevention
3. loss prevention	3. loss prevention
4. fire prevention	4. fire prevention
5. access control	5. access control
6. crime investigation	6. order maintenance
7. employee identification	7. employee identification
8. order maintenance	8. crime reporting
9. arrest/prosecution	9. arrest/prosecution
10. accident prevention	10. information security
11. crime reporting	11. crime investigation
12. information security	12. accident prevention
13. traffic control	13. traffic control
N = 676	N = 545

SOURCE: National Survey of Police Chiefs and Sheriffs, Hallcrest Systems, Inc., 1981.

TABLE 9-4

RANK ORDER PRIORITY OF PRIVATE SECURITY FUNCTIONS

BY AGGREGATE BUSINESS TYPE

Commercial	Institutional	Industrial
1. Protection of lives & property	1. Protection of lives & property	1. Protection of lives & property
2. Crime prevention	2. Crime prevention	2. Crime prevention
3. Loss prevention	3. Fire prevention	3. Loss prevention
4. Fire prevention	4. Access control	4. Access control
5. Crime investigation	5. Loss prevention	5. Fire prevention
6. Access control	6. Order maintenance	6. Employee identification
7. Arrest/prosecution	7. Accident prevention	7. Crime investigation
8. Information security	8. Crime investigation	8. Accident prevention
9. Order maintenance	9. Information security	9. Information security
10. Accident prevention	10. Employee identification	10. Order maintenance
11. Employee identification	11. Crime reporting	11. Crime reporting
12. Crime reporting	12. Arrest/prosecution	12. Arrest/prosecution
13. Traffic control	13. Traffic control	13. Traffic control
N = 221	N = 103	N = 314

SOURCE: National Survey of Proprietary Security Managers, Hallcrest Systems, Inc., 1981.

the retailing area of the commercial sector, crime investigation is ranked in the lower half of priorities, and crime reporting and arrest and prosecution are among the least three important functions. Private security clearly views its primary mission as loss (crime, fire, etc.) prevention, whereas law enforcement in its self-ratings views crime control as its primary mission.

Three observations can be made concerning the rating of functions/activities by operational security personnel in the case study sites. First, security employees have about the same perspective of security functions as do security managers, which suggest good communication of role content by security managers. Second, despite stereotypes of contract security guards as "rent-a-cops" trying to perform police functions, only contract guard supervisors and alarm runners place a high priority on criminal investigation, i.e., investigation of incidents on the client's property they are protecting. On the other hand, ratings by store detectives and retail investigators, bank investigators, and other proprietary investigative staff closely resemble the crime control orientation of law enforcement executives in Table 9-1. Third, there is no clear division of labor (in terms of functions/activities) between contract and proprietary security personnel. The consensus obtained among proprietary and contract security officers on job functions in manufacturing settings suggests fairly standardized functions indigenous to industry type rather than personnel type (contract

or proprietary). For example, both in-house and contract security officers can be found patrolling interior and exterior areas, checking locks and gates, checking for fire hazards, screening and escorting visitors, providing information, etc.

The discussion of the role of private security in the previous section postulated several theories for the growth of private security: (1) their services are similar to law enforcement and differ only in legal authority; (2) private security fills a vacuum left by declining law enforcement services; (3) private security protects interests that otherwise would go unprotected; and (4) private security openly competes with law enforcement in providing protective services. Based on the discussions of the PSAC and the PSTF, Hallcrest hypothesized that police officers might feel threatened by the increasing use of private security, especially where moonlighting by police officers was permitted. Police officers at the case study sites felt neither that private security services were similar to law enforcement nor that they were trying to compete with law enforcement. Officers supported the "vacuum" and "interest" theories of private security, i.e., even though private security fills gaps left by reduced public resources, private security is merely protecting private interests that otherwise would go unprotected. In a separate Hallcrest survey, the senior executives of major national and regional contract security companies strongly subscribed to this position as well.

9.4.3 Private Security Performance

Law enforcement executives across the nation and officers in the two case study sites were asked to rate the performance of private security in ten areas. Displayed in Table 9-5 are the average ratings for each group. Overall, private security is rated fair to poor in most areas. Chiefs and sheriffs rate private security more favorably in reporting criminal incidents, responding to alarms, the reasonable use of force and proper use of weapons. The higher ratings on reasonable force and proper weapons use are surprising, given the amount of media attention and stereotyping that centers on these two areas. Chiefs and sheriffs gave private security higher ratings in these two areas than law enforcement officers in the sites. Interestingly, about 40% of law enforcement managers and officers "don't know" how they would rate private security on use of force and weapons. One-third of the officers were unsure how to rate personnel quality, background checks and training. This is consistent with the infrequency of contact and exposure to private security reported by both groups and discussed in Chapter 10.

Generally, proprietary security managers rate their own operations good in all areas of personnel performance, but less than 30% rate their performance as very good to excellent. Yet, they rate their own personnel much higher than they rated contract security personnel in most performance categories. Contractual security gives poor ratings to the performance of private security firms in their geographic

TABLE 9-5
LAW ENFORCEMENT RATINGS
OF PRIVATE SECURITY PERFORMANCE

<u>Performance Area</u>	<u>Law Enforcement Executives</u>	<u>Law Enforcement Officers</u>
quality of personnel	2.6	2.6
pre-employment background checks	2.7	2.7
training received	2.8	2.9
supervision	2.7	2.7
personal appearance in uniform	2.5	2.5
reasonable use of force	2.3	2.4
proper use of weapons	2.3	2.6
familiarity with legal powers	2.8	2.8
reporting criminal incidents	2.2	2.4
responding to alarms	2.3	2.6
	N = 545	N = 194

SCALE: 1 = very good 2 = good 3 = poor

SOURCE: National Survey of Police Chiefs and Sheriffs (1981), and Site Surveys of Employees in the Baltimore County, Maryland, Police Department and the Multnomah County Department of Public Safety (Portland, Oregon), Hallcrest Systems, Inc., 1982.

areas with the exception of alarm response. This is either a candid assessment or a reflection of "backbiting" or "bad mouthing" of other contract security firms which we found to be a frequent practice in the field (i.e., there are "problems" with contract security operations, but they belong to the "other guy"!).

Contract security perceives more critical performance ratings by law enforcement than they actually received, which suggests a negative self-image on the part of contract security and, to a lesser extent, proprietary security.

9.5 THE PRIVATE SECURITY CONTRIBUTION TO CRIME PREVENTION AND CONTROL

One of the major purposes of this research project is to document the contributions of private security to crime prevention and control. Material presented in earlier chapters demonstrates the complex and far-reaching scope of private security programs in business, industry and institutions and the utilization and growth of a broad range of purchased security goods and services. On the sheer preponderance of evidence presented, it is clear that private security makes a sizable contribution to crime prevention and control, even though loss prevention and assets protection are its main concerns. Both in the Preface and the Forward to its report, the chairman of the National Advisory Committee on Criminal Justice Standards and Goals and the chairman of the Private

Security Task Force, respectively, noted the contribution of private security to crime prevention and control:

There is virtually no aspect of society that is not in one way or another affected by private security...The pervasive involvement of private security plays a vital role in efforts to create a safe environment in which to work and live.³⁷

One massive resource, filled with significant numbers of personnel...the private security industry...offers a potential for coping with crime that can not be equalled by any other remedy or approach.³⁸

The Task Force Report created some interest among law enforcement administrators in this "massive" but untapped resource. Subsequent to the work of the Task Force, the International Association of Chiefs of Police (IACP) established a standing committee on private security. In 1978, an entire issue of Police Chief magazine was devoted to private security. In an editorial in that issue, the President of the IACP made the following statement on the contribution of private security:

Today, more than ever, private security forces are contributing to the public safety and security. Their omnipresence in business, industry, transportation, and government relieves public police from many of the order maintenance duties that are so vital to the public safety.³⁹

Law enforcement administrators were also admonished not to lose sight of their "heritage" in private security, i.e., the predominance of private protection at the time of the Peelian Reform in the early nineteenth century.

A more recent issue of Police Chief (February, 1982) devoted a major section to articles on private security: "The Private Security Connection." Indeed, articles in both law enforcement and private security periodicals and association publications increasingly allude to this connection or partnership in combatting crime in the United States. Perusal of literature of the respective fields suggests a growing awareness on the part of police chiefs and sheriffs of the role and contribution of private security. Hallcrest expected the criticism of private security performance discussed in the previous section, but on the other hand Hallcrest fully expected an awareness or appreciation by law enforcement managers of private security's contribution to crime prevention and control in their communities. Surprisingly, the Hallcrest national and case study site survey data show that private security is still very much perceived by law enforcement as a silent or junior partner--if a partner at all!

Table 9-6 displays the comparative ratings of law enforcement and private security managers on the contribution of private security to crime prevention and control. Proprietary security managers rated the contribution of their security programs, and contractual security managers rated their firm's contribution to crime prevention and control for the typical clients they serve.

Law enforcement managers consider the overall contribution of private security and the reduction of direct dollar crime losses by private security to be somewhat effective. Law

TABLE 9-6
PRIVATE SECURITY CONTRIBUTIONS TO CRIME PREVENTION AND CONTROL
Ratings by Law Enforcement and Private Security Managers

	<u>Law Enforcement</u>	<u>Proprietary Security</u>	<u>Contractual Security</u>
overall contribution	2.2	1.5	1.2
reduction in volume of crime	2.4	1.7	1.5
reduction in direct dollar crime loss	2.2	1.6	1.5
number of criminal suspects apprehended	2.6	1.9	2.0
order maintenance	2.4	1.4	1.7
	N = 384	N = 676	N = 545

SCALE: 1= very effective 2= somewhat effective 3= not effective

SOURCE: National Surveys of Police Chiefs and Sheriffs and Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

enforcement rates private security as ineffective in reducing the volume of crime, in apprehending criminal suspects and in maintaining order.

Proprietary security managers rate their security programs as effectively contributing to crime prevention and control, but see their efforts as only somewhat effective in the number of criminal suspects apprehended. The lower rating for criminal suspect apprehension is consistent with the proactive and preventive orientation of proprietary security and their concern for identifying areas and methods of loss control rather than emphasizing arrest and prosecution for crimes.

Order maintenance was rated the most effective area of crime prevention and control by proprietary security managers; about 60% felt they were very effective in this area. Establishing firm controls in the work environment is a major function of proprietary security. Shearing and Stenning (1983) see private security as having a major impact on the nature of social control.⁴⁰ The public has few realistic alternatives for avoiding the services, facilities and work environments of privately owned property where "public life" increasingly takes place. In Shearing and Stenning's view, proprietary security programs are established (1) to maintain the organization's own definition of social order and (2) to protect their interests as potential victims of a much broader range of actions than the crimes defined by the criminal justice system. This client orientation, in their opinion, is a

distinguishing characteristic from the social control exerted by public policing.

In the criminal justice system, the state is nominally impartial and individuals are judged in terms of crimes against the public interest. By contrast, private security defines problems in purely instrumental terms; behavior is judged not according to whether it offends some externally defined moral standards, but whether it threatens the interests (whatever they may be) of the client. This establishes a definition of social order which is both more extensive and more limited than that defined by the state.⁴¹

In contrast, about one-third of contract security managers were unsure how to rate their contribution in order maintenance. Order maintenance and criminal suspect apprehension contributions of contract security are rated as somewhat effective by them. Contract security perceives a very effective contribution to crime prevention and control for their clients, and they rate their efforts at reduction of direct dollar loss and volume of crime as effective. About three-fourths of contract security managers rate their overall contribution as very effective.

Table 9-7 compares the actual ratings by law enforcement managers of private security contributions to crime prevention and control with the perceptions of those ratings by private security. Although perceiving lower ratings by law enforcement, private security still has expectations of higher ratings by law enforcement which were not met in the actual ratings.

The patterns of ratings by police officers and security personnel in the case study sites are similar to those of law enforcement and security managers in the national survey data. Table 9-8 compares the ratings of police officers and security personnel. Proprietary and contractual security both perceive their contributions to crime prevention and control to be effective. Like contract security managers in the national surveys, nearly three-fourths of contract security personnel in the site surveys rate their overall contributions as very effective. Security personnel also have expectations for higher ratings by law enforcement, yet security personnel still expected law enforcement to rate them no lower than somewhat effective.

The security personnel perceptions of low ratings by law enforcement are consistent with questions directed to security personnel in both sites on the attitude of most police personnel toward security personnel. In Shearing and Stenning's study of over 10,000 contract security personnel in Ontario, Canada, about three-fourths of security personnel thought the police had the attitude that contract security performs a valuable service.⁴² Replication of this question (also a Rand survey item) with the same response sets in our site surveys yielded wide variations in results. The majority of both contract and proprietary security officers reported that police officer attitudes generally depend on the individual, and less than one-fourth of them thought police viewed private security as performing a valuable service. About 25% of the

TABLE 9-7
PRIVATE SECURITY CONTRIBUTIONS TO CRIME PREVENTION AND CONTROL
Perceptions of Law Enforcement Ratings

	Actual Ratings Chiefs & Sheriffs	Perception of Ratings	
		Proprietary Mgr's	Contractual Mgr's
overall contribution	2.2	1.9	2.0
reduction in volume of crime	2.4	2.1	2.0
reduction in direct dollar crime loss	2.2	2.0	1.8
number of criminal suspects apprehended	2.6	2.3	1.9
order maintenance	2.4	1.8	2.2
	N = 384	N = 676	N = 545

SCALE: 1= very effective 2= somewhat effective 3= not effective

SOURCE: National Surveys of Police Chiefs and Sheriffs and Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

TABLE 9-8

PRIVATE SECURITY CONTRIBUTIONS TO CRIME PREVENTION AND CONTROL
Ratings by Police Officers and Operational Security Personnel

	Police Officers	Operational Security Personnel	
		Proprietary	Contractual
overall contribution	2.4	1.6	1.3
reduction in volume of crime	2.5	1.7	1.5
reduction in direct dollar crime loss	2.3	1.7	1.5
number of criminal suspects apprehended	2.5	1.9	1.9
order maintenance	2.5	1.6	1.5
	N = 194	N = 110	N = 78

SCALE: 1= very effective 2=somewhat effective 3= not effective

SOURCE: Site surveys of law enforcement and security employees in Baltimore County, Maryland and Multnomah County (Portland), Oregon, Hallcrest Systems, Inc., 1982.

security officers also felt that police officers were indifferent to them (consistent with Rand), but less than 5% felt police have a condescending attitude toward security officers (Rand found 12%). These variations may be accounted for by improved private security services, or other variables over time which have affected these attitudes.

According to survey results, the large impact of private security on the overall safety and security of communities has not been fully recognized by law enforcement administrators or operational personnel. Some law enforcement practitioners recognize the dramatic growth of private security in the past decade, but seem to feel that this growth is a result of the failure of law enforcement and the criminal justice system to do its job. In other words, if law enforcement were given adequate resources, there would be no need for widespread use of private security. This position is implied in an editorial by another past President of the IACP who was very instrumental in focusing IACP attention on private security relationships:

The need for safety and security is elementary to public productivity. Without assurances that our citizens can safely reach their business, there is no way to solve the economic crisis. Take a look at the tremendous growth of the private security business with private guards, alarms, locks and other security devices and you become convinced that more must be done by government to provide safety to our citizens...The law enforcement institution must be given support to do its job. Failure to provide the required basic sense of security stifles the quality of life.⁴³

In the Hallcrest survey of major national and regional security companies, senior executive respondents did not correlate a decrease in law enforcement resources nor the defeat of numerous special tax levies for police protection with public dissatisfaction over police performance, lack of confidence in the police, apathy toward the crime problem, or increased use of private protection. Rather, the general economic climate and high property tax rates were viewed as very significant contributing factors. These senior security executives perceive private security as fulfilling a role that occurs regardless of police performance; private security protects interests in property and assets that otherwise would go directly unprotected by police resources, although recently they do see their service filling a vacuum or void caused by decreased law enforcement resources. In the national survey, the "inability of police to affect the crime rate" was ranked only eighth of twelve factors presented to contract security managers as important influences on client requests for their services.

In assessing the ascendancy of private security in Great Britain, Slater (1982) embraces the reasoning of Spitzer and Scull and of Shearing and Stenning that changes in capitalist economic and corporate structure and large private property ownership are shifting emphasis back to private protection. Slater sees a "quiet revolution" occurring in our social arrangements for policing and social control.⁴⁴ Private security and the private justice systems are often used to resolve

criminal incidents and are viewed by Slater as "radical alternatives to the public police and public criminal justice systems."⁴⁵ Yet, law enforcement appears to have adopted a posture that the public sector must or should bear the primary burden for safety of the community. This excessive burden precludes the ability to seek creative alternative solutions to community safety and security in the midst of dwindling public resources.

Private security policies and decisions on the disposition of criminal incidents through either the public or private justice system decidedly impact police workload and resources. In reality, local law enforcement has very little effect on many crimes against business. Exceptions would include burglaries and robberies in the commercial and retail setting and the economic crime investigation and prosecution units at state and federal prosecutorial levels. Many of the cases investigated, e.g., check and credit card fraud, are in advanced stages of investigation or are completed when they are reported or handed over to the police. Company officials may seek prosecution of only a few people involved in a very complex and far reaching internal theft or fraud case. (Often these decisions are made at the national or regional level of the corporation.) In retailing, for example, the emphasis placed by different retailers on arrest as a deterrent to shoplifting impacts police patrol and investigation operations and reported rates of crime in the community.

Although they have different levels of emphasis, law enforcement and private security ostensibly share goals of crime prevention and control. But the relationship between the police and private security often exists in a climate of suspicion and distrust similar to that noted by McDonald (1981) in comparing the "shared goals" of police and prosecutors: "each group is suspicious of the other's motives, competence, veracity, integrity, values and reliability."⁴⁶ This distrust results in a lack of cooperative programs and the inability to blend creatively the combined resources of law enforcement and private security.

Three types of behavior are fostered by this climate of suspicion: accommodating behavior, avoidance behavior, and controlling behavior.

The accommodating behavior of law enforcement concedes a contributory role for private security in community crime prevention and control, but chooses to define any involvement of private security within the framework of the criminal law and justice system. For example, there might be an interest in discussing teenage rowdyism, shoplifting and purse-snatching problems with security personnel in a large shopping mall, but only if the outcome is directed toward identification, arrest and prosecution of offenders. Mall management may prefer to resolve the problem through the individual retailer's civil action for damages against parents of identified youths. An example of private security accommodating behavior would be the hiring of off-duty police officers for a special security

detail solely to have access to their arrest powers, but not involving police in the overall mission of the security detail. More accommodating behavior occurs on the part of law enforcement, and this partly explains why the contribution of private security is perceived as either marginally effective or ineffective: security less frequently interacts with the criminal justice system.

In avoidance behavior, law enforcement and private security avoid situations that would force them to interact. This is best evidenced by the lack of cooperation and exchange of resources reported in Chapter 10. Lack of liaison programs and exclusion from police-sponsored crime prevention activities are examples of law enforcement avoidance behavior which show lack of recognition for private security's contributions. Two-thirds of law enforcement managers reported in the national survey that they do not even maintain a list of private security directors and managers in their area. The Chairman of the Private Security Task Force stated that private security managers are "armed with a wide array of technology...and have spent their adult lifetimes learning how to prevent and reduce crime."⁴⁷ Law enforcement agencies have increasingly placed emphasis on "community-based" crime prevention programs but their efforts have only tangentially touched those of private security.

Today communities more than ever need broad-based crime control strategies that utilize all available resources.

...it is time to consider what the optimum balance is between security reaction and crime prevention. There is a limit to the resources available to the public police, therefore, emphasis must be placed on strategies to prevent crime from occurring. Private security can certainly play a role here. The powerful potential for crime control that is inherent in every community is now being used by the private security industry to provide citizens with a sense of safety.⁴⁸

An even more succinct summary of the potential of private security as a community crime prevention and control resource was made by the Director General of the British Security Industry Association, a contract security association:

The stark truth is that the police cannot by themselves stop crime. The sooner the public grasp the implication of this, the sooner we shall have a more effective crime control strategy.⁴⁹

This will not happen until, as McDonald notes, each side is willing to make a "good faith effort" to show the other side that above all else they are genuinely interested in providing an optimum level of safety and security for the community. Perhaps, as the president of a prominent national security company said, "we've done a terrible job of telling our story to you [chiefs of police]--even though a great number of us come from your ranks."⁵⁰ Private security may, in fact, have done a poor job of educating law enforcement on the role and

functions of private security, but most of the good faith efforts uncovered in the present study have emanated from private security.

Controlling behavior is the third type of behavior resulting from this climate of suspicion and distrust between law enforcement and private security. As pointed out in Chapter 7 on characteristics of private security personnel, very few security tasks and activities involve detention, arrest, search and seizure, or use of force and weapons; indeed, less than 10% of contract guards are even armed. Operating under the assumption that private security frequently performs many of these quasi-police tasks and often abuses its authority, law enforcement has sought to control private security through legislation and administration. Complaining of rampant abuse and potential for abuse by personnel inferior to police officers in background and training, some law enforcement executives have lobbied extensively for mandated training and standards. In certain states, law enforcement, as the state-designated licensing authority, has become the direct controlling agent of private security, while openly competing with private security in certain security functions by using moonlighting police officers.

It is apparent that good faith efforts must begin, in order to develop trust and to reduce accommodating, avoiding and controlling behaviors. Until then, the considerable potential of private security in community crime prevention and

control will be subjugated to an "apartheid-type relationship between security concepts and other criminal justice concepts."⁵¹

9.6 TRANSFER OF LAW ENFORCEMENT ACTIVITIES TO PRIVATE SECURITY

In this section, the burden of noncriminal police activities on law enforcement agencies is discussed and the potential for transfer of some activities to private security is explored.

9.6.1 The Burden of Noncriminal Police Activities

Since its origins, modern policing gradually had various service functions added by government mandate or by voluntary assumption of services requested by citizen groups. Numerous social service functions were added through legislation, ordinances or direction from local governing bodies and executive officers. Because local police agencies were the only twenty-four-hour-per-day organizations involved in "social control" (i.e., order maintenance, etc.) in the community, their "social control" functions were increasingly expanded. Law enforcement agencies became more of a "call for service" agency than a strictly criminal law enforcement agency. Some law enforcement administrators initially resisted these efforts, but found that citizens were widening the scope of police duties by increasing and enlarging demands for police service in the 1960's and 1970's. Some agencies, however, welcomed the expanded role in the community brought about by

the 911 emergency telephone systems. In the face of the increasing calls-for-service workload, increasing rates of major index crimes, and decreasing resources, police administrators have sought to reduce the number of nonessential police tasks. As noted earlier, studies of police workload have consistently shown that only about 20% of calls for service are crime-related.

In the last five years, considerable emphasis has been placed upon establishing priorities for both the response to calls for service and the investigation of crimes. Decreased levels of manpower have forced dispatch operations to assign priorities to certain calls for service by placing some in a response queue and diverting others for response at the convenience or availability of a patrol officer. Some crimes receive only cursory investigation, especially if there is little likelihood (based on case solution criteria) that the crime will be solved. In New York City, for example, priority for burglary investigations favors financial institutions, hospitals, and government facilities; personal residence burglaries are not investigated unless the value exceeds \$5,000.⁵²

It might appear on the surface that law enforcement is moving toward abandonment or abdication of responsibility for investigation of property crimes. As noted earlier, random patrol has been demonstrated in several studies to have no overall direct deterrent effect on rates of property crimes.

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Clearance rates of only 30% to 40% for burglaries are considered to be high. Calder suggests that the criminal justice system has been "wholly unable to profoundly reduce the quantity of property offenses."⁵³ The criminal justice system is viewed as being much more effective in dealing with crimes of violence and crimes in public settings--the very direction in which law enforcement agencies have been attempting to reorient their priorities and resources.

While not denying the enforcement powers of police agencies on private property, Calder argues that we must legitimize this shift that has already occurred in protection responsibilities. Calder proposes (1) that the police not intervene in property crime investigation until a formal complaint has been filed; (2) that crime prevention programs be limited to public property; and (3) that police alarm monitoring of private property be eliminated. His proposals, in short, would "shift the weight of responsibility for private property protection back to individual property owners."⁵⁴ Response to the present research effort indicated that many contract security companies had already experienced this shift back to the private property owner with sharp increases in their business services, and that contract security had an interest in performing some of the non-crime-related tasks police agencies had acquired over the years. The president of one of the largest national guard service companies succinctly

summarized these positions in an address to the chiefs of police at the IACP 1981 Annual Conference:

I've known these "facts" for a long time but had no corroboration until now. Now for some heresy. My guess is that for all the years of building the services you are currently trying to deliver, you've inherited (or grabbed) a fair share of jobs which aren't even related to the penal code. In other words, you're doing a lot of nonpolice-related work. You should be aware that many of these functions could actually be performed without any sworn police personnel being involved...

So many jobs that could be "contracted" - not just "civilianized" (since you almost always end up paying police wages after a few years). I'm here to tell you that you'd have even greater "control" for a much lower cost to your city...

You need only write out the specifications and some definite performance guidelines (measuring tools for yourselves) and you'll have a nontraditional way to deliver traditional services at a much lower cost.⁵⁵

Based upon the review of literature and interviews with private security managers in all areas of proprietary and contract security, Hallcrest decided to test two premises in the national and site surveys: (1) that a shift of primary protection responsibility to private property has already occurred and (2) that a climate exists for transfer of certain responsibilities to private security for criminal incidents that occur on property being protected by them. Additionally, Hallcrest explored interest in contracting out certain police activities to private security. Both transfer of criminal incident responsibility and contracting out by law enforcement

are viewed as mechanisms for reducing police workload and thus have important implications for law enforcement and private security.

9.6.2 Transfer of Criminal Incident Responsibilities to Private Security Protected Property

Many law enforcement departments had already begun a move toward limiting investigations and follow-up based upon certain prioritized "solvability" or case management factors. It seemed logical that some departments might also be interested in transferring some responsibility for criminal incidents. For example, theft from cars in the employee parking lots of large industrial and commercial complexes have a low probability of solution. In these situations law enforcement agencies are little more than formal "report takers" and information depositories for incidents that are resolved primarily by insurance companies on behalf of the victim. Reporting the incident to the police is simply a pro forma requirement for claims settlement by the insurance company.

In both the national and site surveys, respondents were asked if they would consider the transfer of specific activities from law enforcement to security personnel for criminal incidents occurring on property being protected by private security. The survey choices included these specific activities:

- initial response to burglar alarms,
- preliminary investigations,

- completion of incident reports when the victim declines prosecution or is reporting for insurance purposes only,
- completion of misdemeanor incident reports,
- completion of supplemental case reports,
- transporting "citizen arrests" made by private security personnel.

Table 9-9 shows the combined percentage of law enforcement and private security managers reporting "yes" and "maybe" for each of the candidate activities for transfer to private security.

Generally, law enforcement is receptive to discussing the transfer of certain activities to private security. Table 9-9 displays combined responses of "yes" and "maybe" because even the suggestion of transfer is a radical departure for most police agencies. One of the research hypotheses was that if law enforcement had a generally low opinion of private security as measured by ratings of performance and contribution to crime prevention and control, then there would be little or no interest in transfer of functions. Based upon the performance and contribution ratings by law enforcement reported earlier in this chapter, it is surprising to find the level of interest indicated by the data. Overall, greatest interest is in burglar alarm response and incident report completion when the victim declines prosecution or files for insurance purposes only. Little support from all groups is found for citizen arrest transport. Controlling for type of department, no statistically significant differences (Chi-square test) were

TABLE 9-9
 ACTIVITY TRANSFER TO PRIVATE SECURITY FOR
 CRIMINAL INCIDENTS OCCURRING ON PROPERTY PROTECTED BY THEM

Transfer to Private Security	Law Enforcement		
	Proprietary	Contractual	
burglar alarm response	57%	69%	68%
preliminary investigations	40%	88%	68%
incident report completion (victim declines prosecution/ insurance purposes only)	68%	87%	66%
misdemeanor incident reports	45%	81%	63%
supplemental case reports	38%	78%	60%
transporting citizen arrests	35%	32%	38%
	N = 384	N = 676	N = 545

SOURCE: National Burveys of Police Chiefs and Sheriffs and Proprietary and Contractual Security Managers, Hallcrest Systems, Inc., 1981.

found in the response of municipal police, sheriffs' departments and county or consolidated police departments.

Additional hypotheses conditioned support for transfer of functions on reduced level of police resources over the past five years and on size of department. (A corollary is that smaller departments have been most impacted by reduced resources). As reported earlier, nearly one-half of all law enforcement agencies had the same or decreased levels of manpower over the past five years; generally, these departments had greater interest in the transfer of all of the candidate activities. Based upon population groupings served by departments of less than 100,000, 100,000 to 500,000 and greater than 500,000, responses on the basis of department size are statistically significant (at the .05 level and above, Chi-square test) for preliminary investigation, incident report completion, misdemeanor incident reports, and supplemental case reports. The interest or support for transfer of activities becomes greater as size of departments becomes smaller. The exception is burglar alarm response where nearly 70% of large departments are interested in transfer of burglar alarm response.

While the aggregate level of budget and manpower cuts have been greater in large departments, the impact has been greater on smaller departments. Faced with a reduced level of resources, smaller departments seem most receptive to transfer of these activities to private security, notwithstanding low

ratings of private security performance and contribution to crime prevention and control.

Considerable difference in levels of support for transfer of activities is seen on a regional basis in Table 9-10. In general, regions of the country that have more licensing or control of private security than other areas of the country do not show any patterns in their response. Law enforcement managers in New England and the Pacific Northwest are the least receptive to transfer of burglar alarm response, but are the most receptive in all other areas. It is interesting to note that both of these areas pioneered the use of private security: merchant police in New England and railroad police in the Northwest. The Pacific Northwest has had a poor economy in recent years due to dependency on the forest products industry; New England has fared somewhat better because of reliance on service and high-technology industries.

Excluding transport of citizen arrests (there is little interest in transfer), the next largest regional block of support for all other activities for transfer is in the Midwest. States like Ohio, Michigan, Wisconsin, and Illinois, which are dependent upon the automobile industry and heavy manufacturing, have experienced high unemployment and economic difficulties; and the economies of Midwest agricultural states like Nebraska and Iowa have been hurt by sluggish demand for farm products. Hard economic realities may be forcing law enforcement executives in these states to explore all possi-

TABLE 9-10

ACTIVITY TRANSFER TO PRIVATE SECURITY

LAW ENFORCEMENT AGENCY RESPONSES BY REGION

ACTIVITY	New England	NY NJ	Mid Atlantic	South	South Central	Mid-West		West	Far-West	Northwest
						(a)	(b)			
burglar alarm response	50%	59%	60%	60%	69%	60%	48%	52%	53%	45%
preliminary investigations	56%	48%	31%	35%	38%	37%	32%	39%	38%	48%
incident report completion (victim declines prosecution/ insurance purposes only)	94%	68%	63%	63%	68%	70%	62%	54%	71%	71%
misdemeanor incident reports	50%	39%	34%	43%	42%	47%	48%	46%	41%	57%
supplemental case reports	56%	40%	30%	29%	24%	43%	44%	33%	39%	48%
transporting citizen arrests	43%	28%	45%	35%	42%	27%	46%	32%	31%	43%

N = 384

% = yes and maybe responses

a = MN,WI,IL,MI,IN,OH

b = NE,KS,IA,MO

SOURCE: National Survey of Police Chiefs and Sheriffs, Hallcrest Systems, Inc., 1981.

bilities for reducing police workload, including redistribution of workload to private security.

In the site surveys, officers in Baltimore County support the transfer of all activities to private security. The Multnomah County officers show about the same level of interest as law enforcement managers in the national survey but are overwhelmingly opposed to transfer of burglar alarm response. In a separate set of questions, the Baltimore County officers do not desire less involvement with private security officers; but, on the other hand, they want to transfer alarm response and citizen arrest transport (occasions which represent approximately one-half of the most frequent of contact between private security and law enforcement officers).

Contract and proprietary security fully support initial responsibility for criminal incidents occurring on property being protected by them; however, they clearly wish to keep prisoner transport of citizen arrests in the domain of law enforcement. Private security managers do not want their personnel diverted from their primary mission of protecting the premises to which they are assigned. Transportation of arrests would result in "down time" for personnel and, in the case of contract security, would require the use of supervisory or roving personnel to transport the person. Under their contractual arrangements, contract security could be held liable for security breaches that occurred in the absence of security personnel.

The degree of receptivity or support for transfer of activities varies little when type of business is aggregated into commercial, institutional and industrial. Table 9-11 displays responses by aggregate business type. The highest areas of support for all business types are preliminary investigations of criminal incidents, and completion of incident reports where the victim declines prosecution or is only reporting for insurance purposes. The commercial sector (which includes banks, financial institutions and retail merchants) is less sure about the transfer of burglar alarm response to the private sector; these businesses often have hold-up alarms directly connected to the police communication center and expect rapid police response. The "yes" responses, indicating clear agreement with transfer of activities, are in the 70th percentile for proprietary security and in the 50th percentile for contract security.

In summary, private security clearly favors taking responsibility for their own "turf," i.e., the shifting of significant responsibilities for protection from law enforcement to the private sector. While law enforcement executives rate private security highest in the area of crime reporting, the rating is still only "somewhat effective." Law enforcement could be suspicious of private security's under-reporting or covering up when certain incidents of criminal activity could adversely affect the business or reputation of an organization. This is a valid concern, since the private sector does choose at times to dispose of criminal incidents (e.g., a

TABLE 9-11
 ACTIVITY TRANSFER TO PRIVATE SECURITY
 PRIVATE SECURITY RESPONSES BY AGGREGATE BUSINESS TYPE

Transfer to Private Security	Commercial	Institutional	Industrial	Total
burglar alarm response	53%	85%	75%	69%
preliminary investigations	85%	86%	90%	88%
incident report completion (victim declines prosecution/ insurance purposes only)	85%	85%	90%	87%
misdemeanor incident reports	78%	87%	84%	81%
supplemental case reports	78%	82%	77%	78%
transporting citizen arrests	21%	40%	38%	32%
	N = 221	N = 103	N = 314	

% = yes and maybe response

SOURCE: National Surveys of Proprietary Security Managers,
 Hallcrest Systems, Inc., 1981.

large embezzlement or customer service fraud scheme) in the "private justice system." This fact may partially explain the lower receptivity by law enforcement to transfer of activities.

In general, law enforcement is open to discussion of transfer of criminal incident responsibility. Smaller police departments, which have generally been most impacted by budget and personnel reductions, are the most receptive. It is interesting to note that industry is frequently located in smaller communities with limited public safety services. The town or city's main industry often employs significant numbers of private security personnel, and may be willing and able to play a greater role in protection of its facilities especially if property tax relief is involved.

9.6.3 Contracting Out Police Activities To Private Security

In an open-ended survey question, 40% of the responding law enforcement executives identified activities currently being performed by their agencies that "potentially might be more cost-effectively performed by contracting with private security." The most frequently identified activities are presented in Table 9-12. In subsequent surveys, law enforcement officers in the case study sites and the senior executives of the major national and regional contract security companies were asked their opinion of contracting these activities to private security. In the case study sites, Baltimore County officers favor contracting out of all the potential activities

TABLE 9-12

POTENTIAL ACTIVITIES FOR CONTRACTING WITH PRIVATE SECURITY
LISTED BY LAW ENFORCEMENT EXECUTIVES

- | | |
|----------------------------|-------------------------------------|
| ● public building security | ● non-injury accident investigation |
| ● parking enforcement | ● special events security |
| ● parking lot patrol | ● city/county code violations |
| ● school crossing guards | ● funeral escorts |
| ● public parks patrol | ● court security |
| ● animal control | ● prisoner transport |
| ● traffic control | ● housing project patrol |

N = 153

SOURCE: National Surveys of Police Chiefs and Sheriffs, Hallcrest Systems, Inc., 1981.

with the exception of county code violations and prisoner transport. In Multnomah County, Oregon, public park patrol, court security and prisoner transport are viewed as an important component of officer duties. With the exception of these tasks, there is strong consensus among Baltimore and Multnomah County patrol officers on which patrol activities are acceptable for contracting to private security.

The responding national and regional contract guard service companies employ nearly 50,000 persons in U.S. operations, and their revenues range from \$11 to \$25 million for regional companies to over \$200 million for some national companies. These major companies responded to the potential activities suggested by law enforcement for contracting with private security in terms of current business operations and anticipated areas of growth. Table 9-13 categorizes the potential contract activities according to those currently being performed by most of the guard companies, those that are potential areas of business growth in the next five years, and police activities which they might be interested in performing on a contractual basis. Each of these activities is currently being performed by at least one of the major security companies.

Most national and regional security companies have a strong interest in contracting for many police activities. This interest should not be construed as agreement by law enforcement executives, since 40% of the responding chiefs and sheriffs merely offered suggestions for contracting of police

TABLE 9-13

TRADITIONAL POLICE ACTIVITIES PERFORMED
BY NATIONAL AND REGIONAL SECURITY COMPANIES

CURRENTLY PERFORMING

- parking enforcement
- parking lot control
- bank deposit escorts
- housing project patrol
- traffic control

POTENTIAL BUSINESS GROWTH

- school crossing guards
- public parks patrol
- city/county code violations
- funeral escorts
- prisoner transfer
- court security
- non-injury accident investigation

AREAS OF POTENTIAL INTEREST

- government building security and reception
- government special events (parades, festivals, etc.)
- public event facility security, ushers, ticket takers (stadium, auditorium, etc)
- crime prevention services
- jail/penal institution guards

N=16

SOURCE: Survey of National and Regional Contractual Security Firms, Hallcrest Systems, Inc., 1981.

9-64

activities. Nevertheless, the activities in Table 9-13 represent a significant number of non-crime-related activities performed by law enforcement agencies.

Legal powers are a clear point of differentiation between law enforcement and private security operations. Approximately one-fourth of medium and large departments deputize private security personnel or give them special police powers. In some localities, law enforcement agencies can arbitrarily grant these powers; in other jurisdictions, companies may apply for this status after meeting certain statutory or ordinance requirements. (In the Baltimore area study site, proprietary security directors frequently opted for special police officer status for their security personnel.) The major contract security companies reported that they would like to have special police powers for selected client situations, although they are seldom granted these powers. Some of the client situations mentioned are large crowds at public and quasi-public facilities (e.g., shopping malls, sports and civic complexes); facilities with a high risk of loss (financial institutions, utilities, court security); and parking lot security and traffic direction when stepping off private property boundaries. Remote locations with insufficient frequency of criminal activity to justify police patrols or response were also suggested.

"Contracting out" and "privatization" of government services are not new concepts.⁵⁶ It is, in fact, occurring with increasing regularity. The \$66.8 billion expended by state

and local government in 1980 on private sector services was more than double the \$27.4 spent in 1975, just five years earlier.⁵⁷ These service contracts include such services as printing, custodial, maintenance and repair, garbage collection, and support services. However, in diverse settings ranging from suburban Newton, Massachusetts to rural Grants Pass, Oregon there has been increasing interest in the contracting of public safety and emergency services. In the affluent Boston suburb of Newton, a private firm offered to provide ambulance service free while increasing the coverage and quality of services. The city obtained an additional rescue unit and 24-hour full paramedical service at an annual savings of nearly \$500,000 in the first year.⁵⁸ User fees by residents only increased \$10 per trip, while the company was expected to turn a profit in its second year of operation. In Grants Pass, Oregon two private companies compete in providing fire fighting services in a rural area of only 15,000 population. In Arizona, one-fifth of the state's population is served by a private fire fighting company. Nationally, a Private Sector Fire Association has even been formed.

The Hallcrest national surveys only addressed the contracting out of specific non-crime-related police services, but some communities have even privately contracted for total police protection. In 1981, the neighboring communities of Reminderville and Twinsburg, Ohio contracted with a private security firm for police protection, but the contract was scheduled to be terminated in 1983 amid complaints concerning

the quality of services. Several small communities in Illinois also contracted for police services with private security firms. The Illinois Attorney General ruled that these non-home rule municipalities were not empowered to contract for police services. Yet, any city over 25,000 in Illinois is automatically a home rule municipality and would thus be able to contract for police services with private security firms. Wackenhut, among the top three contractual firms in the U.S., is currently providing police support services, fire protection and/or emergency medical services to five communities; proposals for policing services have been submitted to 20 other communities.⁵⁹

It has been suggested that the entry of private profit making firms into "community-service" areas formerly reserved for government may help "discipline" the growing cost of government.⁶⁰ The growth in private contracting of services may simply be a case of government trimming its size and cost by "returning some of its functions to the private market."⁶¹ Some of the most "dazzling growth companies in U.S. business" in the last few years, for example, have been health care conglomerates which absorbed many of the 300 formerly government-owned or nonprofit hospitals.⁶² Police services, however, are rooted in Constitutional responsibilities of "equal protection under the law" that may be difficult to uphold in the midst of economic arguments for cost-effective services. Police services may be one of the few truly "mandated" services which only government can and should perform.

Although modern policing traces its organizational roots to the pre-Peelian reform private policing initiatives, totally "returning" police work to the private sector would perilously endanger its legal roots in Constitutional, procedural and substantive law.

In England where American policing ultimately has its roots, concern has been expressed by some British police officials over the increasing use of private security. A voluntary code of "passive and defensive crime resistance" by the British Security Industry Association (i.e., major contract security companies) discourages any activity which would usurp police functions. Involvement in investigations and prisoner transport where private security personnel are not subject to rules of conduct laid down by Parliament, however, "abrogates" those guidelines and poses the "greatest threat to the democratic rights of society today,"⁶² in the opinion of some police officials.

Despite both British and American concerns for usurping police functions in a democratic society, today's police agencies have "inherited (or grabbed) a fair share of jobs which aren't even related to the penal code", as noted earlier by the president of one of the largest national guard service companies.⁶⁴ Viewed in this context, contracting non-crime-related police services to the private sector would "return" services to the private sector, i.e., removing nonlaw enforcement activities from law enforcement agencies' workload. While police complain about being "saddled" or burdened with

these activities, at the same time they note that these are services "demanded" by the public--"police service demand." Yet, no one has ever conducted research to determine whether these services are requested of law enforcement agencies simply because they are the only available 24-hour response agency.

The use of limited police powers in selected locations and client situations would enhance this potential. Increased resources would then--theoretically--be available for crime-related activities. Perhaps the taxpaying public would rapidly become allies of private security as a cost-effective alternative to adding more police officers, thus ensuring that existing law enforcement personnel are primarily occupied with crime-related activities. Special tax levies and budget requests for law enforcement might become somewhat easier to support when the public is assured that expenditures are directly related to crime control. If it became apparent that private sector alternatives to noncrime workload gave officers more time for "real" police work and heightened public support for the police, then perhaps law enforcement would forge a partnership with private security. Private security, then, could potentially be a catalyst for delivery of noncrime police services which constrain crime-fighting services and are often unwanted by law enforcement agencies.

Police have been concerned about the encroachment of private security onto their "turf" (i.e., traditional police activities); at the same time, they have sought ways to reduce

their non-crime-related workload. In rare situations contracting out has already occurred, and some of the major national and regional security companies have expressed a willingness to undertake selected public safety services. For the most part, proprietary security has indicated a willingness to resolve minor criminal activity on their property. With the exception of limited requests for police powers, contract security is primarily interested in contracting for activities not requiring personnel as highly trained as police officers. The interests of the public may be best served through constructive dialogue and creative planning by law enforcement and private security to facilitate contracting out of certain noncrime activities. Energy wasted on debating the quality, performance and contribution of private security could be better utilized in identifying areas for contracting out and developing tightly prescribed contract specifications of performance. The dynamics of supply and demand in the marketplace will produce a sufficient number of qualified firms, independent of any stimulus from regulation or licensing. The current national research effort indicates that some private security personnel are comparable to some police officers in training and experience. Contract security business practices and standards for security personnel would be a paramount issue in the consideration of these alternatives by government. But this issue should not be allowed to become a major impediment to broad-based and cost-effective strategies for crime prevention and control in our communities.

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CHAPTER 10

INTERACTION AND COOPERATION

CHAPTER 10

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CHAPTER 10
INTERACTION AND COOPERATION

Law enforcement and private security were depicted in the preceding chapter as protective options available to individuals, organizations, and communities. Yet, it would appear from the survey data and from interviews that they function largely as mutually exclusive options with relatively little interaction or cooperation between them. Obstacles to interaction and cooperation are posed by, among others, different role orientations, perceived status differential, and lack of knowledge on the part of law enforcement about private security. Despite the obstacles, the Hallcrest national and site data point to varying levels of interaction and cooperation between law enforcement and private security. This chapter briefly reviews the problems that inhibit relationships, and then examines the degree and types of interaction and cooperation that do occur between law enforcement and private security.

10.1 DETERRENENTS TO INTERACTION AND COOPERATION

Interaction and cooperation between law enforcement and private security may be impeded by the climate of distrust and suspicion noted in Chapter 9, as well as by the low ratings that law enforcement assigns to the contributions and performance of private security. Law enforcement executives and line officers (patrol and detective personnel) both rated the performance of private security personnel as fair to poor and the

overall contributions of private security as only somewhat effective. Private security was rated ineffective by law enforcement at reducing the volume of crime, maintaining order and apprehending criminal suspects. Private security was not perceived as an equal partner in crime prevention and control, but rather as a junior or silent partner. Although each depends to a certain extent on the other's resources and functions, there is not an open acknowledgement of a partnership.

In 1977 the Private Security Advisory Council (PSAC) noted several serious problems in relationships between law enforcement and private security: lack of mutual respect, poor communication, little cooperation, and minimal knowledge on the part of law enforcement about private security.¹ Hallcrest's reconnaissance interviews confirm the PSAC findings concerning law enforcement's lack of knowledge about private security. Most law enforcement managers and officers in the national and site surveys have a general idea of the functions of private security. However, the scope of private security operations and resources is beyond the comprehension of those law enforcement managers and supervisors who have not interacted with the private security resources in their communities. According to the PSAC, this lack of knowledge creates a role conflict between law enforcement and private security, which is perhaps the most significant barrier to productive relationships.

The PSAC observed a "perceived status differential" between law enforcement and private security.² Despite the differences in roles, functions and activities discussed in Chapter 9 of

this report, law enforcement tends to evaluate private security in terms of the law enforcement mission. In addition, negative stereotypes of private security are often generalized to all security personnel and functions on the basis of infrequent meetings with or observations of contract security personnel. Law enforcement officers with superior levels of education, training, and pay (compared to private security employees) tend to regard themselves as "professionals" and private security as nonprofessionals. Law enforcement is viewed as a public service, but private security is sometimes seen as "policing for profit." This stereotype still prevails even though law enforcement managers and officers in the national and site surveys did not see private security as trying to compete with them or offer similar services.

The perceived status differential and negative stereotype of private security is surprising, since over half of the proprietary security managers in the national survey indicated some law enforcement experience prior to entering private security. The substantial number of proprietary security managers who have law enforcement backgrounds reflects career path movement from law enforcement to private security. The site surveys, however, reveal only a small interest by operational law enforcement personnel in private security as a career alternative to police work. The position of security director was considered an alternative by 19% of law enforcement officers in both sites; 18% had considered becoming a private

investigator; and 16% had considered the position of investigator in proprietary security. But our national reconnaissance interviews indicate that by the time law enforcement officials have attained senior rank, management positions, or are nearing retirement, positions in private security are very attractive career alternatives--especially the position of security manager.

Law enforcement executives who have made the transition to private security in management positions have consistently related to the project staff how little they understood about the day-to-day role and operations of private security. On the whole, private security managers have more realistic expectations of the police role and performance than does the law enforcement manager have of private security. The Executive Vice President of the ASIS stated in an interview that to succeed as a "security professional," a person entering the field should have a good business foundation: "learn the corporate structure, get good working knowledge of finance, data processing, etc., and study human factors in organizations. In other words, make yourself a well-rounded manager."³ The same lack of knowledge about private security that colors operational relationships during a law enforcement career becomes a liability in a career transition to private security.

10.2 FREQUENCY AND TYPE OF CONTACT

In the Hallcrest national surveys, law enforcement and security managers were asked about the frequency of contact

among their employees, supervisors, investigators and managers. In the site surveys, the law enforcement officers were asked about the frequency of their contact with contract and proprietary guards, alarm runners, private investigators, in-house investigators, and security supervisors and managers. Based on reconnaissance interviews and discussion with the National Advisory Panel for the project, we expected to find a greater frequency of contact between law enforcement and private security personnel than reported in the Rand study, more than a decade earlier. The Rand study found very infrequent contact between private security employees and the police; contact only once or twice a month was reported by 14% of the employees, and 30% reported contact with police only once or twice per year.

At this point, it is important to note that the research design for this project called for exploration of relationships between private security and local law enforcement--not relationships with state and federal law enforcement agencies. The discussion on crime in Chapter 3 notes that for many types of crimes, business, industry and organizations bypass the police and take the case directly to the local prosecutor or district attorney. Similarly, many offenses are brought directly to the state attorneys general or to a U.S. Attorney for prosecution. Some of the complex economic crimes--for example, industrial espionage, extortion, embezzlement, computer-related crimes, and terroristic acts--are often interstate in geographic scope and require interaction with federal agencies such as the FBI.

Terroristic acts involving hostage-taking or ransom demands, for example, can involve liaison of the corporate crisis management team with local, state, and federal law enforcement agencies.

In the national surveys, law enforcement and security managers report more frequent contact between their employees than the law enforcement officers and security employees report in the site surveys. In the national surveys, the managers estimated the extent of contact for all or typical employees in their organizations; however, the law enforcement officers and security employees in the site surveys reported the extent of their actual individual contact with each other. Fifty-five percent of law enforcement executives report daily contact of their patrol officers with private security personnel, and 28% report weekly contact; less than 50% noted daily or weekly contact by their detectives. Both law enforcement executives and security managers report infrequent contact between their supervisors and managers. Proprietary and contract security managers report less contact of their employees with law enforcement patrol officers than that reported by law enforcement executives. Only about 33% of proprietary and contract managers indicate daily contact of their personnel with patrol officers, although about 50% of guard companies report daily contact of their guards and supervisors.

Approximately 60% of private investigative firms report daily or weekly interaction of investigators and supervisors with police detectives, but only 33% of the detectives in both

sites indicate daily or weekly contact. In banking, with frequent investigation of check and credit card fraud and theft, 71% of investigators indicate daily or weekly contact. Ten percent or less of law enforcement officers in both sites report daily contact with proprietary and contract guards and alarm runners, but 86% of alarm runners have daily or weekly contact with patrol officers. Hospital, retail and bank employees and the supervisors in other businesses and institutions report frequent contact with law enforcement.

About 75% of proprietary and contract employees in the site surveys stated that they have had occasion to call for police assistance. Table 10-1 lists in rank order the types of incidents cited by security employees that most frequently result in interaction with police. Also listed in Table 10-1 are the types of incidents identified by law enforcement officers in both sites which involve private security personnel. Patrol officers most frequently interact with private security personnel on shoplifting incidents and in response to activated burglar and hold-up alarms. Much of the reported interaction by law enforcement, then, occurs in the retail environment. Many of the thefts and burglaries are also perpetrated in retail settings, and various order maintenance problems with drunk and disorderly persons occur in retail parking lots and shopping malls. In a separate question, over 50% of the locations of incidents for private security interaction listed by

patrol officers involved retail settings, followed by manufacturing, hotel/motel and restaurant, bank and financial institutions, and residential areas (apartment and housing complexes and neighborhoods). To the extent that opinions and attitudes are shaped by interaction, the impressions of patrol officers are formed largely by their contact with guards, with alarm runners in alarm responses and with retail security personnel.

TABLE 10-1
RANK ORDER SELF-REPORTING OF SECURITY INCIDENT TYPES
REQUIRING POLICE ASSISTANCE

<u>Proprietary Security Employees</u>	<u>Contract Security Employees</u>	<u>Law Enforcement Officers</u>
1. Theft	1. Burglary/B&E	1. Shoplifting
2. Trespassing	2. Theft	2. Alarms (Burglar, Hold-up)
3. Vandalism	3. Trespassing	3. Theft
4. Auto Accident	4. Drunk/Disorderly	4. Burglary/B&E
5. Assault	5. Vandalism	5. Order Maintenance (disturbance, disorderly, drunk)
Arrest	6. Hold-up Alarm	
Drug-Related	Assault	
Shoplifting	7. Burglar Alarm	
Disturbance	8. Auto Accident	
6. Burglary/B&E	9. Suspicious/Stolen Vehicle	
7. Drunk/Disorderly	10. Drugs	
8. Miscellaneous	Medical Emergency	
N=110	N=78	N=194

SOURCE: Site Surveys of Security Employees and Law Enforcement Officers, Baltimore County, Maryland, and Multnomah County (Portland), Oregon, metropolitan areas, Hallcrest Systems, Inc., 1982

Detectives in the sites most frequently come in contact with private security personnel on shoplifting, theft (in general), check and credit card theft and fraud, employee theft and insurance cases. The locations where detectives most frequently encounter private security personnel are retail stores, banks, industry and utilities. This police detective interaction is generally limited to in-house investigative staff, although about 50% of detectives report at least monthly contact with private investigators.

Although law enforcement officers rated the performance of private security personnel as poor in most areas, security employees feel that police officers support their decisions in handling security problems in which they have occasion to interact with the police (see Table 10-2). The majority of proprietary security employees receive a prompt response to their calls for assistance, but the majority of contract employees who have called for police assistance feel that the police response is slow or depends on the situation. Site interviews and observations by the Hallcrest staff reflect a tendency for police officers to form opinions about certain types of incidents, locations or security companies which affect both the time of response and attitude of the responding officers. Less than 25% of contract and proprietary security employees thought that police officers and the public saw them as performing a valuable service. The majority of security

TABLE 10-2
PRIVATE SECURITY PERCEPTIONS OF LAW ENFORCEMENT
COOPERATION ON CRIMINAL INCIDENTS/ASSISTANCE CALLS

Degree of Law Enforcement Cooperation	Security Managers	
	Proprietary	Contract
don't cooperate	2%	7%
cooperate reluctantly	23%	33%
cooperate fully	71%	34%
interfere with private security investigation	2%	4%
withhold needed information	9%	15%
	N = 676	N = 545
Law Enforcement Response to Assistance Requests	Security Employees	
	Proprietary	Contract
respond promptly	59%	35%
respond slowly	3%	10%
depends on situation	32%	36%
have never called police	6%	19%
Law Enforcement Support for Security Employee Decisions		
support decisions	75%	52%
do not support	1%	4%
sometimes support	11%	23%
N/R	13%	22%
	N = 110	N = 78

SOURCE: National Survey of Proprietary and Contractual Security Managers (1981); Site Surveys of Security Employees, Baltimore County, Maryland and Multnomah County (Portland), Oregon, Metropolitan Areas, (1982), Hallcrest Systems, Inc.

employees feel that police officer and public attitudes toward them depend on the individual interacting with them (see Table 10-3).

About 60% of proprietary security employees feel that the public police are satisfied with their current level of involvement in problems referred by security personnel, but contract employees more accurately perceive the somewhat negative attitudes of police officers. Only 20% of police patrol officers and supervisors in both sites are satisfied with the way security personnel handle incidents in which police are involved, and a similar amount would like less involvement with private security--preferring private security to handle their own problems. The majority of patrol officers, however, qualify their satisfaction with private security interaction in terms of the particular situation or incident involved. Detectives are nearly equally divided: about half are satisfied, and half qualify their satisfaction in terms of either the incident or the individual security personnel involved. Contrary to field interviews and observations, both patrol officers and detectives stated that the particular security company involved in an incident does not influence their overall satisfaction with the handling of an incident by security personnel.

When investigating a criminal incident within their organization, 71% of proprietary security managers responded in the national surveys that law enforcement agencies cooperate fully with them. Approximately 33% stated that the cooperation was

TABLE 10-3
PRIVATE SECURITY EMPLOYEE PERCEPTIONS OF POLICE AND
PUBLIC ATTITUDES TOWARD PRIVATE SECURITY

	<u>Proprietary Employees</u>	<u>Contract Employees</u>
	N = 110	N = 78
<u>Police Attitudes</u>		
indifferent	18%	13%
condescending	6%	6%
hostile	1%	4%
we perform a valuable service	23%	22%
attitude depends on individual	69%	63%
<u>Public Attitudes</u>		
indifferent	32%	28%
condescending	8%	8%
hostile	13%	8%
we perform a valuable service	27%	26%
attitude depends on individual	71%	64%

SOURCE: Site Surveys of Security Employees, Baltimore County, Maryland, and Multnomah County (Portland), Oregon, Metropolitan Areas, Hallcrest Systems, Inc., 1982

granted reluctantly, or that needed information was withheld, or that the law enforcement agency interfered with the company's investigation. Nearly 60% of contract security managers reported difficulties in obtaining law enforcement cooperation in investigations. Based upon the perceptions of security managers, it appears that law enforcement personnel prefer to work with proprietary security personnel rather than with contract security personnel.

10.3 EXCHANGE OF RESOURCES AND INFORMATION

Reconnaissance interviews and discussions with our National Advisory Panel indicated that private security occasionally provides resources to law enforcement agencies to assist in their investigative efforts. Four types of resources are typically provided: personnel, equipment, financial, and information. In the national surveys, law enforcement, proprietary and contract security managers were asked how often resources in each of the four categories were made available. The following paragraphs describe the results of that survey question.

10.3.1 Personnel

Both proprietary and contractual security managers report more frequent sharing of their resources than do law enforcement executives. The most frequently provided resource is personnel. Investigators are provided frequently or occasionally by 55% of proprietary security managers and 76% of private investigative firms. Less than 25% of law enforcement agencies

report ever receiving investigative assistance from private security. The disparity in response between law enforcement and security managers is consistent with the more frequent contact reported by proprietary investigators and private investigators in the site and national surveys. In the site surveys, 86% of alarm runners reported daily or weekly contact with patrol officers, and about 50% of central station alarm companies in the national surveys report that alarm runners assist the police in investigations on a frequent or occasional basis. Only 26% of law enforcement executives indicate that alarm runners frequently or occasionally assisted in investigation of crimes.

Guards, the most visible component of private security, are sometimes involved in investigations of incidents with law enforcement, according to about 60% of proprietary managers and approximately 40% of contract security managers and owners. In addition, about 20% of both proprietary and contract managers report providing undercover operatives to assist law enforcement investigations. Sometimes in the industrial or retail setting employees are hired in an undercover capacity to detect suspected criminal activity, e.g., to oversee the garment tagging activities in a retailer's distribution center. When other illicit activity is detected (for example, illegal selling of drugs), the security manager may notify law enforcement officials who may utilize the undercover operative to gather intelligence or to arrange undercover purchases of drugs. Undercover assistance also would be used to detect stolen

goods, "fencing" operations, or cargo theft rings. Investigative accountants are another category of proprietary investigative assistance to law enforcement. Often the major fraud schemes, embezzlement of company funds, computer-related crime, and other white-collar crimes, are detected as a result of internal auditing and controls. These personnel may then be made available to law enforcement agencies and prosecutors to assist in case preparation and prosecution.

10.3.2 Equipment, Financial, and Information

Less than 15% of chiefs and sheriffs in the Hallcrest national surveys identified financial or equipment resources received from private security to assist in investigation of crimes. Yet about 40% of proprietary security managers report providing CCTV and photographic equipment to law enforcement, and about 60% report providing surveillance equipment. In our reconnaissance interviews and site studies, some law enforcement officers and investigators report occasional use of this private security equipment in their own investigations as well as in investigations of criminal activity at the request of businesses. Perhaps some of the proprietary survey respondents included the use of CCTV evidence in retail and bank environments for robberies, shoplifting, and check and credit card fraud.

Proprietary security managers in the national survey also report providing financial assistance to police investigations: reward money (42%), undercover operation funds (27%), "buy

money" for stolen goods (35%) and overtime payments for police personnel (27%). In the reconnaissance and site interviews some proprietary security directors related incidents of providing funding for undercover police personnel who were making purchases of goods stolen from their companies, sometimes as part of police "sting" operations. Corporate security directors described incidents of providing "buy" money for their own consumer products that had been stolen from distribution channels. In some cases, law enforcement agencies have sought company commitments for both buy money and overtime payments prior to assurances of initiating a "full" investigation based on their information. In addition, some police "sting" operations have reported that insurance company money has funded certain operations.

Between 25% and 30% of law enforcement executives report that they have received information from private security to assist them in criminal investigations. However, about 50% of proprietary security and about 20% of contract security managers report frequently or occasionally that they provide to law enforcement information on internal company investigations, criminal intelligence, and business operations and procedures. In addition, just under 50% of proprietary security managers obtain the following types of information from criminal justice agencies: arrest verification, conviction verification, driver and vehicle license checks and criminal case information. The majority of contract firm managers and owners do not report

obtaining such information, although about 60% of private investigative firms obtain driver and vehicle license information.

Earlier in the report we discussed the use of the "well placed" phone call by private security to obtain desired information from law enforcement. The exchange of information between private security and law enforcement on the basis of personal relationships is likely, given the numbers of proprietary and contract security managers with law enforcement backgrounds. There was little information disclosed in reconnaissance or site interviews on the extent of this practice. The national surveys, however, reveal a correlation between proprietary security managers who frequently obtain various types of information (i.e., arrest, conviction, criminal case, vehicle and driver) and those who report recurrent internal company investigations and frequent sharing of both criminal intelligence and business operations data with the police. To a certain extent, this correlation suggests that information flows more readily from criminal justice agencies to private security when private security freely cooperates with and shares information with law enforcement agencies.

10.4 COOPERATIVE PROGRAMS

One PSAC report stated that the perceived status differential between law enforcement and private security created a lack of respect and communication which, in turn, precluded effective cooperation.⁴ The previous sections noted that some

communication and exchange of information does occur, although not uniformly. In the national surveys, the respondents were asked about the existence of cooperative programs in a number of areas. Law enforcement reported cooperative programs only in the area of crime prevention with proprietary security (41%); 54% of the proprietary security managers reported cooperative crime prevention programs with law enforcement. No cooperative programs were reported by 67% of chiefs and sheriffs; 66% do not even maintain a list of security directors and managers in their area, and 52% do not maintain a list of security firms offering security services. Lists of burglar alarm firms are maintained by 38% of law enforcement agencies, and 27% maintained a list of guard and patrol services. Only 40% of the departments which maintained such lists provided them to citizens upon request. A 1982 IACP Resolution, however, encouraged chiefs of police "to establish a personal liaison with the private security industry, including both proprietary and contract agencies, and to cooperate with such agencies to the extent permitted by law."⁵

Less than 20% of contract security firms report cooperative programs with law enforcement, but some (less than half) proprietary security managers have developed cooperative programs or procedures with law enforcement in the following areas:

- hazardous materials movement
- VIP/executive protection
- disaster management
- traffic control

- crowd control
- terrorism countermeasures
- economic crime investigation

Other cooperative programs mentioned by proprietary security managers in the national survey include crisis management plans for hostage situations, robbery response procedures, and special police coverage for labor disturbances.

A review of the literature uncovered few examples of cooperation between law enforcement and private security. In general, it appears that most of the cooperative efforts are initiated by private security and are usually sponsored by a security association. Local chapters of the ASIS, in particular, have taken an active role in attempting cooperative programs. Review of more than two years of security and law enforcement newsletters and publications indicates that formal cooperative programs are sparse, and that in few instances have successful program results been disseminated or replicated in other areas. Selected examples of cooperation include the following:

- CRIME ANALYSIS -- (1) The Tennessee Bureau of Investigation (TBI) developed a database of crimes against major industrial facilities in the state. The TBI database includes a list of major crime types, and modus operandi by type of industry. (2) In New York City, the Supermarket Security Council developed a central clearinghouse for armed robbery information to establish criminal patterns that would be of assistance to the police in planning stakeouts and conducting investigations. The standard data sheet completed by participating supermarkets includes physical descriptions, time of crime occurrence, weapons used, and CCTV pictures, if available.

- CRIME PREVENTION -- (1) Hank Luks vs. Crime is a program produced for cable TV by a major alarm equipment manufacturer. The program has brought together personnel from the security equipment industry, contract security, and criminal justice system to increase public awareness of crime, as well as crime-related issues and measures that can be undertaken by the public. The program was nominated by the cable TV industry for two awards for excellence in public affairs programming. (2) Crime Prevention Seminars have been sponsored by a number of ASIS chapters with the cooperation of local law enforcement and crime prevention programs. The first annual Business Crime Forum in 1980 sponsored by the Columbus, Ohio, ASIS chapter attracted about 225 area businessmen. IMPACT in Colorado--"involve more people against crime today"--had approximately 200 attendees from a four-state region for this three-day seminar. (3) Crime Stoppers, the citizen-based program which focuses on providing information on crimes to the police through publication of crime details in the media, has received funding support through donations from various ASIS chapters. (4) Neighborhood Watch and Citizen Alert crime prevention programs occasionally solicit contract security firms to discuss the application of security equipment and services to residential security.
- TRAINING SEMINARS -- ASIS chapters and state contract security associations have sponsored seminars on business crime and specialized topics. In 1982, the Private Security-Law Enforcement Target: Theft seminar was sponsored by the Maryland Suburban ASIS chapter and the Mid-Atlantic chapter of the International Association of Credit Card Investigators. At the national level, the ASIS brought government and industry together for the first time to discuss resources and strategies to combat terroristic acts in the Government/Industry Conference on Terrorism.
- EMERGENCY PREPAREDNESS -- the 48 nuclear sites around the country provide an emergency preparedness plan to the Federal Emergency Management Agency and the Nuclear Regulatory Commission which includes the activities and actions by local, county and state law enforcement agencies. Police agencies must sign letters of agreement with the nuclear power companies identifying the responsibilities and actions expected in the event of a nuclear mishap.

One method of attempting cooperation between law enforcement and private security has been to offer memberships in their respective professional associations. At the national level, for example, the IACP and the ASIS have both offered membership to each other. Active member status in the ASIS is available to chiefs and sheriffs, investigators, commanding officers, prosecutors and other law enforcement officials. The IACP recently created the category of associate member for security directors and the chief executives of "private police and detective agencies." Joint membership in organizations has also occurred at the state level involving operational level positions. The California Peace Officers Association, for example, has an Industrial Security Committee, and security guards are eligible for associate membership in that organization.

The IACP has a standing committee on Private Security, and the ASIS has a Law Enforcement Liaison Council. Both groups have independently explored relationships between law enforcement and private security. In 1982, these two organizations held their first joint meeting and appointed and tasked three joint subcommittees: (1) a Liaison Subcommittee to explore ways to increase contact and to improve private security and law enforcement relationships, (2) the Legislative Initiatives Subcommittee to examine legislation which could be mutually beneficial to both groups, and (3) a subcommittee to study the results of this research project. Two of the important issues discussed by the joint meeting were police response to burglar

alarms and police officer moonlighting in private security. A second joint meeting is planned for 1983 to hear progress reports on the efforts of these joint subcommittees and their respective associations. In addition, in early 1983 the National Sheriffs' Association established a Private Security Committee and expressed a desire to cooperate with the efforts of the IACP and the ASIS.

The Rand study noted the lack of a unified "voice" in the private security field. That "voice" is still lacking today, despite the efforts of the ASIS, NCISS, the National Burglar and Fire Alarm Association, the Committee of National Security Companies, and the Security Equipment Industry Association. Without denying the influence of these groups and various periodicals, journals and newsletters, it is difficult for law enforcement to effectively interact with so many segments of private security which have more than 40 security-related organizations (see Appendix E). The Private Security Liaison Council formed in 1981 is an attempt at least to consolidate the legislative and lobbying concerns of a number of contractual private security organizations representing manufacturers of security equipment as well as various security services--armored car, alarms, guards and investigative services. These coalition efforts could contribute markedly to improved relationships by increasing the knowledge and understanding of law enforcement about the breadth and diversity of private security operations and services. Expanded interaction and cooperation would more likely occur within a common frame of

reference about their respective functions, activities and operations.

10.5 OVERALL RELATIONSHIPS

In both the national and site surveys, law enforcement and security managers and employees were asked to rate their overall relationships. Chiefs and sheriffs in the national survey rated their overall relationships with private security in their area as good, at best; less than 10% rated their relationships as better than good, and 46% thought relationships were poor. In sharp contrast, about 45% of proprietary and contract security managers rated relationships with law enforcement in their area as excellent. For proprietary security managers, there are several correlations with high ratings of relationships: the number of cooperative programs established, the frequency of information sought from criminal justice agencies, and the degree of cooperation received from law enforcement on investigation and response to criminal incidents. Of the respondents who perceived full cooperation from law enforcement on criminal incidents, 81% report that their relationships are very good or excellent. As expected, proprietary security managers reporting reluctant cooperation rate relationships as poor.

Similarly, for each of the eight cooperative program areas listed in the national survey, 80% of the proprietary managers

reporting cooperative programs in these areas rate their relationships with law enforcement as very good or excellent. The more frequently proprietary security managers reported requesting information from criminal justice agencies (arrest, conviction, criminal case, driver, vehicle), the better overall relationships were rated. More than 50% of those rating overall relationships as excellent report daily or weekly contact of their employees and supervisors with law enforcement personnel: supervisor contact with patrol officers, detectives, supervisors and managers; employee contact with police officers, detectives, and supervisors. Sixty-eight percent of those rating overall relationships excellent report daily or weekly contact of their security employees with police officers.

Law enforcement officers in the sites have a better opinion of overall relationships than did chiefs or sheriffs, even though less than 45% report daily or weekly contact with proprietary and contract guards and alarm runners. Overall relationships are rated as very good or excellent in the case study sites by the law enforcement officers (61%), proprietary guards (60%), contract guards (57%), and alarm runners (56%). Operational law enforcement employees, then, generally perceive their overall relationships as very good, despite infrequent contact and concerns about how they interact on private security calls for police assistance.

10.6 SURVEY RESPONDENT RECOMMENDATIONS

Recommendations for improving law enforcement and private security relationships were solicited from survey respondents in both the national and site surveys. Law enforcement, proprietary and contract security managers were asked to recommend specific measures in three areas: (1) improving private security, (2) improving working relationships of law enforcement and private security, and (3) making more effective use of law enforcement and private security resources to prevent and control crime. Overall, a high degree of consensus was attained among law enforcement and proprietary and contract security managers in each of the three areas of relationships. Operational law enforcement and security personnel in the sites were only asked for overall recommendations to improve relationships between law enforcement and private security.

10.6.1 Recommendations of Managers

Efforts to improve private security were not solely the interest of law enforcement, as indicated by the considerable interest displayed by both proprietary and contract security managers. The following items are a rank order of five measures for improving private security most frequently cited by approximately 1600 law enforcement and security managers (contract and proprietary) in the Hallcrest national surveys:

- more or better training
- mandated training
- improved selection processes

- higher wages
- establishment or improvement of licensing and regulation.

Training, by far, was the most frequently cited improvement measure by all three groups of managers. Some respondents feel that training will not be implemented unless mandated. The survey question did not distinguish between proprietary or contract private security. Thus, some of the law enforcement responses could have been directed toward contract security, but proprietary and contract security managers both agreed that training was the single most effective measure to improve private security.

It is interesting to note that these recommendations focus on personnel and address the major components of the "vicious circle" discussed earlier--low wages, marginal personnel, inadequate training, few advancement opportunities and high turnover--resulting in ineffective performance. Establishing licensing and regulation or improving existing regulatory controls is viewed by many respondents as the mechanism to implement the other recommendations directed toward upgrading personnel. Business operations of contract security firms are also encompassed by licensing and regulation in most states. In the separate question on minimum required levels of training for private security personnel and firearms training for armed security personnel, responses of all three groups of managers were in the 80th percentile, favoring mandatory training.

Two major emphases of this research project are: (1) improvement of working relationships between law enforcement and private security and (2) identifying ways to combine their resources for more effective crime prevention and control in communities. Recommendations to improve working relationships largely address the obstacles to interaction and cooperation initially identified in this chapter--a climate of distrust and suspicion, different role orientations, perceived status differential and lack of knowledge on the part of law enforcement about private security. From a composite of the national surveys, the five most frequently recommended measures to improve working relationships are, in rank order:

- closer cooperation (generalized)
- management meetings
- understanding respective roles
- information exchange (generalized)
- improved communication (generalized)

The recommendations concerning "closer cooperation" primarily relate to fostering a spirit or climate of cooperation between law enforcement and private security. The desire and willingness of both groups to cooperate would most likely lead to meetings which promote a better understanding of their respective roles, resources and policies. Luncheon and dinner meetings designed for this purpose, attendance at respective association meetings, and quarterly or monthly meetings of top management were frequently mentioned as a means to promote

greater familiarization. Once the magnitude and limitations of various components of private security are understood more fully by law enforcement, more dialogue and contact would likely occur to discuss mutual operating problems. Joint meetings of supervisory personnel and the establishment of a private security liaison officer position in law enforcement agencies were mentioned as a means to increase dialogue, resolve problems, and exchange information.

Recommendations for making more effective use of law enforcement and private security resources to prevent and control crime appear to build on the recommendations for improving working relationships. As greater interaction and cooperation occur as a result of increased dialogue, law enforcement and private security begin to perceive one another as complementary resources in combatting crime. The majority of respondent recommendations on combined use of resources dealt with improved communications and information exchange. Two main themes emerged concerning information exchange: (1) the need for a structured and organized method that legitimizes information requests and avoids dependency on personalities and (2) exchange of crime information data. Private security feels that if their personnel are informed on specific modus operandi or crime profiles for their area of the community or business and institution type, then law enforcement would have additional "eyes and ears" through the extended manpower of security personnel. Security managers also

note that the exchange of information gives them advantages of being able to prevent more crime in their environments. Some law enforcement managers expressed interest in obtaining more information on investigations or cases which are resolved in the "private justice system," but we surmise that most agencies would not want the additional workload unless the information was shared only for purposes of general awareness rather than for prosecution.

Some of the recommendations by private security managers were similar to techniques of community-based policing initiatives undertaken by some law enforcement agencies in recent years to establish more visible police presence and increased rapport and interaction with the public. Under these concepts (e.g., team policing), patrol, investigative, and other resources are given direct responsibility for crime prevention and control in a precinct or small geographic area. Joint involvement in neighborhood crime prevention meetings was recommended by some private security managers to create greater citizen awareness about private security services. Security managers suggested such techniques as parking police vehicles and spending time with security personnel in visible places--"park and walk" and otherwise making efforts to acquaint themselves with security personnel in their patrol area. The purpose of these efforts is to both foster cooperation and demonstrate to the public the shared concern for order maintenance and crime prevention. The impact of such

programs could give credibility to the role of private security; however, the public also could perceive a false sense of authority in security personnel. In some locations, uniformed security personnel with special police officer status, in fact, have arrest authority on premises they are protecting.

Recommendations pertaining to actual use of resources were directed toward (1) mutual aid compacts and (2) joint funding and use of equipment and facilities. These recommendations generally had little specificity or few examples although the intent was clear: to mobilize resources for extraordinary events or incidents and to cost-effectively utilize expensive but seldom used equipment and facilities. Under a mutual aid compact, private security personnel could be temporarily deputized or given police powers, for example, in a national disaster or civil disturbance. The crowd control barriers used in labor disturbances or an indoor firearms range would be examples of shared equipment and facilities.

10.6.2 Recommendations of Operational Personnel

Although law enforcement officers and security personnel in the sites were asked only to offer recommendations for overall improvement of relationships, the recommendations generally alluded to the content of the three separate questions asked law enforcement and security managers in the national surveys: improving private security, improving working relationships and making effective use of combined resources of law enforcement and private security.

Proprietary security employees and law enforcement officers recommended increased training for private security three to four times more frequently than the next most frequent category of recommendations. Law enforcement officers were then most concerned about improving the selection process for private security personnel and enactment of licensing and regulation in the Multnomah County, Oregon, site. Law enforcement officers, then, see the upgrading of private security personnel as the pivotal issue to improvement of relationships, and proprietary security personnel concur with respect to training.

The second area of concern for proprietary security personnel is gaining respect from law enforcement and getting them to understand the role of private security. Contract employees viewed this as a greater concern than improved training of private security personnel. The following responses illustrate the sensitivity of operational security personnel to this issue:

Even though we aren't licensed to arrest, police officers should always remember we are doing a different job, especially if we do it well, and they should respect us as partners in keeping law and order in justified areas.

contract guard
manufacturing facility

Police should realize that security guards are people too, and try to work together and instill in their minds that they are not better than security guards. I know, I've been on both sides of the fence and now realize that

guards are needed for crime prevention. Ironically, now in my case, I make more money than the police officers who look down on me and don't know I'm a career ex-cop.

ex-policeman and contract
guard supervisor
defense contractor

Police officers need to gain the understanding that security officers are trying to help, with their limited resources and experience, and not trying to do their job.

contract guard
construction

Security should be looked upon as a front line troop in crime prevention rather than rent-a-cops.

contract guard
manufacturing facility

Security officers feel that increased exposure of law enforcement to private security will give police officers a better understanding and appreciation for private security. One familiar complaint of security officers is that police officers disagreeing with their actions in a particular incident are unaware that (1) security officers are, in most cases, simply carrying out company policies, (2) security policies vary among companies and security operations and (3) security officers are limited in both legal powers and discretion, unlike police officers. Survey respondents and site

interviewees most frequently offered these recommendations to increase contact and law enforcement knowledge of private security:

- establishing "ride along" programs;
- familiarizing police with security personnel on the beat;
- touring security facilities and operations;
- offering constructive criticism on security officer handling of incidents.

FOOTNOTES

Chapter 10

1. Private Security Advisory Council to the Law Enforcement Assistance Administration, U.S. Department of Justice, Law Enforcement and Private Security Sources and Areas of Conflict and Strategies for Conflict Resolution (Washington, D.C.: Law Enforcement Assistance Administration, 1977), p. 2.
2. *ibid.*, p. 6.
3. Ernest J. Criscuoli, Jr., in Asis Dynamics, March 1982, p. 2.
4. Private Security Advisory Council, *op. cit.*, p. 6.
5. Resolutions Committee Report, 89th Annual Conference of the International Association of Chiefs of Police, Police Chief, March 1983, p. 157.

CHAPTER 11
 PROBLEMS IN
 POLICE AND SECURITY
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CHAPTER 11

PROBLEMS IN POLICE AND SECURITY RELATIONSHIPS

11.1 OVERVIEW OF PROBLEMS

Interaction and cooperation between law enforcement and private security and the ratings of their overall relationships appear to vary greatly, dependent largely upon their mutual perceptions and stereotypes, role conflicts, knowledge of their respective operations, the frequency of information sought and sharing of resources, and the extent of cooperative programs established. Chapters 9 and 10, especially, discussed problems in these areas which impact relationships between law enforcement and private security. This chapter focuses on two problems which seem to have the greatest intensity of feelings and most directly affect their respective operations: (1) secondary employment or moonlighting by police officers in private security and (2) police response to activated alarms which are largely false. While both groups are concerned about the impact of the problem on their respective operations, police officer moonlighting is primarily a complaint of contract security companies and false alarm impact on police workload is largely a police complaint.

11.2 POLICE MOONLIGHTING IN PRIVATE SECURITY

11.2.1 An Overview of the Problem

In 1976 the Private Security Advisory Council identified the secondary employment (moonlighting) of police officers in

private security functions as a major source of conflict between law enforcement and private security. Police officers who are employed by businesses and contract security firms often use police department uniforms and equipment in this employment. In some instances, police officers have their own security firms and compete directly with contract security companies. Managers and owners of private security firms have expressed concerns about direct and unfair competition by police officers who wear public police uniforms when functioning in a private security capacity. They also question the propriety of police officers offering private security services since the police officers are sworn to uphold the law 24 hours a day.

Law enforcement executives share these concerns and see potential conflicts of interest resulting from some private security moonlighting situations. Two major concerns of law enforcement executives are uncertainty about the department's liability for actions of police officers while engaged in private security employment and the overall impact on an officer's fitness for assigned duty when working excessive hours outside his regular assignment. Despite conflicting opinions about police moonlighting in private security, additional public protection is afforded by these practices, especially with the use of police uniforms and equipment. Data collected in this research effort indicate that moonlighting is indeed an extensive practice. The larger question is whether additional protection for primarily private interests

should be provided by public employees--law enforcement officers. The following sections examine the nature and extent of police moonlighting in private security, the concerns of various interest groups, and some of the legal issues.

11.2.2 Definitional Issues

Arriving at a consensus definition of police moonlighting in private security is at the root of the controversy over these practices. Contract private security interests are largely concerned with any practice by police officers that sharply reduces their potential for revenue, i.e., any influence of police officers as either security employees or employers that decreases market share for private protection. While 90% of the law enforcement executives in the Hallcrest national survey stated that their department has a policy on moonlighting, a clear lack of consensus on a definition of moonlighting exists even among police administrators. In many law enforcement agencies, police officers are regularly engaged in "paying details" and "special duty" assignments outside their normally assigned shift. Private businesses in the community frequently obtain the services of a uniformed officer or deputy to perform guard, patrol, traffic direction, crowd control, order maintenance and other security functions. Fast food restaurant and convenience stores, for example, may hire a police officer to provide security at the premises to discourage loiterers and drunk and disorderly persons and to

deter robbery attempts. General contractors and utility companies will often secure the services of a police officer to direct traffic at a construction or repair site. In some areas of the country this is considered a part of the "regularly scheduled" assignments by scheduling officers. In addition, auxiliary, reserve or supernumerary officers and deputies will often be used and depend upon the above-mentioned assignments as a regular source of income, just like full-time members of the department. In some instances, there is no choice between using the police or private security since police authority may be required for direction of traffic. In Massachusetts, for example, the Department of Public Works will not grant a road construction permit unless a police officer is assigned to control traffic.

Other public agencies often use law enforcement officers to perform security functions. Civic centers, public schools, parks and recreation departments, and other facilities for public events use police personnel for primary or total security functions. In Chicago, for example, 81 of the 125 full and part-time members of the security force at the Chicago Public Library reportedly are members of the Chicago Police Department. The security director claims an improved response to emergency situations and reduced losses from such problems as vagrancy, vandalism, book theft and destruction, and assaults on librarians.¹

The off-duty or extra-duty assignments of police personnel cited above usually include the use of police uniforms and

equipment, including portable radios and, sometimes, police vehicles. Police personnel may also be directly hired in plainclothes security capacities by private persons, business and contract security firms. Retail firms may hire police officers as store detectives, and shopping malls will hire off-duty personnel for plainclothes, low-profile security. In other situations, police personnel may be hired for positions in which their ability to act as police officers under the color of the law is an implicit function of their employment. Supermarket and convenience food stores, for example, hire police officers as checkout attendants or cashiers with the expectation that they can act to prevent or intercede in robbery attempts. In many areas of the country concealed weapons permits are very difficult to obtain, so police officers are frequently hired as private bodyguards. This is the primary labor pool used by contract security firms in providing armed executive protection services for their clients.

A key issue in defining police moonlighting in private security is the method by which the outside services of security personnel are obtained. In some law enforcement agencies, all outside employment in security activities using police uniforms and equipment are administered and controlled by the department, and outside income earned from these activities is a part of the regular accounting and payroll functions of the department. The police association or union often plays a role in both the scheduling and soliciting of extra-duty assignments in security, but the officers may or

may not be paid directly by the outside employer. When officers obtain employment directly from the business, institution or security company, they are usually paid directly by their employer.

In the Hallcrest national surveys, just over one-third of law enforcement executives permit members of their department to own or to be corporate officers of private security firms, and nearly one-half of them permit department personnel to be stockholders of private security firms. In the Baltimore County, Maryland, area case study site, 10% of the officers in the Baltimore County Police Department listing outside employment in private security were employed as independent contractors or owners of private security services. A closely related activity is coordination of outside security employment of police officers using department uniforms and equipment. The Hollywood, Florida Police Department, for example, in 1982 conducted an internal investigation into alleged use of department radios and police vehicles to provide security for a Saudi Arabian prince. A private corporation was alleged to have been set up to coordinate the security needs of the prince on a 24-hour basis which involved the regularly scheduled use of 50 to 100 police officers.²

11.2.3 Extent of Police Moonlighting

Police personnel may be employed to perform private security functions during off-duty hours by 81% of the law enforcement departments in our national survey. The majority of

departments estimate that 20% or less of their personnel are involved in private security employment, but the majority of the executives in the Hallcrest survey of national and regional contract security firms feel that this is an extensive practice. In general, the department size was correlated with estimated size of security employment by the law enforcement executives. Security moonlighting was highest in the larger departments. In police and sheriffs' departments serving populations of over 500,000, 36% of the administrators estimate that off-duty security employment is performed by more than 40% of their employees.

In Prince Georges County, Maryland, police employment in private security using department uniforms and equipment was estimated as high as 85% of this 850-member department.³ In the Baltimore County study site, 42% of the department's 1220 sworn personnel at the rank of Captain and below were secondarily employed in private security with permission of the department, 12% of whom were sergeants, lieutenants, and captains. In the site surveys, the officers of this department accurately estimated (on the average) the percentage of their fellow officers involved in off-duty private security employment.

In the national surveys, 75% to 80% of both contractual and proprietary security managers stated that businesses in their area hire law enforcement officers for security work, and 40% to 45% of these security managers said private security firms hire police personnel. About 40% of the proprietary

security directors actually employed off-duty officers. Police personnel are employed by about 25% of the contract security firms in the Hallcrest national survey, but the percentages were greater for guard and patrol (35%) and private investigative firms (43%). Administrators of state agencies that license and regulate private security firms feel that employment of police officers in private security remained about the same over the prior five-year period (1976-1981). About one-half of the proprietary and contractual security managers observed increasing employment by businesses but were not sure about private security firm use of off-duty police personnel.

Several techniques were used to estimate the total number of law enforcement personnel in the United States who are involved in off-duty private security employment. The Hallcrest national survey included only police departments of cities greater than 25,000 population and county departments of greater than 100,000 population. First, departments were placed by cities and counties in population groupings of under 100,000, 100,000 to 500,000 and greater than 500,000. Second, class midpoints of the estimated range (percentage) of police personnel employed in private security functions were calculated and applied to the total number of sworn personnel listed by departments in these population groupings. Overall, across all population groups and both department types, 24% of police personnel were engaged in off-duty security employment. Based upon confidence intervals (at the .10 level of significance), Hallcrest estimates the range to be 20% to 30% of law

enforcement personnel. Thus, based upon the total number of local and state personnel reported earlier in Bureau of Labor Statistics data, Hallcrest estimates that approximately 150,000 local law enforcement officers are regularly engaged in off-duty employment in private security in the United States.

In the national surveys, use of law enforcement uniforms (71%) and/or employment in plainclothes (89%) capacities are most frequently reported by law enforcement executives who permit private security employment. Employment as a uniformed security guard or as a security supervisor or manager is permitted in 44% of the departments, and employment in private investigations is permitted by 39% of the departments. In departments serving populations of greater than 500,000, nearly 60% of the departments allowing moonlighting permit their personnel to perform private investigative work. For those proprietary security directors reporting hiring of police officers for security functions, the most frequently reported capacities are also in plainclothes and using law enforcement uniforms and equipment. While only about 20% of proprietary managers use police personnel for investigative duties, investigations (56%) is the most frequently reported security capacity by contract security managers employing law enforcement officers. Contract security managers and owners report hiring law enforcement personnel for executive protection functions as frequently as they hire police as uniformed guards. Analysis of secondary employment records in the

Baltimore County Police Department reveals that security employment most frequently occurs at retail stores (27%) and shopping malls (22%). Excluding officers employed by or owning contract security firms, the next most frequent places of private security employment are auto dealerships, recreational facilities, banks, manufacturing and warehousing, social clubs, and motels. The concentration of private security moonlighting in retail stores and shopping malls depicted by official secondary employment records is consistent with the self-reporting of security moonlighting by officers in the Baltimore County case study site surveys.

11.2.4 Interest Group Concerns

11.2.4.1 Law Enforcement Executives

Law enforcement executive concerns about police moonlighting in private security largely center around fitness for regular duty assignments, conflicts of interest, department liability, and controlling the method of obtaining security employment. Although moonlighting in private security is an extensive practice, law enforcement executives do not always support it. In the national surveys, administrators reported that their police personnel most frequently obtain private security employment through direct employment by a business (91%) followed by individual officers contracting their services (67%). As long as officers are hired through the police agency or hired directly by the business, the law enforcement executives do not see a conflict of interest. However, they

do consider the following as conflict-of-interest situations: the hiring of police officers by private security firms, contracting by individual officers and deputies, and involvement of the police union or association in obtaining security employment for their members.

Conflict-of-interest issues primarily involve (1) the use or misuse of police authority for personal or financial gain, and (2) the provision of services on a selective basis that are provided normally as part of an officer's publicly paid responsibilities. A police detective involved in private investigations could be in a position to compromise department information, or to illegally obtain information (case, criminal history, etc.) otherwise excluded from the public by department policy or law, or to overlook criminal involvement of a client in an ongoing police investigation. A patrol officer could provide preferential response to problems or service calls from firms or citizens receiving private security services from the officer or fellow moonlighting associates. It has even been alleged that merchants were threatened with loss of police services if they did not hire law enforcement rather than contract security personnel for security functions. In one interesting occurrence, a police officer in a major police department was subjected to an internal investigation because he "took the Fifth Amendment" when questioned by department investigators about the criminal activities of one of his clients. Investigators earlier had executed a search warrant at the client's premises.⁴

One chief of police summarized conflict of interest concerns of many law enforcement executives with the biblical expression "No man can serve two masters."⁵ Police officers are empowered to enforce the law 24 hours a day. In many departments there is a clear expectation that enforcement action be taken for off-duty criminal incidents, and this expectation is often emphasized by a requirement that sworn police personnel carry their firearms 24 hours a day. Law enforcement executives question the primary influence on an officer's decision to take enforcement action when working under the direction of a private business or concern. Department policies and procedures may be in conflict with the policies or desires of the private concern which is paying the officer's off-duty wages.

Some contract security managers have complained that moonlighting in private security, especially with police uniforms and equipment, is equivalent to "selling police authority" or obtaining a "hired gun" and results in a disproportionate level of police services based upon ability to pay. In some instances, this is clearly the reason private businesses, especially retail merchants, secure the services of an off-duty police officer. In a Washington Post article on the moonlighting activities of Prince Georges County, Maryland, officers, merchants clearly supported this position:

That cruiser in the parking lot is clearly a deterrent.

If I didn't think it was protective, I wouldn't hire the officers. We get hit the most. We had those rent-a-cop services,

but they're nothing but trouble. They have no authority, and everyone knows that.

You're going to pay a lot for a police officer--it's a hired gun with the power to arrest. But they command a considerable amount of respect, particularly in tough neighborhoods.⁶

The effectiveness of police officers in deterring crime is made emphatically clear in other comments by merchants in the above article. This was also true in the Baltimore area study site, where some retail security directors reported using police officers in high-crime areas with noticeable reductions in disturbances and robbery attempts. Some police administrators and officers applaud the increased coverage afforded by off-duty employment of uniformed personnel by businesses and institutions in the community. However, police administrators have become increasingly concerned about "entity liability" of the department, i.e., about being successfully sued for the off-duty acts of its officers.

It raises the question of who's liable. After all, the officer is wearing the identification [of the police department] but he's being paid by the owner of the establishment, like McDonald's. The question is under whose orders is he acting--the chief of police or the owner of McDonald's.⁷

In the brief legal discussion in the following section, it is clear that the controlling factor in suits against police officers for off-duty acts is whether the act involved an exercise of his legal authority as a police officer. Once the officer clearly acts within the "scope of his authority" and

under the "color of the law," it is generally not relevant whether the officer was on or off duty, in uniform or plainclothes, or whether he was even employed specifically for security purposes.

Two types of security moonlighting situations highlight potential problems of department liability for off-duty security employment of police officers. First, is the "implied" security function, especially in jurisdictions where officers are required to carry a firearm 24 hours per day. In 1982 in Washington, D.C., for example, two officers of that department shot and killed robbery suspects within two weeks of one another while they were employed as clerks at a supermarket and a convenience food store, respectively.⁸ In these kinds of situations, the question of clear identification as a police officer by the subject could impact civil liability actions and also might have deterred the criminal attempt. In the foregoing example, a fellow officer also employed as a cashier at the supermarket where the shooting occurred remarked, "I would rather work in uniform." There was "no doubt in his mind that a uniformed police guard would have deterred the two men from entering the store." Scheduling police officers under the auspices of the department to work such uniformed assignments when not on "regular" duty still places them on duty in the minds of some police officials.

Second, a less clear situation arises in the nature of the work involved. As many contract security firm managers note, some security jobs (in uniform and plainclothes) undertaken by

police officers are not within the usual responsibilities of the police or sheriff's department and bear little relationship to the "scope of his employment." As noted in Chapter 7, in the case study sites, tasks and activities reported by security personnel themselves were largely non-crime-related. The officer is not always functioning from a police officer's frame of reference in carrying out the tasks desired by the private employer of his services. In some situations officers may act as agents for property ownership rights of their employers and overextend their law enforcement authority. Case law in some states has invalidated arrests by officers, even in uniform, when made in security employment, solely because the officer had come under the control of a private employer (see Legal Issues 11.2.5).

Some police executives have attempted to limit the department's liability for security moonlighting and other forms of off-duty employment by obtaining a third party waiver of liability from the officer and his off-duty employer. In such cases the employer must agree to maintain an insurance policy or bond to protect or defend the officer and render the department harmless from all claims or liability arising from such employment. The mere existence of a waiver of liability, however, does not in itself remove the department from vicarious liability suits and claims by third parties arising out of off-duty incidents where the officer is acting in furtherance of the department's business or his authority as a police officer. Some departments have also taken steps to limit

liability by specifying procedures for calling for assistance from on-duty officers, and otherwise attempting to minimize the "official" involvement of off-duty police personnel in minor and nonviolent crimes. Another reason for obtaining the waivers and controlling off-duty security employment is to protect the department from worker's compensation and disability insurance claims resulting from an injury while working off duty.

Police executives have also expressed concerns about an officer's overall fitness for duty--physical, mental and emotional--when involved in outside employment. The courts have generally upheld department regulations to limit the amount of off-duty time in which an officer can pursue secondary employment. Since public safety personnel must be available when needed and be able to perform efficiently, restrictions on amount of off-duty employment time have been held by the courts to have a rational basis. In some departments an upper limit of 20 hours has been established for each seven-day period, but in other departments the limit pertains only to the regular five-day work period and not days off and vacation days. Thus, in the latter situations it would be possible to work another 30 to 40 hours per week in a private security position. In the Baltimore area study site, the Baltimore County Police Department restricts off-duty employment to 20 hours in a five-day work period, but the average number of reported hours for security employment in the site surveys by these officers was only 10 hours for detectives and

12 hours for patrol officers and supervisors. Patrol officers had been moonlighting in private security an average of seven years, which suggests that security employment is a second continuous career for some police officers.

11.2.3.2 Police Employees, Associations and Unions

Three reasons police officers seek secondary security employment are: 1) to supplement income, 2) to develop a second career for full-time employment upon retirement, and 3) to pursue a personal avocation. In both site surveys, the officers reported very little interest in private security as an alternative or second career, and there was little variation in response based upon age of the respondent or length of time with the department. According to this limited sample, it would appear that most private security moonlighting is motivated by the desire for additional income. Property tax revolts and reduced level budgeting in many departments have forced some officers to accept salary freezes or small increases which have not kept pace with spiraling rates of inflation in recent years. Many officers feel moonlighting is an "economic necessity" and the similarity of private security work provides an easy vehicle to accomplish that objective. This is a particularly intense feeling in communities with a high per capita income and standards of living. In Prince Georges County, Maryland, the reported rate of 85% moonlighting officers, for example, occurs in one of the highest per capita income counties in the United States.

Potential conflict of interest situations were presented in both the national and site surveys covering two areas: (1) method of obtaining security employment and (2) use of police uniforms and equipment in security work. As expected, less than 20% of the officers in the Baltimore County case study site saw any conflict of interest in private security employment, whether they arranged it directly with employers, through the police union, or through the department. In the Portland, Oregon, site, the Multnomah County Department of Public Safety prohibits all forms of outside employment, and the officers strongly support prohibition. They oppose all methods of obtaining private security employment, except when arranged and paid for through the department. The Multnomah County patrol officers, investigators and supervisors also strongly oppose the use of law enforcement uniforms and equipment to perform private security as an available option to the public for additional protection. However, their feeling is less intense that this represents unfair competition with private security firms or that this practice would be a misuse of public resources and tax dollars. In Baltimore County, just over one-half of the patrol officers agreed with the Multnomah County officers that use of police uniforms and equipment for private security should not be an available option to the public, but they did not think that this practice represents unfair competition with private security or a misuse of tax dollars.

One plausible explanation for the sharp difference in responses between the two case study sites may be the perception of moonlighting as "unprofessional" by the Multnomah County officers. These officers are currently prohibited from any form of moonlighting, but they supported the department's position when offered an opportunity to express their opinion. The higher educational level of the Multnomah County department and requirement of a college degree may help inculcate a "sense of professionalism" in their officers and an unwillingness to associate with negative stereotypes of security guards and the security industry.

One-fourth of the law enforcement executives in the Hallcrest national survey stated that their officers and deputies were hired for private security employment through the police union or association. In some departments collective bargaining agreements mandate the right of the union or association to coordinate outside employment, the number of hours per week and the wage structure. Some officers and deputies prefer this arrangement because they consider this is an impartial mechanism to distribute work among fellow personnel. Yet, other department members reject involvement of the union/association because it restricts the type and amount of security work they might obtain on the open market through their own efforts. During the project a number of instances were uncovered of "pressure tactics" by the union/association to thwart or sanction individual members who sought/obtained

private security employment independent of the union/association program. In one instance, it was reported during the course of an internal investigation that a sergeant had refused to answer a question on a polygraph examination concerning his alleged refusal to offer prisoner transport for another officer working a security detail at a theater. The sergeant was alleged to have remarked "we don't transport prisoners for scabs" to this officer who had obtained his own security employment outside of the union efforts.⁹

Pressure tactics have also been used by police unions/associations against contract security companies in competing for security services at public events. In one alleged incident in Houston in 1980, the general manager of a contract security firm claimed that his contract for 24-hour security and other functions for a major national convention had been cut back to ushering and ticket taking after police pressure. A sergeant in the Houston Police Department was alleged to have threatened to tow vehicles and issue traffic citations if police officers were not used for security. Similar accusations were made by the senior executive of a major guard service company in another large city which resulted in the loss of a contract for security services at a golf tournament.

Recently other attempts have been made to formalize this competition with private security through legal mechanisms. In the State of Pennsylvania, the Fraternal Order of Police (FOP) sponsored legislation (H.B. 2524) in 1982 to allow all

police officers in the state to be employed in private security, regardless of existing department regulations on moonlighting. The Michigan Attorney General in 1981 sought authorization for police officers to be simultaneously licensed as private investigators.¹⁰ The most significant development in police competition with private security was the 1982 attempt of the FOP in Washington, D.C., to establish an FOP "Job Bank" to coordinate and actively solicit off-duty security employment for Metropolitan Police Department officers while in uniform and using department radios. Although department rules on outside employment precluded officer-owned or run security businesses, the FOP was involved in allegedly "negotiating" a revised set of rules which would have established a Job Bank under its Labor Committee as the sole bargaining agent for off-duty police security services. Participating officers would be required to pay \$25 per year to the Job Bank, and businesses using their services would pay a fee to maintain the Job Bank under a sliding scale adjusted for frequency of usage.

Before the period for public review on the proposed rule changes had expired, the Job Bank was incorporated and began advertising in the Washington Post for security services to District of Columbia (D.C.) businesses. The D.C. Security Association was rapidly formed to represent contract security owners who were concerned that the Job Bank would attempt to obtain a monopoly on security services under the apparent auspices of the Metropolitan Police Department. One guard

firm owner charged that she had already lost contracts to the police because of fears of one private employer that police protection would diminish if the police were not offered her firm's security services contract. In public comments on the proposed rules, the D.C. Security Association estimated that the Job Bank had the potential to displace 1120 to 2400 private security guards, 78% of whom were estimated to be tax paying residents of Washington, D.C. The Association further charged that the Department and the FOP had been in conspiracy, was in violation of the Freedom of Information Act, and had ignored earlier legal advice. The D.C. Corporation Counsel suggested that the Department was in a precarious position (even prior to the proposed rule-making) with respect to outside employment of police officers, especially in terms of liability insurance. Some contract firms stated that they had been asked to submit client lists to the private security regulatory unit within the Police Department during formulation of the proposed security moonlighting rules. A succinct summary of the D.C. Security Association's position was offered in these comments by their legal counsel in a letter to the Mayor:

In a nutshell, it seems uncommonly generous of the D.C. Government to allow a corporation to be set up by its police union in order to compete with private industry, to give it all sorts of advantages (such as the use of police uniforms, police dogs, police revolvers, police radios), to give it substantial influence over the private security industry competitors by virtue of police regulation of the competition, and then to top it off by providing office

space to this corporation at an address which carries special clout in a community that depends upon the cooperation of the police.¹¹

Eventually, the proposed rules were then further amended to preclude any officer from contracting the services of other officers for employment in private security, but they did provide an opportunity for individual officers to secure employment on their own initiative. Under the D.C. Police Officer Outside Employment Act of 1982, officers would still be permitted to use department uniforms, weapons, and radios. Interestingly, they are primarily expected to take no direct police action for crimes other than felonies in progress and crimes against persons, unless escape is imminent. Much of security work in retail settings, however, involves misdemeanors when security intervention is required. The uniformed police officer in this situation, then, has effectively had his role limited to that of the security guard--notification of the police--which in the moonlighting officer's case is simply expedited by use of his police radio. Under the implemented rules, the D.C. officers are permitted to obtain criminal information during their off-duty status and are merely cautioned to take "special care to safeguard this information from unauthorized persons." This practice encourages an open door for potential conflicts of interest in trading confidential police information as a condition of employment.

11.2.4.3 Contract Security Firms

In the Hallcrest national surveys, contract security managers and owners were opposed to the use of law enforcement uniforms for off-duty employment in private security. Contract security firms feel strongly that this practice is unfair competition with them and a misuse of public tax dollars and resources. The National Council of Investigation and Security Services (NCISS) has adopted a Council's Position on Moonlighting in Private Security by Police Officers which says that direct competition is being subsidized by the taxpayer, thus resulting in less than true market value for their services and a disproportionate level of police services to the community:

...the private security operator is required to pay the cost of uniforms, equipment, licensing fees and general liability insurance which the moonlighting officers usually avoid. In effect the moonlighting employment is subsidized from taxpayers money in direct competition with ourselves as private employers.

A central component of an effective public law enforcement system is that all citizens must be treated equally. When some citizens are able to buy additional protection from public employees at less than true cost, they are receiving special government service not available to citizens who can not pay for it. The principle of equality before the law is broken.¹²

The actual cost to the customer of police moonlighting in security services is generally the officer or deputy's overtime wage rate (usually time and one-half) and in some cases a nominal amount to offset administrative overhead. But as the

NCISS position notes, true overhead costs to support uniforms and equipment would make the actual cost even higher. In the Hallcrest 1981 national survey, the average billable rate for contract security services paid by the responding proprietary security managers was \$6.62 per hour. Based upon prevailing wage rates of police officers listed by the Bureau of Labor Statistics for the comparable time period, the customer's billable rate (at time and one-half) for police-provided security services would be about \$10 per hour and higher in major metropolitan areas--much higher than the average billable rate for security guards. Some customers feel they are getting a greater "dollar for dollar" protective value in the police-provided security services.

The non-law-enforcement nature of many security tasks, however, may result in a grossly inflated value, except in high-crime areas where the primary purpose is crime deterrence through visible police presence. The response mode in many security incidents is the same for both the contract security guard and the off-duty police officer/security guard--notify police communication center personnel who dispatch on-duty police personnel to respond to the incident. In some cases, then, little advantage is gained, other than more rapid access to the police emergency communications center, particularly when a department portable radio is used. We reported earlier that in the Hallcrest national surveys, police placed a higher priority on "police officer in trouble" than if it was a security guard. Both proprietary and contractual security

managers perceive law enforcement as placing a very low response priority on security guard calls for service. Some local merchants may be cognizant of this similarity in response patterns for disparate levels of wages, but may feel under some obligation or pressure to use off-duty police to ensure an adequate level of police response. As mentioned earlier, allegations of actual and threatened withholding of police services have been made by some contract security firms.

As noted above, about 40% of proprietary security managers regularly hire police officers as guards, investigators, supervisors and bodyguards. In addition, one-fifth of these managers reported receiving informal bids for security services from law enforcement agencies, and about one-third reported bids being submitted to them by individual officers or deputies. Proprietary security managers in the national surveys very clearly favor availability of uniformed police officers as an optional method of providing security services; they do not feel that it poses unfair competition to contract security. Police officers are sometimes used as bodyguards or to supplement or complement existing security personnel, so proprietary security directors may feel that they are able to distinguish different noncompeting tasks of police officers and security guards. In this situation, however, it would appear that police authority is clearly being purchased with the expectation that the primary frame of reference in response to incidents will be that of a police officer.

In some areas of the country it is a common practice to use off-duty police officers for protection of organization executives or visiting dignitaries in business and institutions. In some states, such as California, strict concealed weapon legislation mandates that only present or retired peace officers can be used for executive protection. Some security directors are upset with the lack of control over their executive protection programs when their own personnel cannot be used, even when responding as part of a company's crisis management team. Interestingly, in states where a license can be obtained for these activities, contract security firms are actively engaged in hiring off-duty police officers for their clients. In these situations, contract security firms create an ambiguous position--criticizing moonlighting police officers for uniformed security work but using them in plain-clothes bodyguard assignments when it is beneficial to their firms. Armored car operators will also use off-duty police personnel when permitted, primarily due to the officers' higher levels of firearms training and experience in reacting to emergency situations.

Between 40% and 50% of municipal police departments in the national surveys permit their officers to be directly involved in the operation of a contract security firm as either an owner, corporate officer, or as a stockholder. In the Baltimore County study site, 10% of the moonlighting personnel listed their security employment as consultants or contractors. During site interviews in the Baltimore area some

contract security managers complained that police officers solicit business during working hours for their firms and observed that some police officer-run security firms had their best business volume in their own precinct or district. While there is room for some interpretation as to what constitutes police moonlighting with the use of a police uniform, there can be little doubt that police ownership of security firms is direct competition with contract security firms and poses potential conflict of interest problems.

A Hallcrest analysis of Yellow Page telephone directories from 22 major metropolitan areas throughout the country indicates that security firms controlled or operated by police officers are not an infrequent occurrence. Some firms openly flaunt a quasi-police status in their advertising--"our staff consists of former and off-duty police and sheriff deputies."¹³ In one particularly graphic example in Denver, Colorado, a firm run by a police captain reportedly held "near exclusive control of security services for non-sports events at city owned arenas" for an extended period of time, operating as the Denver Off-Duty Police Employment Company.¹⁴ Officers were hired as "private contractors" (to which IRS took exception), and some asserted that it was "virtually impossible" to obtain off-duty security work at public events without working for this captain's security company. A Denver Post review of police moonlighting records (which it had sued for and obtained) also disclosed that an officer had worked as a

"private investigator for a defense lawyer who also had defended a criminal suspect in a case made by the same officer."¹⁵

In Denver's situation, the unveiling of alleged and potential improprieties led to a major reform in department moonlighting rules to avoid even the appearance of improprieties, but the situations described are not isolated incidents--a point underscored by the NCISS members. These contract security firm owners see security firms run or controlled by police officers as an inherent conflict of interest with their publicly entrusted duties. The Council's Position on Moonlighting in Private Security by Police Officers offers two analogies of other professional positions. A tax auditor, they note, could not hold a second position preparing tax returns for businesses and individuals, nor can an attorney who is appointed or elected to a judgeship "continue to represent private clients, even in matters of litigation which are not under his jurisdiction."¹⁶ Yet, both the Council and our site work confirm that police officers use a publicly entrusted position for personal gain when they solicit security work for their own security firm which competes openly with contract security firms.

11.2.5 Legal Issues

11.2.5.1 Department Liability

The concerns of law enforcement executives about potential department liability for the acts of their police officers

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when employed as security personnel are well-founded. There is a growing body of case law on tort actions in the state courts and also civil liability actions under the Federal Civil Rights Act which suggest that arrests and searches can be nullified through questionable authority of the police officer while acting in a security capacity. At the same time a police department can be held liable for acts or omissions by their moonlighting officers when taking official police action. This is true not only for uniformed officers, but also for all moonlighting officers who are vested with 24-hour authority under the law.

When law enforcement officers are allowed to wear their official uniforms, display official badges, or otherwise use, utilize or display official department equipment while performing private employment functions, they furnish a basis for liability on the part of the officer and ultimately upon his department. In such situations the officer and the department may be held responsible for acts or omissions committed during the private employment where it appears or there is reasonable belief that they were acting under color of office or authority.¹⁷

Key determinants in assessing departmental liability for off-duty acts of officers are (1) the party controlling the manner in which the work is to be provided, (2) the method of obtaining employment, (3) the degree of control or direction exercised by the employer, and (4) the method of payment. As reported earlier, in the national surveys 91% of those departments permitting moonlighting indicated that the officer or deputy is hired and paid directly by the employer, and 67%

individually contract for their services. The Law Enforcement Legal Defense Center views both of these situations as an "independent contractor" status if the manner in which the security work is to be conducted is determined by the officer hired. As such, the officer is not serving in an official capacity on behalf of the department and has no broad mandate for the exercise of his normal powers as a police officer; his employment may "indeed preclude the exercise of law enforcement powers."¹⁸

On the one hand, since their powers may be limited in the given employer-employee relationship, this legal position seems to nullify the widely held assertion that use of uniformed officers for security work provides greater coverage or protection in the community. On the other hand, this legal position emphasizes the underlying tests of department liability for actions taken by the officer in his off-duty security employment: (1) the officer must be acting within the "scope of his employment," and (2) he must be "furthering the purposes of his employer." In Stengel v. Belcher in the Federal Courts, the test is "purporting or pretending to act in the performance of his official duties."¹⁹ Robinson v. Davis noted that simply being "clothed in official garb" does not mean the police officer is acting in any official capacity.²⁰ This is especially important since many of the off-duty actions by moonlighting police officers are merely extensions of the business's property owner rights. In some cases, the property owner rights are much broader than the narrowly

prescribed procedural law to which the officer must adhere for proper exercise of his authority, e.g., probable cause.

The fact that a police officer is on or off-duty, or in or out of uniform, is not controlling. It is the nature of the act performed, not the clothing of the actor or even the status of being on or off-duty, which determines whether the officer has acted under color of law.²¹

Table 11-1 summarizes a dozen state court decisions that emphasize the point that police uniform and presence are not correlated with police authority to act in the private security moonlighting situation. All but three of the cases eventually involved an assault on the police officer which was largely the grounds for legal action, i.e., the assault charge should be ruled invalid since the officer was not acting with police authority. Interestingly, the police officer's "official status" at the time of the incident was less frequently affirmed by the courts in these decisions when the officers were wearing police uniforms. Even when uniforms and equipment are utilized by the moonlighting police officer in private security, the "scope of his employment" appears to shift almost immediately to the private employer. The police officer's authority becomes somewhat dormant until he is called upon to act in some emergency situation. At that point the officer must clearly remove himself from the "control" of the private employer and identify himself as a police officer and notify the subject/suspect of his intent to take specific action under his police-vested authority.

TABLE 11-1
 POLICE OFFICER STATUS IN ARRESTS WHILE
 MOONLIGHTING IN PRIVATE SECURITY

State	Decision	Location	Incident Type	Police Officer Status Affirmed By Court	Police Uniform Worn
AL	Robinson v. State ¹ 361 So. 2d 1113 (1978)	Bank	Disturbance/Assault	no	yes
CA	People v. Hooker ² 254 Cal.App.2d 875 (1967)	Retail	Shoplifting/Assault Officer	no	no
CA	People v. Townsend ² 20 Cal.App.3d 688 (1971)	H.S. Dance	Assault Officer	no	yes
CA	People v. Corey ² 581 P.2d 644 (1978)	Dance (private)	Eviction/Assault Officer	no	yes
CA	Cervantex v. JC Penney ³ 156 Cal.Rptr. 198 (1979)	Retail	Shoplifting	no	no
FL	State v. Robinson ⁴ 8 Fla.Law Weekly 329 (Feb.13, 1980)	Sports Complex	Check I.D./Assault Officer	yes	yes
IL	People v. Barrett ⁵ 370 N.E. 2d 247 (1977)	Retail	Shoplifting/Assault Officer	yes	yes
KS	Kansas v. Coleman ⁶ 580 P.2d 1329 (1978)	Retail	Shoplifting/Assault Officer	yes	no
LA	State v. Wilkerson ⁷ 367 S2nd 319 (1979)	Apt. Complex	Eviction/Search	yes	no
MO	State v. Palms ⁸ Mo.Ct.App.266Crim Law Rptr2328 (1979)	Art Gallery (private)	Assault Officer	no	yes

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TABLE 11-1 Contd.

OK	Stewart v. State ⁹ 527P.2d 22(1974)	Apt. Complex	Burglary Attempt	no	no
NJ	State v. DeSanto ¹⁰ NJ, Super Ct, App. Div. 26 Crim. Law Rptr 2492 (1980)	Rock Concert	Assault Officer	yes	yes

Key Elements of Cases Regarding Police Officer Status

- 1 Not engaged in "active discharge of lawful duty as policeman" since moonlighting; no personal knowledge of any offense except against himself.
- 2 Acceptance of private employment as security guard precludes officer from otherwise acting in an official police capacity, i.e., scope of employment cannot be both.
- 3 Arrest on premises made as private citizen who has less authority than a police officer.
- 4 State Statute allows off-duty officers to carry firearms and perform same functions as on-duty officers regularly perform.
- 5 At time of incident, making an arrest for a violation of state law.
- 6 Clearly identified self as police officer and advised of intent to take action as a police officer.
- 7 When notified department and decided to search, he acted as a police officer and had no probable cause; motion to suppress upheld.
- 8 Since not assigned to active duty by police department, he was not a "regular" police officer, and thus was employed in a private capacity.
- 9 Identification and display of badge but not in performance of police duties at time incident occurred.
- 10 Assigned after volunteering, in uniform, exhibited evidence of his authority, thus he acted in performance of his duty when the assault occurred.

Some law enforcement executives have attempted to address this problem (1) by clearly specifying in department rules and regulations, or standing orders, that all off-duty police actions of police officers are done with the full authority of regular on-duty officers, or (2) by "assigning" officers to "extra duty" assignments through the department and keeping the payment mechanism within the department. This policy, however, can work at cross purposes with the attempts to shift liability and workmen's compensation claims to the individual officer and his private employer, since every move to increase departmental control also appears to increase the department's liability. The Police Association of New Orleans resisted efforts of the department to assign accidental liability to the officer's second employer. In civil district court, an association lawsuit found the City of New Orleans liable even though a second job was involved, since the job as a police officer is essentially a 24-hour-a-day position.

11.2.5.2 Conflict of Interest

Another complaint of the contract security industry is that police agencies who frequently regulate them at the local and state level are involved in a gross conflict of interest in openly competing with them for security services. The Law Enforcement Legal Defense Center Brief on Legal Aspects of Off-Duty Incidents, stated that if a police agency has regulatory duties, the employment of their officers "in any such industry would present at least the appearance of if not an

actual conflict of interest," and, accordingly, the department could exclude or very closely regulate that employment type.²² As contract security executives point out, most state police, highway patrol and federal agencies prohibit most forms of moonlighting, especially in private security. Yet, a different set of attitudes and standards appear to prevail in local law enforcement.

The Missouri Attorney General has issued an opinion that deputy sheriffs may not moonlight in private security since they would be receiving private compensation to take actions that are required as part of their statutorially prescribed duties.

A deputy sheriff may not serve as a security guard in his off-duty hours and receive remuneration from a private entity for such service unless his job as a security guard does not encompass any of those duties which he is obliged to perform by virtue of his position as a deputy sheriff.²³

The opinion was based largely on the fact that a security guard at some point is usually required to take some actions to protect persons and property, and state statutes place no time limitations on the responsibility of deputy sheriffs to perform such duties. The opinion chose not to question whether this was good policy, it simply found that the practice was not in accordance with the law in Missouri and only as it pertained to deputy sheriffs. As noted above, however, many departments and police unions/associations do feel that it is "good policy" to have additional police coverage in the

community through private security details in police uniforms and equipment. In 1981, private security firms complained about the unfair competition and unlicensed security activity on the part of the Sacramento County, California, Sheriff's Department. A subsequent legal opinion held that simply "scheduling and coordinating" security requests for individual officers did not constitute unlicensed activity.²⁴ Ironically, the opinion concluded that this practice was probably necessary to avoid any conflict of interest situations, and it was left in the hands of public law enforcement agencies to determine if the private patrol activities of off-duty officers were "inconsistent or incompatible" with their public duties.

In another opinion in 1982, the state licensing agency in California responded to a complaint by the California Contract Security Association that the City of Pineola was illegally engaged in providing contract security services. In this instance, the police department was "actively engaged" in contracting with private businesses in the city for the services of police officers to provide private patrol services, using police uniforms and driving city police vehicles. Further, the department was being directly compensated for this service. The opinion concluded that the local police agency was operating as an unlicensed contract security firm (Private Patrol Operator).²⁵ One-half of the state regulatory

agencies surveyed by Hallcrest indicated that police agencies in their states must be licensed to contract for private security services using police personnel.

As the preceding sections clearly illustrate, the practice of police moonlighting is pervasive, and the issues surrounding it are varied and in some cases complex. The likelihood of standard legislation being adopted to regulate moonlighting and thereby eliminate some of the more difficult issues (e.g., unfair competition, conflicts of interest, improper use of police authority, etc.) seems remote.

The following sections address another problem area, response to false alarms, that again, causes friction and ignites opposing viewpoints between law enforcement and private security.

11.3 POLICE RESPONSE TO FALSE ALARMS

11.3.1 An Overview of the Problem

In 1976 the Private Security Advisory Council (PSAC) identified the burden of an excessive number of false alarms on police calls for service as a major problem in relationships between private security and law enforcement. Using a very broad definition of false alarms, i.e., no intrusion was attempted or detected, police studies of false alarm impact around the country consistently showed that 95% to 98% of alarm service calls were false. From the police perspective,

false alarms were considered a nuisance, causing enormous waste of manpower:

...a staggering waste, especially when we're in economic hard times and we're talking about layoffs.²⁶

In addition, continual false alarm calls created a safety hazard in the complacency of responding patrol unit officers:

...you can almost set your watch by the false alarms every night. One big factor we worry about is complacency. If officers on the street get a false alarm every night at the same address, complacency will set in.²⁷

When police administrators began noticing false alarms constituting 10% to 12%²⁸ of all calls for service in the 1970's, many of them began initiating unilateral action to control false alarms by enacting alarm control ordinances. Many of these sought to punish the alarm company and failed to distinguish between type of alarm system installation, and companies and installations with excessive false alarm rates.

The alarm industry quickly organized to present their side of the false alarm problem; they emphasized the deterrent effect of alarm systems and the low ratios of false alarms per total number of installed systems in the community. Several noteworthy efforts were initiated by both the alarm industry and the law enforcement community, including: The Alarm Industry Committee for Combatting Crime, the National Burglar and Fire Alarm Association, the National Crime Prevention Institute, the International Association of Chiefs of Police

and the National Institute of Justice. False alarm prevention and reduction programs were initiated by alarm industry associations, alarm companies, and police agencies; and constructive dialogue and cooperative programs evolved.

Over the past five to seven years little has changed in terms of the basic causes of false alarms (mostly subscriber or user error) except the sensitivity of newer sensor devices to various environmental interferences (loud noises, radio frequency, etc.). Selected alarm control ordinance programs and cooperative false alarm reduction programs can point with pride to success in reducing false alarm rates per police service calls and total alarm systems in place. But the largest change has been in the sheer magnitude of the alarm response workload in the face of decreasing police resources, reduced budgets, fewer police patrols, and prioritized calls for service response. The Alarm Industry Committee for Combatting Crime (AICCC), in 1975, estimated that about 4,000 local alarm firms existed in the United States. Today, Hallcrest has estimated that there are about 10,000 alarm companies in the U.S. Growth in alarm systems, as measured by communities with alarm permit systems, has been as much as 35% per year in some communities.²⁹

Proprietary and contractual security managers in the national surveys perceive a low response priority by the police for activated burglar alarms. Law enforcement administrators insist that a high priority response is still placed on activated burglar alarms, but 57% of the chiefs and sheriffs in

the national survey favored transferring burglar alarm response to the private sector.

This interest on the part of police administrators in contracting out burglar alarm response to private security is not a simple solution to a very complex false alarm problem. On the one hand, law enforcement seems to be saying that alarm response really is not a police problem, since it just gives preferential response to businesses and residential subscribers who can afford alarms, or it provides a service to alarm companies who make a profit at the public's expense. If the police are motivated to contract out alarm response from this position, then they deny the deterrent value of alarm systems and the tens of thousands of apprehensions made as a result of alarms each year; they also avoid an opportunity to work constructively with the alarm industry and the public toward reduction of a serious nationwide false alarm problem.

11.3.2 Definitional Issues

As a police "problem," alarms did not really come to the forefront until the early 1970's with rapidly rising crime rates, especially residential burglaries and other property crimes. As more citizens and businesses acquired burglar and fire alarm systems, alarm companies increasingly began to use automatic tape dialers which, when activated, would pre-dial the police department communications center and announce a pre-recorded message of an alarm condition. Poor installations, user errors, "runaway" dialers (continually dialing the

police), and other factors caused a rapid rise in the number of police dispatches for activated alarms. From the police perspective, the false alarm problem traditionally has been defined in terms of its impact on patrol operations workload and communications dispatch activities. During this "embryonic" period of addressing the false alarm problem, the police tended to define a "false alarm" quite simply as any burglary or hold-up alarm signal that did not involve an actual perpetrator or attempt, i.e., a false call for police services since no police response was warranted by the alarm condition. Accordingly, police administrators primarily talk about the "false alarm rate" as being the number of "dry" alarm runs per total of other calls for police service or dispatches. These definitions virtually ignored the reasons why the alarm system was activated or the fact that the system was often giving a "true alarm" condition when the sensor device responded to a condition it was designed to detect, e.g., motion detection, electromagnetic contact, sound detection. These true alarms are most often caused by users of the system who accidentally "trip" an alarm sensor device or by environmental conditions beyond the control of the user or the alarm company, e.g., a glass window broken by a branch or a door contact switch jarred loose during a severe wind storm condition.

Alarm systems are designed to indicate (1) that a situation exists on protected premises that creates vulnerability

to criminal attack, or (2) that an actual or attempted penetration of the protected premises has occurred. Any alarm signal indicating these conditions is a "true alarm," regardless if the police are unable to physically detect an attack on the system. Alarm companies define false alarms as "avoidable" alarm signal activations caused primarily by human or technological factors; environmental or physical factor-induced alarm activations with no intruder or attempted penetration are generally termed unavoidable false alarms. The alarm company has a contract with the owner of the premises to provide a deterrent and warning capability to reduce the probability of loss or damage to property and of injury to persons and to increase the probability of capture of perpetrators. Some police-defined false alarms provide an opportunity for the alarm company to ensure that the premises continues to receive adequate protection, e.g., instructing employees (in proper operation of the system) and correcting problem installations or replacing faulty or inoperable devices causing the false alarm. Alarm companies prefer to define the false alarm problem in terms of the "avoidable" alarm signal activations that cause "excessive" numbers of false alarms per installed systems. Rather than being merely a semantical distinction from the police ratio of unnecessary police alarm responses to total police responses, the alarm industry's definitional approach accomplishes three purposes. First, it recognizes that some false alarms may be inadvertently set off, but they can be controlled through proper

education of the customer, proper installations, and adequate service and maintenance. Second, it focuses on that part of the "problem" which can be addressed through human and technological intervention. Third, it encourages the use of alarm systems by emphasizing successful alarm system operation and functioning across all systems and types of systems in a community.

Alarm companies measure false alarms per 100 or 1,000 systems installed and in operation, much like police reporting of crime incidence per inhabitants or households (e.g., assaults per 100,000 inhabitants or burglaries per 1,000 households). Thus, 1,000 police false alarm responses in a month (which in the aggregate sounds large) would actually mean about 10 false alarm responses per 8-hour normal patrol shift. In an area with 10,000 alarm systems in operation, the false alarm rate would be 100 false alarms per 1,000, or just over three false alarms per day for every 1,000 systems. Stated in positive terms, it means that on a daily basis alarm systems are 99.7% effective (in our hypothetical example) at giving only true alarm condition transmissions when they are activated. Thus, approximately 1.2 false alarms would be generated per system per year.

Law enforcement agencies gradually began to incorporate definitions of false alarms which would not unfairly penalize alarm companies and users for false alarms over which they have no control. The IACP took the lead in incorporating a definition of false alarms in its Model Burglar and Holdup

Alarm Systems Ordinance which was acceptable to the AICCC and the alarm industry.³⁰ Police analyses of the false alarm problem also began to incorporate measures of false alarms per total alarm systems and type of systems, e.g., central station, direct-connect, hold-up alarm, etc. More significantly, however, as departments increasingly became involved in broad-based community crime prevention programs, they became unwitting contributors to the false alarm problem. Crime prevention literature began to include information on the operation and selection of alarm systems as well as demonstrations and lectures in neighborhood crime prevention meetings by alarm company representatives. This heightened awareness of alarm systems occurred at the same time that wireless intrusion detection systems became available and brought alarm systems within the financial reach of more households. The rapid growth in the residential alarm market, then, occurred as a function of both alarm company marketing efforts and as a by-product of police crime prevention programs. The increased number of alarm systems (especially lower-cost systems, self-installed systems, and systems sold over-the-counter) was accompanied by a surge in false alarms.

Police and sheriffs' departments now find themselves attempting to balance the departmental objectives of crime prevention and other police services. The national decreases in burglaries in 1981 and 1982 have not been achieved without some costs to police services. Many police administrators have recognized the deterrent value and role of alarm systems

in achieving the reduced burglary rate along with other crime prevention measures. They work proactively with alarm industry representatives to isolate "problem alarms" and encourage responsible citizen usage of alarm systems. Despite this enlightened view of the false alarm problem, police resources are strained in many communities, and there is a saturation point of alarm response to overall police patrol services. Our hypothetical example of 1,000 false alarm runs per month for 10,000 systems is not unusually low. Sacramento, California, for example, with about 800 monthly false alarm dispatches for 9,000 known and 13,000 estimated systems has less than one false alarm per system per year.³¹ In Oakland, California, with 21,000 false alarms generated yearly by 5,200 systems, the rate is four times as high, yet it meets exactly the four false alarms per system per year rate that Underwriters Laboratories recommends as acceptable to its accredited central stations.³² Notwithstanding minor differences in definitional language of false alarms in their ordinances, a critical question is what constitutes an acceptable level of "excessive" false alarms in different communities as alarm systems continue to increase and police resources stabilize or decline. At the upper end of the problem's magnitude, New York City Police Department, for example, responded to 400,000 alarm calls in 1981, with 98% of the alarm responses classified as false alarms:

Nearly 15 percent of the 2.8 million police radio-car runs in the city involved responses to automatic alarms, most of which were false... what a staggering waste of

our very limited police resources at a time when crime is rising.³³

The conflict facing many police administrators is dramatically underscored in our Multnomah County, Oregon, case study site, which is acknowledged to have one of the better alarm permit and false alarm ordinance and reduction programs in the country. For the 1984 fiscal year, the Department of Public Safety is faced with the prospect of large layoffs of sheriff's deputies. Even enlightened police administrators cannot ignore the reality of fewer police patrols for an increased calls-for-service workload. The strongest deterrent value of alarm systems has traditionally been the imminent response by the police to activated alarms. Some police officials say police officer response to alarms is "oversold" by alarm companies which are "prone to wildly exaggerate the availability of police and police-response time," and which "abuse the officer's duty to respond."³⁴ Thus, both police administrators and the alarm industry will have to reshape their traditional thinking and approaches to police response to alarms. The interest of administrators in shifting primary responsibility for burglar alarm response to the private sector may be an attempt by law enforcement to force a complete examination of the respective roles of the public and private sectors in protection of the community.

11.3.3 False Alarm Causes and Impact

Categorizing causes of false alarms can almost be as problematic as defining false alarms. As noted by the

National Burglar and Fire Alarm Association, there are three major and several minor causes of false alarms according to police, government and alarm and insurance industry research: 1) between 40% and 60% are caused by customer (and their employees) misuse and abuse of their alarm systems; (2) between 15% and 25% are caused by alarm company personnel in the installation and servicing of alarm systems; (3) between 10% and 20% involved faulty equipment; (4) telephone line problems and (5) weather conditions are the most frequently cited minor causes; (6) most studies also list a category of "unknown" or "undetermined" causes that can be as high as 25% depending upon the degree of specificity in other categories.³⁵ The AICCC, in their study of 152,425 systems protected by 178 central stations, called the first category "internal" causes and listed these as primarily failure to lock doors or windows, custodial or other personnel improperly entering secured areas, improper operation by the user, and failure to notify the alarm company of changes in opening and closing procedures in commercial settings. Examples of improper system operation include failure to properly arm the system before leaving the premises, and re-entering the premises without notifying the alarm company.³⁶

Similarly, a nationwide survey of its alarm subscribers by ADT found that the top three human errors were entering protected areas and setting them off, leaving and re-entries, and alarm system tests without notification of the alarm company.³⁷ The reasons for these customer errors reportedly

include irresponsibility, carelessness, misunderstandings, ignorance, inconvenience, and the nature of work habits. Employees must be properly instructed in the use of the alarm system by both the business owner/manager and the alarm company and given an appropriate authorization for alarm company notification on store openings, and closings. Frequent employee turnover makes this a major problem for commercial installations and central stations.

Equipment-caused problems include both the equipment itself and the installation and maintenance of the equipment. At the very outset, many false alarms are caused by improper use of alarm sensor devices in applications for which they were never intended. For example, household pets can set off passive infrared devices and nearby ventilating systems can activate ultrasonic sound devices. As alarm systems have become more technologically advanced, the size of some components has been reduced, but microcircuitry has increased the number of actual component parts in an average alarm system to about 20,000, any one of which is subject to malfunction. Intermittent electrical impulses in devices ("swingers") often cannot be detected since their duration may be only 50 milliseconds. Regardless of system type, contacts and connections can become loose or corroded; shorts can occur in loops; and current surges can be caused by near-miss lightning, power outages, static discharges, and line-borne fluctuations in power.

Most modern alarm systems are also subject to a variety of ambient environmental conditions. Sound discrimination devices are subject to windstorms, vibrations, knocking and large truck vibrations and sounds. Temperature changes, for example, can effect ultrasonic units when air molecules move closer together during a temperature drop making the ultrasonic waves travel further and putting the protection pattern beyond the desired area. Even normal household sounds like doorbells, buzzers and barking dogs and motions like swaying curtains can activate ultrasonic devices. In a commercial or industrial setting, a major change in the amount or location of inventory causes serious changes in the occupied air space and an imbalance in an engineered interior space protection system. Given the number of "normal" ambient noises and motions and changes in the environment and equipment susceptibility to them, it is a wonder that the false alarm problem is not more severe.

The category of "unknown" causes is an area of contention between law enforcement and alarm companies. The growing sophistication of alarm equipment now includes an array of tamper switches on locks, circuits, power sources, devices, and control panels that detect attempts to tamper with the system. Thus, the newer systems are also increasingly difficult to "defeat," and UL Field Surveys have shown that only about 5% of alarm system attacks involve expert compromise or circumvention of the system.³⁸ The net result, then, is that many attempts are deterred, and the perpetrator leaves before

he can inflict damage or otherwise leave any evidence of an attempted entry. Alarm companies feel these situations account for many of the unknown causes that are not attributed to the environment. In addition, alarm companies complain that responding patrol officers often perform only a cursory--sometimes none at all--check when they respond to the premises and see no readily apparent sign of a break-in or attempted entry.

To the uninformed police administrator, these "causes" all seem to blend together and lose importance in view of the amount of patrol time consumed in responding to an alarm, especially in departments where a backup unit is used. In Houston, Texas, for example, with an estimated 70,000 alarm systems the police department responded to 78,652 false alarms in 1982. A Houston Police Department spokesman calculated that false alarms account for 15% of police time at a cost of \$7 million.³⁹ In the Baltimore County, Maryland case study site (excluding Baltimore City), a False Alarm Project Team noted an annual 30.8% increase in false alarms in 1981. The 33,560 recorded false alarm calls represented 12.3% of all recorded dispatch calls. The police Project Team estimated costs to the department of about \$220,000 in direct personnel and vehicle cost based upon an average time of 14 minutes from dispatch of the alarm call to clearing the premises. The different levels of self-assessed "impact" by these two departments is interesting. In Houston, the recorded number of false alarm dispatches was approximately twice that of the

Baltimore County Police Department, yet the cost to the Houston Police Department is estimated at seven times greater.

Alarm companies unfortunately labor under the stigma that they do not care about the false alarm problem. Yet as one alarm company owner and industry leader noted:

Because false alarms are expensive for the alarm companies as well as for the police departments and the customers, good business dictates that you have a consistent false alarm reduction program.⁴⁰

False alarm problems generally translate into service and maintenance problems for the alarm companies, and these major cost items must be contained in any labor-intensive service industry. Reputable alarm companies maintain records of all alarms and follow up with their customers to determine the cause of the alarm. Some companies charge the customer a false alarm response fee to attract the customer's attention to correcting any deficiencies. Better companies will also expend operating capital to upgrade older or false alarm-prone systems. The impact of false alarms on the alarm companies is best evidenced by the leadership role played by some regional alarm associations in public false alarm education programs.

11.3.4 Alarm System Effectiveness

Effective resolution of a problem demands that it be placed in proper perspective. Unfortunately, this has not always been done in attempting to deal with the growing problem of false alarms. Most attempts to resolve the false alarm

problem in large part have not recognized the overall effectiveness of alarm systems and their contribution to community crime prevention. Burglar alarms are directed primarily at property crimes, especially burglary. Although burglaries decreased nationally in 1981 and 1982, burglaries increased 23% over the five-year period, 1977 to 1981, according to FBI Uniform Crime Reports.⁴¹ Nationally, burglaries were estimated by the FBI UCR at over 3.7 million in offenses in 1981, for 28% of the Crime Index total and 31% of all property crime. One burglary is committed every eight seconds. The total estimated loss of \$3.5 billion represented an average loss per burglary of just under \$1,000. In 1982, the Portland, Oregon, area study site had the highest per capita property crime rate in the nation. Annual crime victimization surveys conducted by the Oregon Crime Analysis Center indicate that about one-third of households are victimized by the crimes of burglary, vandalism, and motor vehicle theft, and one-half of the offenses go unreported to the police.⁴² In addition, three out of four persons suffering a property loss had insurance coverage, but half of the victims reported that their insurance did not cover any of the loss or expense resulting from the crime.

Nationally, the clearance rate for burglaries was only 14% in 1981.⁴³ Despite overall police ineffectiveness in burglary investigation, a Crime Analysis Center five-year trend survey of citizen attitudes about crime and the police in Oregon

showed property crime investigation was the last police function citizens would want reduced if police budgets were to be cut.⁴⁴ The same survey indicated that most respondents had taken some action during the past year to make their homes secure, but only 3% had installed burglar alarms. Nationally, it is estimated that less than 5% of residences have burglar alarm systems.

The problem of household crime is severe and demands effective deterrents. As noted earlier, most law enforcement administrators, including FBI Director Webster, attribute the overall 1981 and 1982 drop in burglaries to the increased involvement and effect of neighborhood crime prevention programs. Although many of the participants will undertake additional security measures, only a small percentage will install burglar alarm systems. One logical question is whether the false alarm burden on police workload is justified by the small number of residences and businesses that are protected by an alarm system.

The alarm industry uses two primary indicators of alarm system effectiveness to justify their existence. First, alarm systems are responsible for capture of criminals "in the act" of crimes which leads to high conviction rates and involves minimal police investigation resources. Second, alarmed premises are alleged to be less vulnerable to criminal attempts.

The National Burglar and Fire Alarm Association in 1977 estimated that the 1.4 million residential and 2.2 million

commercial alarm systems in the U.S. at that time were responsible for the capture of 25,000 to 30,000 criminals, far more than the number directly attributable to police investigation.⁴⁵ An Underwriters Laboratory Field Survey of approximately 40,000 systems noted that the alarm systems effected over 1500 captures.⁴⁶ The Western Burglar and Fire Alarm Association (WBFAA) maintains data on burglary and hold up attacks on the alarm systems maintained by its 150 Grade A UL-listed central station member companies. In the seven-year period 1974 through 1980, 34,640 California burglars were captured at the scene because of alarm systems.⁴⁷ Each 100 systems produced five captures, or, stated differently, a capture is produced for every 20 installed central station systems. Adjusting FBI 1973 estimated average investigation costs for burglary convictions, "taxpayer savings" of nearly \$13 million were realized, claims the WBFAA. Some police departments clearly recognize the criminal apprehension benefit of alarm systems. The Fort Lauderdale, Florida, Police Department wrote a letter of commendation to one alarm company which was directly responsible for 80 apprehensions made in 1982 by the city's police officers.⁴⁸

The confirmed WBFAA "attack" rate per system stayed at about one attack for every 5 to 6 monitored alarm systems over the seven year period. Data were also collected in the affluent community of Scarsdale, New York, from 1975 to 1981. A comparison of 5000 homes with (20%) and without alarm systems showed that the burglary rate for homes without alarm systems

was six times greater in 1981.⁴⁹ Even discounting the homes in which systems had not been turned on, or in which the system was circumvented by going through unprotected openings, the homes with alarm systems were still at least three times less likely to be burglarized. In the Multnomah County, Oregon, case study site, a study of about 5200 alarm systems from March 1976 to February 1977 achieved burglary rates similar to the Scarsdale data. Residential alarm systems were six times less likely to be burglarized than homes without alarm systems. In commercial installations, the burglary rate was 40 per 1,000 establishments--exactly one-half of non-alarmed commercial premises.⁵⁰

On the surface, the similar results of the Multnomah County and Scarsdale residential data are impressive, given the vast disparity in socio-economic levels, other demographic characteristics, proportion of alarm systems (less than 10% Multnomah to 26% Scarsdale), and system types (extremely high number of monitored and UL-grade installations in Scarsdale compared to about 75% local alarms in Multnomah County). Although omitting nonmonitored alarm systems, the aggregate number of captures by the WBFAA central station members also helps build a strong case for the deterrent value of alarm systems. Comparative empirical data, however, do not exist for different alarm system types and equipment in communities of varying sizes and different patrol and alarm response

policies. Some law enforcement officials are not firmly convinced of the deterrent value of alarm systems. It is important in the interests of the police, the alarm industry and the public to conduct comparative studies on alarm system effectiveness, especially with the increased availability and use of low cost retail and do-it-yourself systems.

Crime statistics also tend to support the deterrent value of alarm systems. FBI burglary data in UCR reporting for 1981 show that 73% of entries were forcible and 8% were attempted forcible entries--the specific event alarm systems are designed to detect and prevent. In addition, youths under 18 years of age accounted for 43% of all arrested suspects. It stands to reason that most juvenile offenders (as well as other criminals) would prefer to enter through an unprotected opening, which is how one-half of alarmed premises are violated when an attack is successful.⁵¹

11.3.5 Problem Resolution

The magnitude and pervasiveness of the false alarm problem suggest that it is national in scope and lends itself to a national strategy. While there have been some sporadic efforts by both law enforcement and alarm industry associations to address the problem, there has not been a coordinated nor comprehensive strategy. The solutions or approaches that have been applied to the false alarm problem can be grouped into six categories: (1) technical--manufacturer technological innovations in equipment features and improved installation

techniques by alarm companies, (2) customer education and public awareness, (3) training of alarm installers and police crime prevention personnel, (4) regulation of alarm companies and installers, (5) alarm control ordinances, and (6) police alarm response policies.

All of these approaches have been attempted in varying degrees in different communities. On the whole, efforts which have attempted to define and isolate the problem and then apply interactive solutions have been undertaken locally through the leadership of large central stations and alarm associations, and nationally by the National Burglar and Fire Alarm Association. Most law enforcement efforts have been reactive in nature through the enactment of alarm control ordinances, often unilaterally with little input from the alarm companies in the community. A combination of these approaches has proven effective in some communities in reducing false alarm workload for the police, but only when the program has been cooperatively undertaken. When police and sheriffs' departments propose alarm nonresponse and punitive fine structures as part of a city or county alarm control ordinance, such proposals get the attention of alarm companies and force interaction. On the other hand, the "trump card" of police nonresponse by itself is often motivation for alarm companies to assume a leadership role in the community.

As emphatically noted above, alarm systems are primarily preventive in nature and their principal deterrent is the assurance of rapid police response to the premises of an

activated alarm system. Alarm companies are cautious about forcing the hand of law enforcement on this response issue, although, as noted earlier, about 40% of central station managers favored transfer of alarm response to the private sector. Also, regardless of policies at the administrative level, it is the responding officer who, in the end, creates the deterrent value, and very different views were given by patrol officers in our two case study sites. The Baltimore County officers were in favor of private alarm response, while nearly 90% of the Multnomah County officers wanted to retain burglar alarm response.

11.3.5.1 Alarm Control Ordinances

Efforts to control the false alarm problem on the part of the police have largely centered on the enactment of alarm control ordinances. The NBFAA estimates that there are over 2,000 ordinances, with considerable variation. The general characteristics of the ordinances include a grace period of four to five false alarms per system per year, and then punitive action of some form is taken. Some jurisdictions then assess a graduating scale of fines, while others move directly toward denial of response to alarms at that location which involves revocation of the alarm permit where such systems are used. Major objections of the alarm industry to the ordinances pertain to unilateral drafting and enactment of provisions without adequate industry input:

- (1) ordinances written by police department or city attorney staff who have little understanding of the alarm industry;

- (2) inadequate definitions of false alarms which fail to exclude acts of God, telephone company or other causes beyond the control of the alarm user and business;
- (3) inadequate or nonexistent alarm installation and equipment standards, or else far-reaching standards that are ill-conceived and do not relate to false alarm reduction goals;
- (4) fine structures that are viewed as a fruitful new source of city revenue;
- (5) failure to include denial of response as an ultimate punitive measure for problem alarm locations;
- (6) an inequitable number of alarms judged excessive which does not isolate the "chronic" false alarm;
- (7) insufficient warnings of response denial if the problem is not solved and/or inadequate opportunity for the alarm company to correct the problem before denial of response; and
- (8) lack of a formal appeal and hearing procedure with due process to contest city action.⁵²

In general, Hallcrest reviews of alarm control ordinance programs suggest that they are most successful when they foster cooperation among the user, the alarm company and law enforcement agencies rather than placing undue hardships on the user and the alarm companies. The most effective programs appear to be those which were initially developed in conjunction with the alarm companies and those which continue to involve the alarm companies in follow-up customer education and public awareness programs.

Alarm control ordinances with permit systems have several important benefits: (1) baseline data can be established to assess the number of false alarms per 1,000 systems and

measure false alarm reductions; (2) the ability to conduct comparative studies on false alarm control ordinance effectiveness; (3) the cause of the false alarm can be tracked by system type and (4) valuable information can be provided to the responding officer at the scene via the dispatcher. For example, in some departments the patrol unit can be informed with computerized dispatch if the premises had a recent attempt, successful penetration or rash of false alarms. The responding officer can then more accurately assess potential activity at the premises prior to arrival. Through the use of a tickler system in the computer, warning and positive reminder letters are sent to the user, sometimes by both the police and/or in cooperation with the local alarm association such as in Cincinnati and Oakland.

An alarm coordinator or inspector is assigned in some departments as part of their community crime prevention program; this individual is actively engaged in isolating problem alarms and suggesting ways for the subscriber to reduce false alarms. Only when the personal counseling, re-training, and warnings have failed is termination of police response considered by these departments.

Some departments report alarm user resistance to alarm permits. Part of the resistance of alarm system owners to even reasonable alarm permit fee structures is that they feel (1) they are doing the police department a favor by decreasing their chances of being victimized because of their alarm system, and (2) the permits should be a service provided by

the department. Many departments such as Miami will not respond to an alarm call from systems which do not have a permit.

Other departments have appeal processes prior to revocation of an alarm permit or police alarm response. Departments like the New York City Police Department that leave denial of response to the discretion of the district commander can eliminate uniformity and may create vulnerabilities for the alarmed premises. The Miami Police Department will not respond to alarm systems that have not paid their fines assessed for prior false alarms. Some merchants sharply disagree with the policy of response denial:

If there's the possibility of an armed robbery in progress--and the police don't respond--it borders on dereliction of duty and failure to carry out their obligation. It is the city that controls the police department. They're the ones I find fault with. They're putting the local merchants in a hell of a situation. And the police too.⁵³

Excellent results in some locations have been achieved with the combination of alarm ordinances, warning letters, follow-up customer education and re-training and general public awareness campaigns which include distribution of bulletins and leaflets. In addition to these program components, Miami also includes alarm licensing and strict repair and inspection requirements in its alarm ordinance. For the first full year of operations under the ordinance, total alarm dispatch calls dropped from 26,359 the previous year to 22,279--an estimated savings of half a million dollars.⁵⁴

Many claims of success have been made for the ordinances, based on a few percentage points reduction in the false alarm rate per police service calls. This alone is a narrow measure of total impact to justify the ordinance, particularly if the system imposes excessive fines on users, permit holders or alarm companies. The reported success of some programs, however, has been impressive. In Multnomah County the false alarm rate per system reportedly has been cut in half since the program began in 1976. While alarm systems have grown from 4,000 in 1976 to 10,000 in 1983, the false alarm rate has dropped from 3 per system per year to 1.1 per system per year. This performance approximates our earlier hypothetical example for 10,000 alarm systems. Other locations have not had as dramatic results, but for each of these improvements the pattern is similar--a stabilization or reduction in false alarms as overall alarm systems increase. False alarms in Oakland, California, have dropped an average of 8.9% for dispatch calls while alarm systems growth reportedly has been about 35% per year.⁵⁵ The Oakland program relies on warning letters sent on the fifth false alarm in six months warning of police response denial, and has the active support of the Bay Area Alarm Association. San Bernardino, California, also developed an ordinance and program in cooperation with the alarm companies and experienced a drop in false alarms.

Alarm companies generally complain of alarm ordinances like Los Angeles which appear to emphasize collection of "service fees" to offset police reduction. The Los Angeles

"service fees" to offset police reduction. The Los Angeles ordinance collects a \$42.50 service fee for the fifth through tenth false alarm and interestingly does not even use the term false alarm, choosing instead to define it as "responses by the department requiring only deactivation of the alarm system." An example of a "punitive" alarm ordinance is San Jose, California, which imposes a \$250 fine for the fourth false alarm in a three-month period. The emphasis on fines or "punitive" should not be construed as rendering ordinances ineffective. Some alarm companies note that such ordinances may cause slight drops in false alarms at the expense of discouraging use of alarms systems, thus, denying an opportunity for greater burglary prevention and reduction. However, police officials and some alarm companies have supported the alarm control ordinances in both Los Angeles and San Jose. Police officials point to the reduction in false alarm dispatches and the reduction on patrol officer workload achieved in both communities, thus, making the compliant alarm systems more effective as a crime deterrent and assuring greater likelihood of apprehensions for true alarm dispatches. The established and well-run alarm companies point out that the fine structure imposes the greatest burden on the largest sources of the false alarm problem--subscribers and poor installations. Occasionally, these ordinances assist the alarm companies in gaining cooperation from their "problem" subscribers or installations through the leverage wielded by the fine structure of the ordinance.

11.3.5.2 Education and Public Awareness

With alarm users responsible for 40% to 60% of false alarms according to most studies, some efforts have been targeted directly at the alarm user. Several components are used in successful programs: (1) initial and ongoing instruction in the proper use of the user's alarm system, with newsletter "reminders" and "helpful hints" of the most common user causes generating alarms, (2) procedures to notify, educate and re-train users with excessive false alarms, and (3) general public awareness campaigns.

In the public awareness campaign you are attacking the root cause of the false alarm problem: you endeavor to show the subscriber that their system is only as effective as their work habits and security practices support it. A neglected system provides no security at all; but a respected one provides a great deal of security at a bargain rate.⁵⁶

In 1980, the NBFSA initiated a national false alarm prevention campaign among its members. A comprehensive guide was prepared to help alarm companies control the problem, the Alarm Industry Control Manual, which is supported by education and public information materials available in bulk quantities. Since the early 1970's the NBFSA officials at the national and regional level have been attempting to educate or broaden the perspective of law enforcement administrators and crime prevention officers. The North Carolina Alarm Systems Association, for example, teaches classes on alarm security at the state's criminal justice academy. Commonwealth Security

Systems, Inc., the largest independent alarm company in central Pennsylvania, holds monthly seminars entitled: "Alarm Systems: What Every Policeman Should Know." Some alarm officials find that this kind of session involves a re-education process to understand the prevention--not apprehension--orientation of alarm systems and the intricate nature of the false alarm problem.

According to those who have conducted such classes, the officers come in with little knowledge about alarm systems, a negative attitude towards them, because of false alarms and a misconception about the essential purpose of alarm protection.⁵⁷

Gaining police cooperation has been an important step for false alarm abatement programs using the educational approaches. On an individual basis, some companies simply could not gain the cooperation of their problem alarm installations, especially those customers who obtained alarm systems primarily to satisfy insurance underwriters or who felt that alarm systems released them from other security responsibilities. These kinds of problems led to a cooperative program between the Greater Cincinnati Alarm Dealers Association and local area police departments. The association developed a four panel brochure which is left at false alarm calls by both police and alarm service personnel. The brochure attempts to personalize the false alarm problem and make the users aware that their alarms have just contributed to a serious problem for the police. The problem is also kept

before the public with slogans and acronyms. In metropolitan New York City, for example, "False" represents "False Alarms Lessen Security Effectiveness."

Some departments have found that development of false alarm abatement programs that communicate directly with the alarm user and the alarm company can be an effective alternative to enactment of a false alarm ordinance. A detailed analysis of false alarm frequency by location often reveals that a small number of alarm installations account for a large proportion of false alarm calls. The Fulton County (Atlanta), Georgia Police Department targeted an education and information program for both high frequency alarm locations and those experiencing one alarm per month. In the first year of operation in 1981, the program reduced the overall false alarm rate by nearly 80% and cut in half the patrol time spent responding to false alarm calls.

11.3.5.3 Broad-Based Community Strategies

The various factors and interest groups which contribute to the false alarm problem mandate a broad-based community effort at false alarm reduction programs. Some chronic false alarm locations are installations of small, undercapitalized alarm companies that often depend on existing inventory or availability of sensors and may substitute devices instead of meeting the unique customer requirements. These installations and those of "fly-by-night" operators are acknowledged to contribute to the false alarm problem. These companies are generally not involved with industry associations and often

have little vested interest in the false alarm problems of a system after installation. Many of these companies go out of business and leave faulty installations in place.

The "alarm industry" in a given community is not a cohesive, easily identifiable group. There is a vast difference between size and complexity of alarm systems, components used, clients served and business practices. Law enforcement, however, often tends not to differentiate among these variables when assessing the false alarm problem in their communities. Only about 40% of law enforcement agencies in the Hallcrest national survey reported even maintaining a list of alarm firms. Thus, approaching the alarm industry is a difficult task for law enforcement without mutual involvement and interest on the part of alarm companies.

"Do-it-yourself" installations also contribute to the false alarm problem, and these alarm users will generally not be reached by the customer education programs of alarm companies. Alarm devices are often inappropriately located in both commercial and residential self-installed systems. Another large group of contributors to false alarms are users of handheld and portable panic or medical alert emergency transmitters. These devices have been increasingly used to summon public safety and medical units more quickly, even though an emergency condition did not exist. These units are frequently sold and marketed through nonalarm distribution channels. All of the above and other interest groups must be included in false alarm reduction programs.

11.3.5.4 Police Officer Opinions--Field Studies

In the two field study sites, police officers were asked to express their opinion on several measures for controlling the false alarm problem in their community. (Table 11-2) Overall, officers in both sites rated subscriber error as contributing extensively to the false alarm problem and favored graduated subscriber fees and fines of alarm firms experiencing excessive falsing. Strong support was also expressed for state certification of alarm installers.

The issue of police nonresponse to alarms with excessive falsing yielded very different opinions in the two sites. Baltimore County officers (58%) favored police nonresponse to problem alarms and in a related question supported contracting alarm response to private security. Multnomah County officers, however, are apparently satisfied with the contribution of their county alarm control ordinance and state low-voltage energy licensing of installers to controlling the false alarm problem. Transfer of alarm response was overwhelmingly opposed by the Multnomah County officers.

11.3.6 The British Experience

False alarms also have a large impact on police services in Great Britain where many departments still permit direct-connect alarms to the police premises. Similar to American police departments, alarm responses grew at an increasing rate, were usually false, and consumed large amounts of police officer time. The Home Office formed a Technical Working

TABLE 11-2
OPINIONS ON
FALSE ALARM SANCTIONS/MEASURES

<u>Sanction/Measure</u>	<u>% Respondents</u>		<u>Total</u>
	<u>Yes</u>	<u>Maybe</u>	
Citation issued to subscriber with small fine (e.g., \$15-25)	69%	11%	80%
Graduated subscriber fines for successive falsing	79%	6%	85%
License suspension for firms with excessive client falsing	63%	15%	78%
Fines for firms with excessive client falsing	72%	11%	83%
Police nonresponse to alarms with excessive falsing	45%*	12%	57%
State certification of alarm installers	72%	8%	80%

N = 194

* 58% of Baltimore County officers supported police nonresponse

SOURCE: Site Surveys of Police Officers, Baltimore County, Maryland, and Multnomah County, Oregon, Police Departments, Hallcrest Systems, Inc., 1982.

Party on Intruder Alarms to conduct a one year study on the effect of police force policies on false alarms, and an Intruder Alarm Inspectorate was established in the Metropolitan Police (London). Despite such efforts, the Chief Constable of Cheshire succinctly summarized mounting British police frustrations:

The problem of false calls from alarms has been with police throughout my service...No one has been successful in overcoming the problem because the incidence of false calls has continued and is now [1981] increasing at a frightening rate.

The operational deployment and the method of policing...is to an extent dictated by the need to have an ability to respond to such things as activated burglar alarms...⁵⁹

Also like their American counterparts, various legal sanctions have been adopted at the local level. In the Cheshire and Metropolitan forces, for example, the third and fourth direct-connect false alarms are fined and the alarm system is disconnected for several months on the fifth false alarm. Further, a contract clause with the alarm company makes it clear that all alarms, regardless of false alarm experience, will not necessarily be answered.

One unique approach, however, was the establishment in 1970 of the National Supervisory Council for Intruder Alarms (NSCIA) by the British Security Industry Association (BSIA). The BSIA is the major contract security industry association and its intruder alarm members can have their membership withdrawn for noncompliance with certain NSCIA guidelines.

The NSCIA functions include (1) maintaining a Roll of Approved Installers (about 125 firms with 360 offices), (2) conducting inspections for compliance with British Standards (somewhat equivalent to Underwriters Laboratories in the U.S.), and (3) investigating complaints. For inspection purposes, a National Inspections Board performs activities similar to the UL Field Surveys.

The unique aspect to this approach is the self-regulatory attempt by the alarm industry which has improved the overall standards of equipment and maintenance in the approximately 30,000 member installations. Critics, however, point out that (1) false alarm impact is hampered because the Roll of Approved Installers encompasses only one-third of the alarm companies in England, Scotland and Wales, and (2) few companies are ever disciplined with the ultimate sanction of revocation of membership on the approved roll. After ten years of operation, the NSCIA has been called a "tiger without teeth" by its harshest critics. Supporters of the NSCIA note the substantial upgrading of equipment and installation standards on a voluntary basis which would not otherwise have been accomplished.

11.3.7 A National Strategy

While broad-based strategies must be implemented in communities, there are a number of dimensions to the false alarm/alarm response problem which suggest a problem clearly national scope and demanding national efforts at its resolution.

Indeed, false alarms could well become one of the most significant issues to face police communications centers, patrol operations, and crime prevention programming in the 1980's, especially as public safety services struggle to provide current service levels with declining property tax revenues.

Significant cable TV penetration into the middle income residential market, the increasing number of over-the-counter retail alarm sales, and potential for a deregulated AT&T and/or its former Bell System operating companies to enter the alarm market in a large way would make the current false alarm problem look trivial. Since alarm systems are essentially low voltage energy systems, the many regional and local telephone and communication system sales and installation companies now competing with the phone companies could also enter the alarm sales and installation market. Another major contributing factor will be emerging alarm technology. Over the next five years technological advances will potentially reduce component size and lower costs of individual security devices and systems. Such advances will make alarm systems more affordable to a larger segment of the population, thus, accelerating penetration by cable TV, retail sales, a deregulated AT&T/Bell System, and established alarm companies.

Broad-based strategies for false alarm reduction programs should be established in communities of all sizes, but there is a need for national level emphasis in three areas: (1) training and certification of alarm technicians and installers, (2) manufacturer technological improvements in equipment

reliability and system features and (3) a national study of the false alarm problem.

A few states require licensing of installers, but only a handful actually test the installer on applicable alarm knowledge and skills. Even the requirement of a journeyman low-voltage energy license as in the Multnomah County, Oregon, field study site does not assure good application of sensor devices and signal controlling equipment by alarm installers. Improved, accessible, training programs should be made available to greater numbers of alarm technicians and installers throughout the country. One of the best examples of a "hands-on" instructional program is the program offered by the State University of New York at Farmingdale. On 12 successive Saturdays, the course covers electrical theory, alarm system principles and components, and the installation of alarm systems. Alarm association involvement in development of model curricula and also certification standards for alarm installers and technicians would assist in improving the quality of installations throughout the country.

Manufacturer efforts at improving alarm system components have largely been directed toward (1) sensor susceptibility to ambient and environmental noise and motion, and (2) control panel features that reduce entry/exit false alarms--the biggest problem area for users. Sound discrimination devices, for example, have been made to respond only to the high intensity and frequency sounds of metal on metal contact, sawing or

hammering through metal or wood, etc. Temperature compensation circuitry has been designed for some ultrasonic devices to compensate for temperature variances and deflectors have been added to keep outside ultrasonic energy from entering the protected area. "Automatic zone shunting" and "fail-safe arming" have been incorporated in some control panels to keep the user from trying to "arm" the alarm system when there is a faulty sensor or zone. LED readouts, warning lights, buzzers and other features are used to alert the alarm user.

Technological improvements in solid state circuitry and microprocessor-based sensors and controls should allow manufacturers to increase reliability and self-diagnostic capabilities of sensors and alarm systems. Sensors will increasingly have artificial intelligence ("smart sensors") which will report out more information about the intrusion attempt and also indicate when the sensor is malfunctioning. More accurate assessment of alarm conditions will be possible through a combination of these more intelligent sensor devices, faster signal transmission through fiber optic, microwave and radio telemetry communication links, and improved graphic displays and computer interface. Security and police personnel will more easily be able to distinguish false alarms and also monitor intruder movement through protected zones of the premises (see Chapter 13). Unfortunately this technology will initially be available only to sufficiently capitalized central stations and large local alarm companies. A "trickle down" effect would eventually occur as the technology and

features became more commonplace. Not until then would the emerging technology significantly benefit most alarm users and greatly impact the false alarm problem.

As noted above, most police-sponsored false alarm studies tend to narrowly focus on "lost" patrol time due to "false alarm runs," while failing to account for differences in equipment type, size, and complexity of installation. Hallcrest firmly believes that a false alarm study of national scope should be undertaken. The true dimensions of alarm response workload on police services could be better determined if a study were conducted using a representative mix of department types, size, and locations throughout the country. Development of comparative data would be aided by the use of common terminology and definitions for causes and investigation of false alarms. A national false alarm study would result in a national assessment of the nature, cause and impact of false alarms:

- (1) prevalence of false alarms generated in the alarm networks of several geographic areas;
- (2) identification of technological, human, environmental and physical causes of false alarms and their interrelatedness;
- (3) isolation of false alarm problems for specific equipment types, system configurations, and installation types (light commercial, industrial, residential, etc.);
- (4) determination of the nature and amount of police resources expended for servicing alarm dispatches;
- (5) development of strategies and countermeasures to reduce false alarms.

11.4 SUMMARY

False alarms and police officer moonlighting in security are pervasive and long-standing problems in law enforcement and private security relationships that will not go away overnight. However, relationships are not likely to improve much until the complex issues surrounding these problems are more openly discussed and constructively addressed through cooperative programs, department policies, and company business practices.

FOOTNOTES

CHAPTER 11

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CHAPTER 12

UPGRADING PRIVATE SECURITY

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CHAPTER 12
UPGRADING PRIVATE SECURITY

12.1 SUMMARY OF THE PROBLEMS AND ISSUES

The Rand report was sharply critical of private security personnel and business practices of contract security firms. Subsequent research by the PSTF and the PSAC confirmed the existence of such problems and addressed them through development of standards and model codes of ethics and regulation. Previous chapters of this report have highlighted the quality of private security personnel and firms which continues to be a major source of contention in police and security relationships. The major problems and issues involving upgrading of private security can be summarized in the following categories:

(1) Security Personnel

- selection process--background checks and criminal history record access
- compensation--minimum wage emphasis
- training--amount and type
- abuses--legal authority, weapons, excessive force

(2) Business Practices

- insurance--comprehensive liability
- supervision--amount and quality
- contract bidding--unrealistically low bids
- advertising and sales--quasi-police image and selling of fear

(3) Upgrading Mechanisms

- selection and compensation
- training and education
- certification programs
- standards
- licensing and regulation

Even though law enforcement criticizes private security and insists that upgrading private security is essential to improve working relationships between them, some improvement has occurred in these areas since the Rand and PSTF reports. Both the national and site survey data and reconnaissance interviews throughout the country support this trend. Ten years later, for example, the Hallcrest site survey data find the average guard to be a high school graduate in his thirties with some college exposure. Many contract security employees are still paid near minimum wage and have relatively few fringe benefits; nevertheless, a high level of job satisfaction was expressed in the site surveys. For some contract guards there are opportunities for higher wages and additional training for "premium" assignments. Some proprietary guards earn as much as police officers and clearly see a career path, with over one-half of the site survey respondents expecting to be employed with their company until retirement.

These noticeable improvements reflect the upgrading of security personnel that has been occurring over the past five to ten years. The number of commercially available security training programs has risen along with the number of academic

programs and certification programs available through professional associations. Private security appears to be going through a growing period similar to that following the Mapp vs. Ohio and Miranda vs. Arizona court decisions which precipitated the expansion of police training and education programs.

Perhaps the issue generating the greatest emotions and controversy is the role of government in attempting to upgrade or control private security service delivery through licensing and regulation. Proponents of regulatory controls feel strongly that they are the single most effective mechanism for upgrading the quality of private security--mandated registration, screening and training of personnel and licensing of security firms and managers. Opponents of regulatory controls feel that security industry self-regulation is the only viable mechanism for upgrading both personnel and business practices. Since the PSTF and PSAC efforts, there has been only minimal progress in additional states adopting statewide regulatory controls. In the meantime, conflicting local control ordinances have proliferated in some states and security firms operate under widely varying regulatory provisions in different local jurisdictions and states.

This chapter reviews recommendations of the survey respondents for improving private security, and then examines the progress in upgrading private security through the growth

and development of (1) employee selection and compensation, (2) training and education programs, (3) association programs, (4) certification programs, and (5) licensing and regulation.

12.2 SURVEY RESPONDENT RECOMMENDATIONS RELATED TO PROBLEMS AND ISSUES

Upgrading the quality of security personnel was the most frequent recommendation (see Chapter 10) made by both law enforcement and security managers to improve private security and their working relationships with the police. National surveys revealed that both proprietary and contractual security managers agreed with the police chiefs and sheriffs that training was the single most effective measure to improve private security. In the site surveys, (Baltimore County, Maryland, and Multnomah County [Portland], Oregon metropolitan area) law enforcement and proprietary security employees most frequently suggested that improving private security would improve relationships between them. The recommendation to increase both the level and the quality of training was mentioned three to four times more frequently than other recommendations by these employees. Contractual security employees were most concerned about receiving a greater degree of respect from law enforcement, but law enforcement officers made it clear that greater respect for security personnel was largely contingent upon upgrading the quality of security personnel.

The recommendations of both the national and site survey respondents are consistent with their ratings of private security performance in Chapter 9 (see Table 9-5). The overall quality of private security personnel was rated poor by law enforcement; they were most critical of poor training received by security personnel and the lack of familiarity with their legal powers. Law enforcement primarily bases its responses on impressions of contractual security and security personnel formed in the retail setting, where they most frequently interact with security. Contractual security managers in the national surveys basically agree with law enforcement assessments of fair to poor private security performance, but it is not clear whether this is merely a candid assessment or an attempt to discredit contractual security firms that have poor personnel practices. Proprietary security managers also have a low opinion of contractual security, rating them lower in all areas than their own in-house personnel. Although proprietary security managers rate the performance of their own personnel as good, less than 30% rate their personnel as very good or excellent. The negative image of private security personnel held by law enforcement was confirmed by the poor self-image revealed by security managers in their own self-ratings. Security managers accurately perceive the low ratings by law enforcement; in fact, contractual managers perceived even more critical law enforcement ratings than were actually received.

Actual levels of training for uniformed security personnel reported by both security managers and employees (discussed in Chapter 7) were low compared to the PSTF recommended standard of a minimum of eight hours of pre-assignment training. Contractual and proprietary managers in the national surveys reported higher levels of training than security employees in the two case study sites, but even then about 60% of contract managers reported less training than the PSTF minimum standard. Both the national and site surveys confirmed earlier research indicating that on-the-job training (OJT), is heavily emphasized, especially in contract security. We noted in Chapter 7 that many security jobs involve limited public interaction, and the emphasis of most training appears to be focused on the particulars of the duty assignment. Perhaps two or three hours of the PSTF and PSAC model guard pre-assignment training curriculum are covered in the company OJT training, but most contract security training programs would not meet the eight-hour pre-assignment training minimum, although cumulatively the programs might average out to the PSTF eight-hour minimum standard.

In both the performance rating of private security personnel and the recommendations made by law enforcement and private security for improving private security, a second major area of concern is the personnel selection process. Recommendations addressed improved screening of personnel and improved or enacted state licensing and regulation. The primary concern for the selection process is obtaining criminal

background checks for security employees. In many states, both proprietary and contractual security managers are denied access to criminal history record information (CHRI), while in other states contract security firms are provided access. Over 90% of law enforcement executives and security managers agreed on the need for required minimum levels of training and experience and pre-employment criminal records checks for both proprietary and contractual security personnel. In the national surveys 80% of the respondents advocate the need for state-level licensing and regulation of private security. Despite the high degree of consensus on government regulation of private security, at most only about one-third of each group could agree that existing legislation was effective in assuring good business practices and quality of private security personnel in their geographic area. Thus, some contract security firms feel that open competition in the marketplace is the best regulator of quality contract security services, with the consumer as the ultimate judge of the quality.

Law enforcement managers seek more effective regulation of private security because they feel that existing legislation is too lax. Thirteen states have no statewide regulation of private security, and among the regulating states there is a great variation in the regulatory provisions. Law enforcement executives and officers seek government regulation primarily because of alleged abuses by private security personnel. Reports of widespread abuse, however, did not emerge in the site questionnaires completed by the Baltimore and Multnomah County

officers. Although the majority of these officers said that they had witnessed incidents in which a proprietary or contractual security employee had exceeded his/her authority in handling an incident, these incidents occurred only "a few times," and less than 50% of the officers could cite a specific incident. Even though weapons abuse is frequently cited by the news media and law enforcement, these incidents were found to be infrequent occurrences; it is estimated that less than 10% of contract security personnel are armed. Self-reporting by security personnel in the sites indicated little use of detention, force, or weapons, and the policies of contract security companies generally seem to discourage search and arrest of suspects. This policy is motivated largely by potential liability in such situations and higher insurance premiums for a poor risk experience.

Many contract security firms, especially small firms, may not carry comprehensive general insurance, relying instead on surety or performance bonds in the few states that require them. These firms may also cut other overhead costs by reducing levels of training and supervision. The pressure on contract guard companies to control costs is strongly influenced by fiercely competitive bidding on contracts which pay many security personnel near minimum wages. These practices, according to the PSTF, create a "vicious circle" wherein low salaries, marginal personnel, and lack of promotional opportunities result in high turnover of personnel, minimal training and ineffectual performance. The PSTF recommended a series of

standards and codes of ethics for security firms and personnel to upgrade the quality of private security, but little progress has been made toward their implementation on a broad scale.

Most of the preceding issues pertain to the upgrading of operational security personnel and contract security firms. However, law enforcement managers also perceive a status differential between themselves and security managers. Though many security managers have backgrounds in law enforcement, there is a general lack of knowledge on the part of law enforcement about the very broad scope of private security operations and resources. Law enforcement often views private security as a junior partner--if a partner at all--in crime prevention and control in their communities. In part, this attitude may derive from the feeling that security managers, especially contractual, do not undergo the same rigorous training as law enforcement officers. The PSTF recommended training programs for security supervisors and managers and educational programs to stimulate interest in private security careers.

12.3 SELECTION AND COMPENSATION OF PERSONNEL

The main tasks in "backgrounding" of employees for security employment are (1) verifying of prior employment and criminal history and (2) assessing both the applicant's general aptitude and the suitability of his or her personality. Criminal history verification is impeded in those states which

prohibit both proprietary and contractual security managers from access to state criminal history record information (CHRI). Obviously, this lack of needed information can result in selection and hiring of undesirable employees. Despite some movement by several states toward more open disclosure of criminal history information (even open access as a public record), most progress in CHRI access for security purposes has occurred through enabling legislation of statewide security licensing and regulatory bodies which include a specific provision allowing access.

Employee background screening services claim that the demand for their services by both proprietary and contractual security programs has increased markedly. Such services include both paper and pencil "honesty" tests and psychological screening tests and polygraph and PSE examinations; the use of all these devices is reportedly increasing. One firm using the well-known Minnesota Multiphasic Personality Inventory (MMPI) states in its literature that it has validated this test for security guards by administering the test to 3,277 security guards from a large national firm. In their marketing efforts, certain national and regional security guard firms are emphasizing psychological testing of employees. Some firms claim that all employees receive psychological testing with results analyzed by independent employee background screening firms. With turnover rates of over 100% for most guard firms, other guard firms reject applicant testing outright due to excessive cost. The costs of such testing

services, however, are reportedly as low as \$10 per applicant. If these tests were used only as a third step in the screening process, i.e., following the criminal record check and the verification of employment history and personal background, they could provide a cost-effective measure of quality control for the security program or service, the client and the general public.

Notwithstanding the increased use of screening tests to help security managers select qualified individuals, the contract security industry still labors under the "vicious circle" discussed earlier--the interrelatedness of low salaries, marginal personnel, employee turnover and ineffectual performance. As the president of one national security firm stated: "We cannot attract and retain the caliber of person we seek unless we offer a path of upward mobility and adequate compensation, both in terms of salary and benefits."¹ Ironically, some firms expect a large amount of contract turnover because of price and/or poor performance: (1) the national and regional firms surveyed by Hallcrest indicated that companies changing from one contract firm to another was the largest source of new growth rather than new first-time users of security services, and (2) local office managers of contractual security firms in the national survey indicated that the "client willingness to pay adequate wages" was the principal factor guiding the firm's selection of personnel. The relationship between quality of personnel and wages raises the

proverbial "chicken and egg" question of which comes first? The president of one national security association suggested that the answer is a "give and take" process for both sides, but contract security must be willing to take the first step:

It is the opinion of many knowledgeable people that the only way that we will progress in this area is for both sides to realize that it's going to require some give and take and it isn't going to totally change overnight. I personally feel that contract security has to take the first step by making an investment in training and providing a better qualified individual. A second step has to be taken by the client by recognizing this initial effort and rewarding the contractor monetarily so he might proceed to step three in continuing the upgrading process. Let us all be aware that this will take time but eventually will lead to an atmosphere and a pay scale that will attract capable individuals who will want to make a career in security.²

We agree that the contract security industry should assume a leadership role to improve the quality of personnel, but we also stress the need to develop standards that can be incorporated into the contract procurement process. Without standards, problems in contract performance will occur as long as someone is willing to submit a lower bid. Some firms complain that these "low-ball" bids often win even though the contract specifications would dictate a higher fair-market-value bid. This practice of low bidding is still a continuing problem, although lower contract bid prices at the national level in some cases have reflected the recent economic downturn and an available labor pool of more qualified applicants. In the

end, the consumer must determine whether he is getting fair value for the low amount of wages being paid. Thus, "front loading" of contracts and "ghosting" practices (discussed in Chapter 6) will continue until the consumer becomes more sophisticated and is truly interested in a quality guard service operation. Unfortunately, the Federal Government has been among the worst offenders in the award of low bid contracts; this keeps guard service billing rates and guard wages at artificially low rates. It is unrealistic to expect much improvement in these conditions or contract specifications until (1) there is a clear, universally recognizable and accepted standard of performance, and (2) precise specifications governing personnel, supervision and performance are written into the bidding process and enforced in the contract.

The security industry itself should develop and promote contract performance standards. If the major contract and proprietary security associations would actively support the model guard statute developed by PSAC and would develop an elementary classification scheme for requisite levels of guard training and experience, then consumers would have an accepted norm to specify in contract procurements. Contractual security firms would then be able to command a pricing structure that offsets any additional overhead in meeting these specifications.

We note with interest that the ASIS Board of Directors passed a resolution in January 1983 urging states to adopt the PSAC Model Guard Statute. When a minimum level of training is

mandated at the state level, it at least places all companies on equal footing and assures maintenance of wages at levels sufficient to attract and retain security personnel. As long as security guards are paid little more than custodial personnel and levels of training are low, very little respect will be accorded security personnel by police officers who interact with them. Improved screening and compensation should also help to reduce the high incidence of employee turnover which, in itself, is a major overhead cost.

12.4 TRAINING PROGRAMS AND SEMINARS

For operational-level security workers, the PSTF recommended: (1) minimum entry level training of 8 hours of pre-assignment training and 32 hours of basic training to be completed within three months of employment (Standard 2.5), and (2) training programs designed, presented and evaluated in relation to job functions (Standard 2.4). The Hallcrest survey data from security employees in the study sites indicated a certain degree of commonality in the basic functions and activities of security employees, especially guards. With the exception of the retail setting, very little of the proprietary or contract security guard's workload involves crime-related incidents, other than dealing with trespassers, vandals, and participants in disturbances. In addition, except for the retail setting and industrial plants and office buildings which require screening of visitors, contract guards have infrequent interaction with the general public. Our

survey data indicate some agreement on the general functions and activities of security personnel which clearly distinguish them from police officers. However, to date no research has focused on task analysis of various classes of operational security workers, and such an analysis could provide the basis for performance standards and training programs to be specified in security contracts. Earlier we conceded that extensive legal training for many security employees would be superfluous to their required tasks, and that many fixed security posts have narrowly defined, unique tasks that may be learned through a few hours of on-the-job training. While allowances must be made for such positions, most clients would expect personnel to have completed the minimal (eight hours) pre-assignment training specified in the PSTF and PSAC standards (see Table 7-9).

During the course of this research, we found a number of video and audio cassette training programs for entry-level security guards that encompass most of the eight-hour pre-assignment course content and provide additional training material. Most of these programs can be purchased as a complete package for about \$1,200 or less. One program was produced in cooperation with a major insurance underwriter of security firms. The insurance firm guarantees a reduced insurance premium for firms which participate in the program with their employees. The National Academy of Criminal Justice, for example, developed an audio cassette training program for which security patrol officers can even obtain college credit

upon completion of four examinations. In addition, numerous training films/cassettes currently used in law enforcement basic training are suitable for security personnel; they cover such topics as first aid and safety, self- and baton-defense techniques, conflict resolution, and handling of mental patients and hostile individuals. Many of the training programs are available in a self-administered training format to encourage on-going training of employees (which was also recommended by the PSTF [Standard 2.7]). In view of the availability of reasonably priced training materials and resources for entry-level training of security employees, even small firms should be able to meet the PSTF/PSAC minimum of eight hours of pre-assignment training for security personnel.

State-mandated training requirements have been a catalyst for development of some training materials and resources. In Texas, for example, the Texas Board of Private Investigators and Private Security Agencies is required by their enabling legislation to develop a training manual for use in instructing and preparing commissioned (i.e., armed) security officers. The 166-page manual developed by the Board is used as a curriculum in itself or as a guide by persons, companies, associations and institutions certified by the Board to conduct the 30-hour basic course.³

Other examples of training programs and resources are those provided in response to government-mandated security. The Defense Investigative Service (DIS), the National Classification Management Society, and the American Society for

Industrial Security (ASIS) all provide training programs related to the Defense Industrial Security Program. The Defense Industrial Security Institute of the DIS offers five courses for industry and seven courses for Federal Government personnel. Further, commercially available training programs exist for utility companies to use in training their security employees at nuclear power facilities; the training requirements are specified by the Nuclear Regulatory Commission.

Although contract security firms express concerns about the financial burden of meeting training requirements, we observe that where such training has been mandated, a delivery system for training has usually emerged. Training of specialists, supervisors and managers is being provided by training companies, business education divisions of large companies, associations, and educational institutions in specialized seminars. The Western College of Criminology, for example, even offers 14 correspondence courses in security. Some proprietary and contract security entry-level training programs have been opened up to security personnel from other firms. Despite the proliferation of training resources and materials, however, there is no central catalogue or formal certification of training programs and materials; nor is there any designation of prescribed courses of study for particular fields and levels of responsibility. The security practitioner discovers these resources generally through occasional listings in trade and association publications and marketing efforts of the sponsoring organization.

In some areas, state and regional police officer training agencies conduct training for private security personnel. In California, for example, the Commission on Peace Officer Standards and Training (POST) is responsible for adopting and promulgating regulations to ensure the proper training of private security personnel in the laws of arrest. In some states the training agencies have actively sought involvement in security training, in part, due to reduced funding of their agencies for police officer training (a result of stabilization and reduction of new police personnel to be trained), and a profound misunderstanding of security training needs, often based on the contract guard stereotype of "rent-a-cops" or proprietary security as "private police." It is true that private security personnel must understand their legal limitations, but the legal authority of private security personnel is mainly rooted in property, contract and tort law, not in substantive and procedural criminal law most often taught security employees.

Although some economies of scale accrue in using shared facilities and core course content, in general the involvement of law enforcement in security training imparts knowledge and skills not ordinarily used by security personnel and perpetuates police stereotypes of security personnel in need of more police training. In some states this stereotype has prompted the imposition of required training which is of little use to private security and which ignores more important and practical subjects. In Ohio, for example, a law

enforcement and private security seminar concluded that the existing 120-hour training program for private security personnel should be "restructured to reflect the role of the private security industry: the prevention of crime," rather than the present bias toward police functions.⁴

Firearms training is one area in which cooperative training by law enforcement and private security would appear to improve relationships. Weapons abuse by private security personnel is a key area of contention between law enforcement and private security. Based on our content analysis of newspapers in major cities, law enforcement perceives more incidents occurring than actually do and are sharply critical of private security. Yet, data from the site surveys indicate that where firearms are carried, they tend to be used. The survey of national and regional security executives and the site surveys of security employees suggest that firearms training for armed security personnel usually does not exceed eight hours. Excluding alarm runners and proprietary personnel trained at a police academy (who received substantially more training), over 50% of the armed security personnel in both sites reported receiving less than four hours of firearms training from their companies. Regardless of number of training hours, most of the training received is on the mechanical aspects of firing a gun and on safety. Three of the twenty-four hours of firearms training recommended by the PSTF are to be a discussion of legal and policy restraints in firearm use.

If law enforcement collaborated with private security to obtain mandated firearms training requirements or assisted in providing such training, it would both upgrade the quality of security personnel and ameliorate the concerns of law enforcement. This might be accomplished in several ways. The Pennsylvania State Police, for example, administer the Lethal Weapons Act for training and certification of armed security personnel, along with the certification of firearms training schools and instructors. Cooperative use of firearms facilities would be cost effective and encourage interaction. The availability of laser beam firearms simulation training could also be a way for law enforcement to offset any potential liability of training security officers.⁵ If private security organizations supplied the money for such systems, it would also provide an improved training capability for law enforcement.

12.5 ASSOCIATION TRAINING AND EDUCATION PROGRAMS

The growth in training programs has been greatly aided by security-related associations and programs since the Rand and PSTF reports. Appendix E lists a large number of security-related national associations. In addition, some of the national trade associations have special programs or committees dealing with security or loss prevention, such as the National Retail Merchants Association. One significant development was the formation in 1980 of the Academy of Security Educators and

Trainers (ASET) to assist the growth and development of education and training by: (1) promoting the establishment of security programs and educational training, (2) aiding curriculum development, (3) serving as a resource for legislative bodies considering regulatory action, and (4) sponsoring basic and applied security research. This organization emerged from a nucleus of academicians and security trainers and has developed a certification program for security trainers.

The American Society for Industrial Security (ASIS) is the largest security association. Its growth is a good indicator of the growth in opportunities for security training and education. In 1977, just after publication of the PSTF report, total ASIS membership was about 10,500; the 1982 year closed out with about 19,000 members. During the same period, the number of ASIS chapters has grown from just over 100 to more than 150 (including 15 foreign chapters). Guided by more than 20 standing committees ranging from banking to white collar crime, the ASIS sponsors an annual seminar with workshops in a broad range of security topics and functional areas of security. Throughout the year the ASIS also sponsors a series of two- and three-day workshops and five-day seminars on security topics. From only eight seminars in 1977, the number of ASIS seminars and workshops has grown to 23 workshops and seminars in 1983 in topics ranging from energy and high-technology security to substance abuse and terrorism. The workshops and seminars are attended annually by nearly 1500 people. The Assets Protection Seminar, covering basic

security fundamentals, attracts over 125 attendees twice a year. College credit is available for this seminar through Ohio University upon completion of a three-hour graded examination. The philosophy of the ASIS security management training programs has been summarized as follows;

Our basic approach is to help individuals who already have basic security competence move to more managerial levels, for example, from middle management to senior management, and eventually into executive levels of responsibility.

Accordingly, the Advanced Security Management Seminar covers such topics as organizational behavior and interpersonal dynamics, economic concepts and policy, financial management techniques and systems, and corporate policy formulation and implementation.

Similar to the ASIS, the training and education programs of other associations are directed to management and specialized training. The American Management Associations, for example, recognizes the "increasing problem of corporate security" and offers courses in both corporate security and office security management. The Computer Security Institute is an example of specialized security training. In 1983 this Institute sponsored its 10th annual computer security conference; in addition, its Educational Resource Center sponsors ongoing training programs in establishing a corporate EDP security program, EDP disaster recovery, designing secure applications, and physical security of computer facilities. Many of the major trade associations sponsor their own security training

programs. The Bank Administration Institute sponsors an annual conference on bank security, and the National Retail Merchants Association sponsored its 16th Annual Retail Loss Prevention Seminar in 1983. New programs are constantly being added. The newly formed International Association of Shopping Center Security hosted its first Annual Security Management Institute Seminar in 1982 for mall managers and security directors. The National Crime Prevention Institute has also conducted specialized security programs such as Air Force base security and a series of crime prevention and security seminars for industry and insurance groups.

A content analysis of available training and educational seminar offerings reviewed during this research indicates that the topics generating the most interest are (1) computer and information security, (2) terrorism and (3) white collar crime. At the national level, we identified about a dozen firms offering courses in various aspects of computer security, not including the seminars offered by such major manufacturers as IBM, Honeywell, Control Data Corporation and others. A review of ASIS publications also indicates that many of its chapters establish seminars on special topics and sponsor them in conjunction with academic institutions in their area.

12.6 CERTIFICATION PROGRAMS

In addition to supervisory and managerial training, the PSTF recommended that voluntary certification programs be developed for private security managerial personnel. As the PSTF was completing its report, the ASIS established a Professional Certification Board to explore criteria for certifying security managers. The Board studied professional certification programs in other fields and developed the Certified Protection Professional (CPP) Program, with the following objectives:

- (1) To raise the professional standing of the field and improve the practice of security management by giving special recognition to those security practitioners who, by passing examinations and fulfilling prescribed standards of performance, conduct, and education, have demonstrated a high level of competence and ethical fitness.
- (2) To identify sources of professional knowledge of the principles and practice of security and loss prevention, related disciplines, and laws governing and affecting the practice of security.
- (3) To encourage security professionals to carry out a continuing program of professional development.⁶

The certification process is conducted under the auspices of the ASIS, but is open to individuals outside of the ASIS who have the requisite levels of education and security knowledge and experience. An initial phase of certification by review begun in 1977 resulted in approximately 1500 individuals obtaining the CPP designation by review only. There has been some criticism of this "grandfather clause," but all CPP's are

required to be recertified every three years by obtaining credits for additional security accomplishments and training activity. Approximately 90% of all CPP's have been recertified through this process.

CPP applicants now must obtain a passing grade on an examination consisting of a battery of tests chosen from a list of twenty-one subjects, including eight mandatory subjects and four of the applicant's choice from optional subjects in specific fields of security. The mandatory subjects are emergency planning, investigations, legal aspects, personnel security, physical security, protection of sensitive information, security management, and substance abuse. Each year more than a dozen examinations are held at different locations throughout the country. A prerequisite for taking the examination is a baseline of ten years' security experience, half of which must have been in positions of "responsible charge," i.e., engaged on a full-time basis or as a primary duty. The ten years of security experience may be reduced to eight if the applicant has earned an Associate degree, to five with a Bachelor's degree, to four with a Master's degree, and to three with a Doctorate. Since the examination process began in September 1978, an additional 1,000 CPP's have been certified by examination, bringing the total number of CPP's to 2,510 at the end of calendar year 1982.

The CPP designation was not intended to set apart an elite core of security managers, rather it was intended to identify

individuals who met prescribed levels of security management experience and knowledge. Less than 15% of the ASIS membership has attained the CPP designation, and the ranks of CPPs also include nonmembers. The Professional Certification Board analyzed a 50% sample of all CPPs who passed the examination through January 1981.⁷ A profile of the successful candidate revealed a 35-year-old male with 13.5 years of security experience and a Bachelor's degree. Only 30% of those with degrees relied on their academic degree for a portion of the requisite ten years of experience/education to qualify for the examination. The study concluded that: most law enforcement executives could not move laterally into security management without some management experience or academic courses in security.

Some conclusions were apparent from this study. Chief among them was that a number of persons seeking professional recognition in security and loss prevention were individuals with primary experience in public law enforcement. Yet neither experience in this field nor academic concentration in subjects related to these activities was adequate for successfully achieving Certified Protection Professional status.⁸

Law enforcement has generally achieved widespread certification of entry-level and supervisory positions through police officer standards and training bodies in most states. However, certification of managerial positions through such bodies is not widespread, nor always recognized in other states because qualifications can vary greatly among the states. On the other hand, our research indicates that job

announcements for security manager positions may specify the CPP designation as a prerequisite, thus suggesting some degree of universal acceptance. The presence of an ASIS member in the organization's recruiting process or top security position could influence use of the CPP requirement in the selection process. This and other arguments notwithstanding, the ASIS program has demonstrated progress in meeting the PSTF goal of promoting personnel quality and career paths through a professional certification program.

While some security-related associations have sponsored and awarded certificates for the completion of management workshops, there have been no other major efforts at management-level certification. In addition to the managerial certification program, the PSTF also recommended that certification programs be established in different functional fields of security. Unless there is a great demand, such programs could be difficult to implement, in view of the volunteer efforts required to develop validated criteria, the mechanics of administering examinations, and costs.

The PSTF also recommended a certification program for operational personnel. At about the same time the CPP program was begun, the International Association for Hospital Security (IAHS) implemented a 40-hour basic training certification program for operational hospital security personnel. In 1982, the International Association for Shopping Center Security (IASCS) developed a 40-hour classroom training program for the certification of security officers within the shopping center

industry. As the IASCS noted, "most state training programs and licensing requirements are minimal and designed to meet the needs of the lowest common denominator in the security field, the minimum-wage guard."⁹ These 40-hour training programs in effect complete the two-phased PSTF training standard of 8 hours' pre-assignment training and a basic 32-hour course within three months of employment.

One of the benefits of a centrally administered program like the CPP is the standardization of the examination process. There are two other ways in which standardization could be accomplished in operational level certification. One method is for a recognized association to develop a detailed training manual (like the IAHS did in 1982) and then work for acceptance of certification "standards" due to widespread availability of the course content. A second approach to standardization is to certify trainers and educators qualified to teach the requisite courses for certification. The Academy of Security Educators and Trainers has developed a security training certification program, but it requires the candidate to submit to a peer review of teaching skills and subject knowledge at a central location, thus, limiting its availability. If a certification program were developed for specific subject fields that did not require certification of trainers, it would provide a standard for state private security regulatory bodies which now independently establish criteria for trainer certification in their respective states.

Similar to mandated training of entry-level positions where training resources have emerged to meet these needs, training materials and courses of study have been developed to meet certification program requirements. One firm has developed an audio/visual cassette training program for hospital security. A number of organizations have presented seminars on preparation for the CPP examination in addition to the ASIS-sponsored sessions. The Jersey City State College seminar, for example, is run on consecutive weekends as part of its Saturday Semester program.

12.7 ACADEMIC PROGRAMS

The PSTF also recommended specific degree programs in security (Standard 8.4) to "enhance the professional movement in private security."¹⁰ In 1972 the ASIS inventoried existing academic programs in order to establish guidelines for security curricula. Over fifty institutions offered at least one security course but only a handful of institutions had Associate degree programs. When the PSTF took an inventory just four years later, 22 institutions were awarding the Associate degree and four institutions had added a Bachelor's degree in security. Table 12-1 indicates the phenomenal growth over the next four-year period, with over 150 institutions offering certificates and degrees. The number of institutions offering Bachelor's degrees increased to 35, and Master's degree programs were offered by 10 institutions.

TABLE 12-1
GROWTH IN SECURITY EDUCATION PROGRAMS

	1972 ¹	1976 ²	1980 ³	
COURSES	58	49	N/A	
CERTIFICATE	5	6	70 ^a	
A.S.	2	22	97	} 134 } INSTITUTIONS ^c
B.S.	0	4	35 ^b	
M.A.	0	0	10	
TOTAL PROGRAMS			212	
TOTAL INSTITUTIONS			158	

- SOURCES:
- 1 Academic Guidelines for Security and Loss Prevention Programs in Community and Junior Colleges, ASIS and American Association of Junior Colleges, 1972.
 - 2 Private Security Task Force, 1976.
 - 3 Robert J. Fischer, "Security Education: Yesterday, Today and Tomorrow," Journal of Security Administration, Vol. IV, No. 1, 1981: 65-70.
 - a 24 institutions offer certificate only, and no degree program offered
 - b 8 institutions also offer an associates or graduate degree
 - c 46 of the 134 institutions offer a concentration, emphasis, option, tract or specialization in security as part of a criminal justice/law enforcement program.

In some instances, the academic programs were established through the efforts of local ASIS chapters. The Denver Chapter, for example, was instrumental in establishing the Security Administration Option at Metropolitan State College. The program includes courses such as introduction to private security, corporate security management, and crime prevention/loss prevention. Students enrolled in the program must also successfully complete courses in the areas of criminal procedure, evidence and courtroom procedure, constitutional law, and other related courses to fulfill the degree requirements. The Chapter members also provided faculty support for these courses as well as elective courses of interest to the entire student body such as terrorism, executive protection, and aviation security.

The rapid increase of course offerings, certificates and degree programs in security reflects response to a demand, but has the demand been from students and practitioners seeking to improve their knowledge or has the demand been based upon defined manpower requirements of the security industry? The PSTF recommended an LEAA-sponsored survey (never undertaken) to assess anticipated needs of business and government for college-educated security personnel, including skills, knowledge, and judgment requirements. One academician suggested that it would be "fraud" if there were not sufficient entry-level security jobs for security-educated people.¹¹ These positions must be accounted for, he asserts, and a "rigorous assessment" made of course content and scope to validate their

worth as a separate course of study. One survey of 200 security directors in a wide variety of fields indicated that 68% of them would hire Bachelor's degree college graduates at the entry level, and 43% would hire them for a supervisory position.¹² In a roundtable discussion with a Security Management editor, the candid responses of two security directors provided an opposite view of hiring security-educated graduates above entry-level positions:¹³

They've got a problem getting into the field, because all of us have the jobs they are looking for, but they have to come to us to be hired. So they are going to have to start as a security officer--which they really need to do anyway. You can't come out of college and start managing anything.

I think part of the problem is the colleges. They're selling students a bill of goods when they say business is going to beat down the doors to hire them. We get a lot of students just out of college wanting to come to work, but they don't want to start at the security officer level. They want to start at the top or in mid-management, and they just can't do it. Colleges do not prepare them for the day-to-day practical side of what it's like. There is a world of difference between theory and practical experience.

Surprisingly, an educator at Michigan State University, which has one of the oldest and most respected security degree programs, is in general agreement with the comments of these security directors. Recruitment by security departments is still high at Michigan State, but that demand is only for the "superior, talented student."¹⁴ The security field is not yet ready for college graduates with degrees in security, he

states, nor are "our graduates prepared to enter the field."¹⁵ This educator agrees with the PSTF recommendation that the gap between theory and practice needs to be bridged with internship programs.

There are some indications that security directors have increasingly assumed a leadership role in establishing internship programs. The Metropolitan State College program established through an ASIS chapter in Denver involves a student intern program as does the Harrisburg Area Community College program in Pennsylvania. In the Harrisburg program, highly qualified students gain hands-on practical experience in commercial security through 200 hours of work experience in an approved setting. A Phoenix-based Honeywell high-technology plant with 1,200 employees invites top students in Northern Arizona University's private security program to participate in a five-month internship program. Juniors, seniors, and graduate students earn credits while serving as shift supervisors over contract guards and electronic security systems and other security activities. In addition to daily decision-making in operational areas and daily training sessions covering all aspects of security, the students are involved in "developing and revising security procedures and helping to set budgets and administrative workloads."¹⁶ A member of the Honeywell security management team at the facility notes that the company also benefits by (1) gaining qualified personnel without additional cost, and (2) being exposed to "fresh ideas

from the university."¹⁷ The Northern Arizona University academic program is another example of ASIS security practitioners taking a leadership role in establishing a degree program and guiding its curriculum content.

Academic programs in security, then, have grown rapidly and have made some attempts to blend the theoretical and the practical. An earlier assessment of emerging degree programs, however, found most course offerings narrowly focused on operational details. Calder (1979) found the courses to be "academically shallow"¹⁸ in the traditional academic sense and suggested in 1980 that (1) the "intellectual substance" of the field had yet to be developed, and "academically acceptable literature" needed to be identified for use by students.¹⁹ Christian (1981) draws a parallel between security education programs and the embryonic period of law enforcement academic programs. In 1967, the President's Commission on Law enforcement and Criminal Justice urged the establishment of law enforcement academic programs, but their acceptance in both academic and practitioner circles was not immediate.²⁰ Weaver (1978) feels there is a "high degree of compatibility between 'academic' objectives such as critical thinking and an emphasis on social science theory and methods" and the "subject matter focus" of both criminal justice and security programs.²¹ Weaver argues for a vocational or career education orientation which is "anchored" in the social sciences, so

that "how-to-do it," practical instruction prepares students for entry-level positions without an "undue sacrifice of the theoretical and conceptual."²²

Most of the early security courses and degree programs were offered as part of law enforcement and criminal justice academic programs which themselves were just beginning to gain both academic and practitioner acceptance. Academicians and security practitioners generally ascribe to one of three viewpoints on placement of the security program in the academic setting. The first viewpoint would place law enforcement and security academic programs on a "co-equal" status, highly interrelated because of their mutual orientation to crime prevention and control.²³ Most of the security education programs today are concentrations, options, tracts or otherwise adjunct to law enforcement and criminal justice majors. The second viewpoint questions security's alignment with law enforcement programs. The security programs tend to be "underdeveloped and overwhelmed by the law enforcement curriculum,"²⁴ say its critics, even though there is a general recognition that law enforcement practices and tactics are rarely effective in private security, with its primary orientation to loss prevention and assets protection. Lending support to this position, the CPP analysis by the Professional Certification Board cited earlier found that 51% of candidates with academic degrees who failed the examination majored in police science or criminal justice subjects. Those with Bachelor's or Master's degrees and major studies in other fields

scored as high or higher on the examination than those with majors in police science or criminal justice. The second viewpoint thus holds that co-equality will occur only when security programs are established as independent majors or placed in the business or management departments. A third viewpoint holds that placement of the security program within an academic department is less important than the multidisciplinary emphasis on security, law enforcement, and business courses.²⁵

Proponents of the latter two viewpoints recommend courses in accounting, administrative sciences, computer science, psychology, industrial technology, and architecture from the traditional business curriculum. The undergraduate program at Golden Gate University in San Francisco is one example of a security major option within a management department. A Bachelor of Science in Management is awarded with a specialization in security management. Required management courses cover contract law, financial management, public relations, and labor-management relations. Specific security offerings include security law, corporate security, industrial security, retail security, and investigations management. In a few areas of the country, the middle- and upper-level security manager seeking career advancement might obtain a Master's degree. The University of Detroit, for example, offers a Master of Science in Security Administration. This program

offers an interdisciplinary curriculum drawn from the university's departments of Security Administration, Criminal Justice, Accounting, and Organization and Human Behavior.

An alternative to placement of security programs in either the criminal justice or business department is to emphasize security as a component of public safety and public service programs. Some law enforcement programs are aligned with these departments. In the Baltimore case study site, for example, the Administration of Justice and Public Safety program at the Community College of Baltimore offers degree options in emergency medical service, fire protection technology, law enforcement and security administration. This approach could be extended to development of degree programs for "protection specialists" who would have skills and knowledge in both public and private sector protection.

The participants at the First National Conference on Private Security in 1975 at the University of Maryland suggested that a sufficient body of knowledge existed to support private security courses in college programs. The PSTF in large part based its recommendations on the resolutions of this conference and suggested that the body of knowledge about private security should be incorporated into new courses rather than adapting existing law enforcement and criminal justice courses. The field of security in itself constitutes a specialized area of knowledge, but it is open to debate whether in the traditional academic sense security can be considered a body of knowledge which is girded with a strong research base.

One author suggested that the security industry's publications are "largely dedicated to how-to articles and nuts and bolts innovations."²⁶ Hallcrest's review of the literature generally supports this position. Most of the hundreds of publications listed with the National Criminal Justice Reference Service, for example, catalog useful information and technical knowledge but yield little empirical data or theory on security, asset protection, loss prevention or economic crime. As one educator noted concerning the role of education in relation to the practitioner:

The role of the academic is not to give unqualified support to the field, but to look at the field from a distance, research, analyze, be critical, develop theory, and suggest change and innovation.²⁷

Aside from the absence of scholarly literature in the security field itself, the publications of other disciplines (especially administrative and social sciences) focus minimal attention on security-related topics--e.g., the tremendous effect of crime in the work place (outlined in Chapter 3), and the development and impact of security-related technology. The lack of a research base for private security may in part reflect a lack of available research funding-- grants, stipends, fellowships, etc. Security programs must compete with other academic programs. College enrollments declined in recent years, primarily due to a decline in the post-war baby boom population. The demise of LEAA funding for educational programs has left some law enforcement and criminal justice

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programs struggling, and many security programs heavily dependent upon them.

The ASIS recognized the lack of any central agency or research body to collect, research and disseminate loss prevention and security-related materials. Since 1971, the ASIS has periodically attempted to spark interest in the establishment of a Security Research Institute which would (1) conduct basic research, (2) provide a forum for exchanges of expert opinions, (3) conduct seminars and symposia, (4) develop training research, and (5) develop applicable methodology and statistical applications. The PSTF embraced this concept in one of its recommendations, but government funding and support never materialized. In 1974, the ASIS Foundation was formed to sponsor education and research programs. Several notable efforts have been undertaken by this body, including developing and publishing academic guidelines and catalogues for security and loss prevention programs, and sponsoring an Annual Student Paper Contest and a Scholarship Award Program.

In 1979, the ASIS Foundation began developing a central library of security information. In addition, the publications department of the ASIS has published a Security Management magazine reprint series of a number of basic and advanced topics on security management. Surprisingly, corporate entities--especially in the insurance industry, which stand to gain most from the research activities in loss prevention--have withheld any substantial financial support. The ASIS Foundation has largely existed on a total operating budget of

less than \$20,000, which precludes the ability to fund any meaningful applied research. In 1982, the ASIS Foundation renewed its effort to establish a national information clearinghouse and research center by trying to elicit corporate and ASIS member support for a Security Management Information and Research Center.

12.8 REGULATORY CONTROLS--INDUSTRY OR GOVERNMENT IMPOSED?

One of the mechanisms consistently recommended and used to upgrade the quality of private security personnel and services is licensing and regulation. State licensing and regulatory bodies regulate primarily contract guard and patrol services, and then, in order of frequency, private investigators, and alarm services. In Chapter 6 we noted some of the main provisions of licensing and regulation which impact contractual security firm operations. We also noted that in the absence of standards development by the security industry, licensing and regulation remain the only viable way to improve and ensure the quality of private security services and products. A number of security practitioners, both proprietary and contractual, sharply disagree with this premise. Some researchers agree that regulatory bodies of various industries often represent a "problematic approach to solving the social and economic transactions they are designed to improve."²⁸ However, the economic and social consequences of security

personnel actions extend beyond simply the "business transactions" covered by the regulatory controls of most other industries. This fact is reflected in the following two statements, the first of which accompanied the commentary of the PSAC's Model Guard Legislation:

In an occupation where error of judgment or incompetence can cause serious social and economic consequences, every effort needs to be extended to embrace forceful remedies.²⁹

A security officer fills a unique and important position. In some states he legally has more power than a private citizen. But the badge, the uniform and, in some cases, the weapon that he carries allows him to assume a responsibility for life and property. His position could easily be used to violate constitutional rights of individuals. Because he is in a position of trust, there must be safeguards to ensure the trust is handled fairly.³⁰

While few would disagree with the intent of these statements to ensure the consumer and the general public of adequate safeguards, some security managers feel that the marketplace should be the primary mechanism to impose standards and controls on private security:

My basic philosophy is that the marketplace should be the place where we have standards. The person who is buying the service should buy the service they think they need, not buy a service that is dictated by the government.³¹

The absolute best regulator of my industry is the market place itself. Guards must be trained to the level that the customer wants/needs. If I fail to meet his needs, he chooses another guard company and that is the very best motivation I can have to do a good job.³²

Thus, some security practitioners feel strongly that the government should take a laissez faire approach (nongovernmental interference) toward private security. Interestingly, the first comment was expressed by a proprietary security director and the latter by the president of a national guard services firm. In addition, some proprietary security directors feel strongly that government has no right or place to impose conditions on how a firm chooses to protect its own assets, either by providing its own protection or by contracting with outside firms.

The laissez faire approach to private security is assumed by Great Britain, and we feel it is of some benefit to review their experience. The British Security Industry Association (BSIA) was established in 1966 largely in response to the lack of standards and reliability of many security service firms. Excluding private investigators, the BSIA is organized into four main sections: Guard and Patrol, Transport (i.e., armored car and courier), Safe and Lock, and Alarm. One of the significant points of departure between the British and American industry associations is the fragmentation of industry segments in the U.S. into separate associations, notwithstanding the recently formed Private Security Liaison Council (a coalition of existing national contract security associations begun in 1980).

In each of its major sections, the BSIA has standards pertaining to personnel screening procedures, wage levels,

supervision, training, liability insurance, and physical facilities. A key element of "admission" to the BSIA is achieving a certain level of business volume ("turnover targets"), which actually involves a submission of company business records and financial statements for review. As a result, the approximately 65 member companies reportedly represent 90% of the contract industry's business volume, but approximately 700 other smaller firms are encompassed by the remaining 10% of contract firms. Private investigators are primarily aligned with the Institute of Professional Investigators and the Association of British Investigators.

One positive aspect of the British experience is that very rigid employee screening requirements are imposed by the BSIA standards despite the fact that Parliament has steadfastly refused to release criminal history information to nonpolice agencies. This might imply that American companies could implement similar procedures, but one delimiting factor is the larger population and land mass of the United States which facilitates greater criminal mobility among states. Thus, it is important to have access to multi-state criminal history records when performing a background check. Nevertheless, American companies might learn from their British counterparts in this area. Some multinational American firms, interestingly, are members of the BSIA. Two negative aspects of the British experience are: (1) the BSIA does not maintain inspections or auditing functions to ensure quality control over firms once they are admitted to the BSIA, and (2) there are

many small firms that do not subscribe to the standards and are not members of the BSIA.

In the past few years, however, members of both houses of British Parliament have expressed increasing interest in regulating private security. In 1980, a government-produced "Green Paper" recommended regulatory legislation which was introduced into Parliament. Both in the House of Commons and the House of Lords, separate "Private Members Bills" to regulate private security have been placed before the Parliament. Private investigators, through their two professional associations, even sought to have themselves regulated by having legislation introduced for an independent board to grant a "Certificate to Operate" which could be withdrawn for violation of specified codes or standards. None of these regulatory initiatives has been successful.

British police officials, as noted earlier, have become increasingly concerned about regulation of private security and the false alarm problem, and some senior police officials have openly called for regulation of private security. In 1981, the Home Office declined to recommend regulation, opting for greater improvements in industry self-regulation. The International Professional Security Association (IPSA) functions in a somewhat parallel capacity to the ASIS for proprietary security managers. In recent years, the IPSA has called for establishment of regulatory controls which would license contract security firms and register security personnel. The

IPSA, in its publication, Security and Protection, has proposed a detailed Ethical Code of Conduct for Contractual Security Firms.³³

The movement toward regulation of private security in Great Britain should not be construed as failure of industry self-regulation. Rather, it must be viewed in the larger context of the possible expanded role for private security in crime prevention and control (discussed in Chapter 9), i.e., transferring some police functions and contracting of non-crime-related police services. As one British police official commented after a review of British, Canadian and American private security and policing:

We can no longer overlook that Private Security, and the private justice system it represents, offers a radical alternative to the Police and Criminal Justice systems, in limited circumstances. In the future, however, these systems of private justice may become the preferred vehicle for the resolution of many of the disputes and social problems which the Police now routinely handle.³⁴

If government is to allow private security a larger role in the provision of some traditional police services, then it needs to ensure that levels of training and performance standards exist. Britain is simply attempting to achieve a balance between self-regulation and government-imposed regulation, and the latter appears to be inevitable. The Canadian and American experiences have been somewhat parallel. Canada has had some form of government regulation since 1910. Comparisons of the British and American experiences, however,

must take into consideration that Parliament, in effect, would be imposing national controls on private security. A brief review of private security in other countries reveals that government regulation is infrequent despite an increasing use and growth of private security and government interest in its regulation.

According to an Interpol study on The Police and Private Security Bodies conducted in 1979, 44 of 62 countries from Argentina to Zambia indicated that they have contract security firms in their countries.³⁵ Argentina, for example, has approximately 380 security firms with 11,000 employees. Of the major industrial countries, Germany reported 350 firms employing 52,000 persons, and Japan has 2,313 firms employing 90,775 persons. One large proprietary security force of a major manufacturer in Japan consists of 5,626 security guards. Registration of firms in many countries requires little more than a commercial business license, but 25 of the countries indicate that some form of police background check is conducted on the character and criminal record of firm principals or employees.

Some of the countries indicated that they were currently conducting national studies of police and private security relationships and the issue of government regulation. About half of the countries stated that private security firms on the whole have "beneficial effects." The Interpol study reported that many countries view contract security as "actively contributing to crime prevention." The increasing concern for

regulation of private security, in part, is based upon a recognition that police resources alone (usually inadequate) cannot control crime:

A number of countries point out that these firms, by the use of guards, watchmen, security equipment of all sorts, etc., are able to protect life and property on a scale the police can no longer manage mainly because of insufficient manpower.³⁶

In these countries as well as in Great Britain and the United States, two main needs exist which support the argument for regulation of private security by government: controlling and upgrading. First, private security left uncontrolled is subject to demonstrated abuses of authority and improper business practices. Second, because of the sheer numbers of firms and security personnel, eliminating unqualified firms will upgrade the overall quality and performance of private security. Both of these statements bear half truths. Hallcrest did not find patterns of widespread abuse by private security firms or personnel, but without question abuses have occurred in all areas of the country regardless of the level of regulation. Some arguments for increased or tighter government controls on private security simplistically suggest that the quality of performance will be "significantly improved."³⁷ The concrete results in some states are in fact significant. Creation of the Commissioned Peace Officer status in Texas for armed security personnel, which includes a required 30-hour basic training course, has been credited with effectively removing 20,000 or more "guns on the street."

However, we concur with Shearing and Stenning (in their extensive study of government regulation in Canada) that effective control and upgrading of private security will occur only when the industry and government cease to rely almost exclusively on legal mechanisms. Shearing and Stenning call for "careful and selective use" of legislation in conjunction with control mechanisms which can be exerted by three major groups that are in the best position to exercise influence over the nature and operation of private security: the industry itself, clients, and the general public as employees and consumers.³⁸

As an example of the balance which we suggest, there is a legitimate need to restrict the "bad elements," and even the potential involvement of organized crime in contract security, but neither standards nor legislation should unduly restrict entry of the new, small firm. The "professions" have traditionally used occupational licensing to restrict competition, but business has generally resisted occupational licensing because of its cost.³⁹ It is important to keep in perspective the fact that most of the large contract security firms began as small business ventures. As one critic of British licensing and standards accurately noted:

It could be suggested that this will ensure that the public will find it easier to spot the 'cowboy' and put him out of business. Alternatively, the view could be expressed, that today's 'cowboy' is tomorrow's respectable organization. It is often a question of education, time and money.⁴⁰

In summary, we believe that a combination of industry-imposed standards and government regulation in all states is necessary to significantly upgrade the quality of private security personnel and services. The support for government regulation was surprisingly strong among all surveyed groups in the national surveys: law enforcement, proprietary and contractual security managers from all 50 states and the chief executives of major national and regional security firms. Local ordinances should be preempted by statewide legislation which is not unduly restrictive of nor imposes unnecessary cost burdens on private security operations. Contract security firms need to take more initiative to (1) develop contract performance and other standards and (2) lobby for preemptive statewide regulatory legislation. In the end, well-run, ethical contractual and proprietary operations can meet or exceed the minimum standards of most state regulatory provisions. The public safeguards to minimize the potential for personnel abuses and to regulate armed security personnel are well worth the administrative costs to the state and additional overhead costs borne by security firms (passed on to the consumer) to comply with regulatory provisions. Until greater efforts are directed toward upgrading private security, the potential for a greater private security role in community crime prevention and control will remain untapped.

FOOTNOTES

Chapter 12

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CHAPTER 13

SECURITY TECHNOLOGY IMPACT

ON PROTECTIVE RESOURCES

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CHAPTER 13

SECURITY TECHNOLOGY IMPACT ON PROTECTIVE RESOURCES

In the business profile of security products and services presented in Chapter 8, reference was made to the impact of technology improvements on various security market segments. To the extent that traditional roles and relationships between law enforcement and security may be evolving or changing, new technology in security products may be a significant factor in shaping those new roles, relationships and patterns of interaction and cooperation. The improvement of existing security products and the development of new products could (1) enhance the target hardening capabilities of security measures; (2) make detection, surveillance, and communications products available for law enforcement; and (3) affect the deployment and tasks of both security and law enforcement personnel. This chapter is a brief, speculative review of the impact of existing and emerging technology on protective resources

13.1 LITERATURE SOURCES AND DATA GAPS

Information for the assessment of technology trends was obtained through a literature review supplemented by reconnaissance interviews with experts in various fields of security. Data collection efforts were directed initially toward document searches of security-related periodicals and the following information sources:

- National Technical Information Service
- Defense Technical Information Center

- National Criminal Justice Reference Service
- Brookhaven National Laboratory Library
- Federal Emergency Management Agency Research Summaries

The document searches of these sources yielded over 2,000 abstracts from which less than 100 were deemed appropriate for review, and only 20 articles of significance resulted from the periodical review. Several observations can be made which can serve as a caveat or guide to future data collection efforts.

First, there is a scarcity of literature available which monitors improvements in existing security technology and identifies emerging technologies. Few research reports are readily available. Reports which can be obtained most often discuss only a particular device under development or a small area of technology. Broad assessments of technologies and their application to security are virtually nonexistent; the few which have appeared in the security periodicals are soon outdated, and their technological discussions are targeted to a general reading audience rather than to a technical audience.

Second, although technology development is occurring in both the private and government sectors, neither sector has much interest in releasing this information. Private sector firms engaged in basic product research and development consider their information proprietary due to the highly competitive aspects of business. Part of the government data on emerging technology is classified, and much of the rest is simply inaccessible due to the lack of any mechanism for

tracking developments in technology research or for transferring that technology to the private sector. The closest approximation of a current baseline must be extracted from the nonclassified activities of at least three programs: (1) U.S. Army Facility Intrusion Detection System (FIDS), (2) U.S. Air Force Base Intrusion Security System (BISS), and (3) the ongoing testing and development program of Sandia Laboratories' technology applications for nuclear facility security.

Third, cost data is generally lacking for several reasons. Some emerging technologies simply may not be at the point where reasonable assessments can be made about production and other cost factors. The highly competitive nature of the security industry, again, may preclude some firms from releasing product information until the product is ready for introduction to the market. Since so much of the government's sponsorship of basic research and development is related to national defense, technology advancement itself is often of more importance than identification of specific end-use applications and associated cost factors.

13.2 TECHNOLOGICAL IMPACT

Security technology is likely to impact private security and law enforcement resources in four different ways. First, refinements in existing technology and emerging technology to some extent will be incorporated into security systems to enhance the basic capabilities now available. Microprocessors which can handle the functions of hundreds of transistors and

diodes on a single chip or miniature circuit board enable security components and systems to accomplish more tasks and process more information with greater reliability and increased speed of transactions. The reduced size and cost of components and systems will make a broader range of security devices and systems available to the mass market. Lower-priced modular component alarm systems, for example, would be within the financial reach of a larger segment of residences and small business.

Second, various technologies presently emerging will be applied to a range of traditional security problems, resulting in completely new approaches to physical, personnel, and information security, e.g., robotics, thermal optics and designed-in security for computer hardware and software. Third, increasing emphasis will be placed on the integration of security systems to allow for monitoring of numerous and varied sensor types (e.g., intrusion, fire, emergency medical, access control, environmental) within a single zone of protection and, in turn, to monitor a large number of protected zones. Integrated systems result in greater system efficiency and more cost-effective security, and provide security and police personnel with more precise information to assess and respond to security problems.

The fourth--and most important--impact of security technology will be its effect on the interface or interaction with human resources. As noted elsewhere in the report, remote

access control and microwave transmission of CCTV monitoring, for example, requires fewer security personnel for monitoring of perimeter and interior areas. The integration of a broad range of detection and monitoring functions frees security personnel to perform other tasks. A combination of more intelligent sensor devices, faster signal transmission through fiber optic and microwave communication links, and the analytical abilities and graphic displays of small computers will provide a comprehensive, accurate and rapid assessment of security problems and programmed response options for security and police personnel. Police and security relationships would improve if the reliability of systems and self-diagnostic capabilities of sensors were increased, thereby reducing false alarms. Better trained and higher quality security personnel would be required to interface with security systems--another factor which would ultimately improve police and security relationships.

13.3 UPGRADING OF EXISTING TECHNOLOGY

As noted earlier, most burglars attempt to enter from front and rear doors; thus, many of the locks and related builder's hardware constitute not only a significant security expenditure for residents but also an important component of police and neighborhood crime prevention programs. Even at the most basic level of security--i.e., nonelectronic locks--efforts will be made to improve resistance to vandalism and tampering and to increase the length of time and amount of

knowledge needed to defeat the locking mechanism. These efforts will make more widely available such features as drill-resistant cylinder cores, hardened-steel inserts, hardened deadbolts and manipulation-resistant tumblers. Card locks and electro-mechanical locks will be used increasingly used in the institutional and multi-dwelling residential applications to solve problems of turnover of personnel and residents and loss and theft of keys. Magnetic, capacitive, coded circuitry, and optically coded cards with passive emitters will have the ability to handle a large number of unique codes for even single-station units.

Card readers and access control systems will become more widely used and accepted in commercial, industrial and institutional applications. Microprocessor technology will permit the development of small systems with optional features, which cost less and are useful for smaller facilities. Refinement of existing technology will lead to more powerful processor chips; smaller, simpler and more convenient badging processes; and faster processing times. These features will reduce personnel inconvenience and allow a higher volume of personnel, visitors, and vehicles to be processed while achieving a higher degree of confidence in authenticity of identification. More recently available technology has relied on Personal Identification and Authentication (PIA) systems which cross-correlate one or more personal attributes--e.g., voiceprint, fingerprint and signature. Newer updates of these systems include hand geometry and voice control, and will use digital

processors and optical scanners to make on-line comparisons with a reference file. Sandia Laboratories has researched an active electronic badge for use in a walk-through portal. Sandia's work indicates that once badge size problems are overcome, lapel proximity buttons (as badges) could be a discrete yet effective way to screen large volumes of people. All of these developments will have improved security capabilities for police and criminal justice facilities, and also potential for monitoring and identifying offenders and mental patient populations on parole, probation or furlough status.

Perhaps the greatest thrust of technology improvements will be the continued application of microprocessor and computer technologies to all types of security systems, but especially intrusion detection alarm systems. Microprocessors are virtually pinhead-size tiny computers that introduce artificial intelligence (AI) to even the simplest sensor devices. The use of AI in sensors promises a new generation of "smart sensors" which will have the ability (1) to detect and send a signal, (2) to diagnose a security penetration and (3) to provide updates on the situation to a central station. The workload of central station personnel will be lightened by the smart sensors' ability to conduct self-diagnostic tests and respond to queries from the central station.

The increased capabilities of the smaller computers will eliminate the economic barriers to construction of computerized central stations, and will allow more proprietary and contract central stations to remotely control integrated

systems. The computer-driven central station will be able to correlate sequential information from various sensors in a zone and from activity in several zones simultaneously during an attempted penetration of the protected premises. This will decrease reliance on human interpretation and assessment of signals and will allow security and police personnel to react to a number of alternative response configurations programmed into the computer. Emergency response will be greatly enhanced by the continued development of CRT capabilities for graphic display formats of floor plans, sensor locations, alarm location and alarm condition.

13.4 EMERGING SECURITY TECHNOLOGY

Robotics technology, following some limited use in industrial and manufacturing processes, will soon enter the security field. Current use of robots for security has been limited and very expensive. At least one firm, however, has introduced a three-foot-tall home application robot and expects sales of \$25 million in 1984. Robots have a number of distinct advantages as security hardware, the most obvious being the mobility of detection and surveillance systems and the flexibility to add a number of sensor devices through modular construction. Patrol routes can be programmed, or the robot can be remotely controlled. Ultrasonic and infrared sensors provide a rudimentary level of artificial intelligence and allow the robot to distinguish objects from humans. An electronically modulated voice or the operator's voice from a

remote location, can be used to screen visitors or interrogate suspicious persons. Robots can also be equipped with warning and non-lethal defense devices such as high-intensity noise and light. Robots could be used to supplement security patrols covering large areas and facilities; they also could be used to monitor resident movement and safety in hospitals and correctional facilities.

Thermal optics is one of the most promising of the emerging technologies, especially for potential law enforcement applications in surveillance and identification. In CCTV, thermal images can be produced which differentiate temperature variations between objects; this would overcome one of the limitations of low-light conditions and a limited range of light intensity in present state-of-the-art vidicon CCTV cameras. An obvious application of thermal optics in CCTV cameras is night work, but because the camera produces thermal images rather than intensifying existing light, it can detect impulses hidden by vegetation, camouflage or other low-visibility conditions. Thermal optics is also being applied to screening of personnel where disguise or deception may be involved (e.g., airport screening). Thermograms--that is, a thermal picture of the face or other parts of the body--depict three dimensionally unique physical characteristics: depth, muscular structure and scar tissue. Each person's thermogram, like fingerprints, is unique, making it possible to detect the use of disguises. Similar concepts are being used to develop new personal attribute identification techniques in access

control, e.g., identification of EKG patterns, body vibration, retinal patterns, vein patterns, and bone structure. These applications could dictate a new direction for state bureaus of identification and investigation, crime laboratories, and forensic technicians.

The principle of fiber optics involves brief pulses of light emitted along a glass or silica fiber, about the size of a human hair, which is surrounded by a protective sheathing. Signals of sensors are converted into coded electrical pulses, which travel along the optical fiber line by a series of photo detectors which then reconvert the signal into electrical signals for subsequent decoding and reading. Optical fibers have no metallic content or electric current and thus can independently transmit individual sensor outputs. Alarm systems using optical fiber transmission links would not be susceptible to electrical interference and signal interception or distortion, like present systems are, and would have greatly reduced environmental factor-induced false alarms. The cost of optical fibers is less than the voice grade telephone lines and paired metallic circuits used by present monitored alarm systems. Combined with techniques of multiplexing (transmission of separate signals over the same transmission link) and microprocessor-based controls and monitoring, optical fibers have the potential to move and analyze large amounts of sensor data at very rapid speeds and to achieve fully integrated security systems. Circuit and coding

so that attempts to defeat the system through attacks on the optical fiber can be precisely located by monitoring personnel.

13.5 SUMMARY AND CONCLUSION

Advances in both existing and emerging technology will significantly improve the ability of the private and public sectors to protect the community. The continued development of solid-state circuitry, modular units and microprocessors will provide more features, reduce size and lower costs of individual security devices and systems. Such advances will also place higher levels of monitoring and detection within economic reach of a larger cross section of all segments of the general population--commerce, industry, institutions, government and residential. Overall potential for physical target hardening and general deterrence will depend in large part upon the ability of private security and law enforcement to develop increased public awareness of protective choices. Law enforcement and private security have a unique opportunity for combining their efforts in broad-based community crime prevention programs to increase the overall level of physical security. Given the aforementioned patterns of interaction and cooperation, as well as problems in their relationships, this potential will not begin to be realized until greater efforts are undertaken to understand their respective roles and establish a more willing and cooperative partnership.

The gradual introduction of technological advances will have two major effects. First, the features, speed, reliability, accuracy and data analysis capabilities of individual security systems will be greatly improved at lower cost. Surveillance cameras, for example, will be able to operate across most of the light spectrum, and access control systems will provide positive identification on a real-time basis through digital and optical processing and correlation of unique physical attributes of the person. In addition to the obvious improvements in the level of security afforded the user, these advancements will greatly enhance the investigation, intelligence, identification, and forensic capabilities of law enforcement agencies.

Second, the promise of fully integrated systems through advancements in microprocessors, computers, fiber optics, microwave, and satellite data transmission will have a profound impact on human protection resources. The ability to monitor a large number of sensor types, zones, and security systems over a broad geographic area could lead to new concepts of police preventive patrols and resource allocation and interface with private security patrol and response personnel. Law enforcement must begin viewing security technology as an integral part of strategies and planning for fulfilling their overall role of crime prevention and control in the community, rather than focusing on its present limitations (e.g., the false alarm problem). The public and private sector could

then plan and work together for safer communities as newer technologies are introduced.

One major obstacle may impede the steady flow of new technologies into private sector security programs: the lack of an effective means to transfer proven technologies from the Federal Government to the private sector. The private sector appears to have the necessary pool of researchers, engineers, designers and planners to incorporate emerging technology into existing systems and design new applications where commercial markets exist. Much of the present research and development projects to advance state-of-the-art technology, however, are funded and sponsored by the Federal Government. Many of these projects are not classified and have extensive potential for commercial applications. At the present time, though, there are no existing mechanisms to transfer this technology to the private sector. Despite the Federal Government's concern for establishing transfer mechanisms for space technology to the private sector to improve quality of life, a similar concern has not been focused on the potential to have a similar impact on crime control and prevention in the United States. Past efforts of the defense agencies, the National Institute of Justice and the National Bureau of Standards have not focused on the potential for security technology to improve overall levels of security and safety for a broad spectrum of society. Advancements in security technology are not even systematically monitored.

Yet, newer technologies will be introduced into security products and systems regardless of Federal Government involvement in technology transfer. In all likelihood, significant advances in the evolution of security technology will occur over the next five years. The greatest impact of technological advances will be the increasing reliance of human resources on technology. The complexity and number of tasks required of security personnel, as well as the actual numbers of security personnel, might be reduced. At the same time, the efficiency and effectiveness of security personnel and response capabilities will be improved, especially as improved interfaces are developed with law enforcement.

CRIME AND PROTECTION IN AMERICA

A Study of

Private Security and Law Enforcement

Resources and Relationships

VOLUME III

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

CHAPTER 14

By

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and
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HALLCREST SYSTEMS, INC.
McLean, Virginia

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ABSTRACT

This is a descriptive research report on relationships between private security and law enforcement conducted by Hallcrest Systems, Incorporated under a grant by the National Institute of Justice. The report describes the increasing role of private security in the protection of America--their programs and resources, contribution to crime prevention, deficiencies in security services and personnel, and interaction with law enforcement agencies. The report reveals that primary protection responsibility is shifting from the public to the private sector, and that the private sector diverts significant amounts of crime from the criminal justice system. The private security resources of business, institutions, government, and citizens--guards, alarm systems, investigators, armored cars, etc.--exceed federal, state, and local law enforcement expenditures and personnel.

Specific topics of discussion include profiles of security program content, services and personnel; an assessment of economic crime impact; police "moonlighting" employment in private security, response to false alarms and other problems in police-security relationships; the impact of security technology; and security education, training and regulatory controls. Recommendations are made for more effective use of private security and law enforcement resources to combat crime and to relieve police agencies of their large workload of non-crime-related calls for service.

Project research techniques used national and local surveys and interviews of police and security managers and employees, site studies in two urban counties, a literature review, and an economic projection of private security spending.

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FOREWORD

The co-principal investigators of this research project were William C. Cunningham and Todd H. Taylor. Principal consultants for the project were Dr. J. Thomas McEwen, research methodology and data analysis; and Dr. Robert F. Dyer, economic analysis of the private security industry.

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PREFACE

This volume is one of a series of four reporting a 30-month descriptive research project performed by Hallcrest Systems, Inc., under Grant No. 80-IJ-CX-0080 from the National Institute of Justice, U.S. Department of Justice.

The primary purpose of the project was to develop strategies and recommendations to use more effectively the extensive resources of private security and law enforcement in their respective roles in crime prevention and control. The research emphasized the relationships between law enforcement and private security operations as they deliver protective services in communities throughout the United States.

Major research tasks included a literature review, interviews of more than 400 people in law enforcement and all facets of proprietary and contractual private security, surveys of 1600 law enforcement and security managers, a survey of state agencies regulating private security, an economic analysis and forecast of the private security industry, and field studies in two urban counties--Multnomah County (Portland), Oregon, and Baltimore County, Maryland.

Four volumes comprise the project report:

VOLUME I: CRIME AND PROTECTION RESOURCES
(Chapters 1-8)

This volume describes the resources of public law enforcement and private security directed at crime and loss prevention. Specific emphasis is placed on citizen protective measures, the size and scope of proprietary and contractual security, and the impact of economic crime on business, institutions, and the public.

VOLUME II: POLICE AND PRIVATE SECURITY RELATIONSHIPS
(Chapters 9-13)

This volume discusses the protective roles of law enforcement and private security, interaction and cooperation between them, problems in operating relationships, mechanisms for upgrading private security, and the impact of security technology on relationships.

VOLUME III: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
(Chapter 14)

Major findings and conclusions are presented. Where appropriate, recommendations and future research needs have been suggested to maximize the role of private security as a crime prevention resource; and to improve interaction and cooperation with law enforcement; and to examine carefully economic crime, the private justice system and private security protective measures.

VOLUME IV: TECHNICAL APPENDICES

This volume contains the methodological approach to the project; it displays survey questionnaires and data from national surveys of law enforcement and security managers, national and regional security executives, and field study survey data. Included also are key provisions of state regulatory legislation; an economic forecast of the U.S. private security industry; and a list of selected security-related associations.

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CHAPTER 14

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the major findings and conclusions of this descriptive research. The sections have been arranged topically and do not always follow the previous chapter headings. This was done in order to highlight areas of importance that have been addressed in several chapters. Following each set of findings, where appropriate, recommendations and research needs arising from project interviews, literature review, survey data, and comments of advisory panel members have been suggested. The recommendations and future research needs as a whole constitute a blueprint for action to achieve greater utilization of private security as a crime prevention and control resource, to initiate greater interaction and cooperation between law enforcement and private security, and to learn more about economic crime, the private justice system, and private security protective measures.

14.1 CRIME AND FEAR OF CRIME IN THE COMMUNITY

14.1.1 Crime and Public Protection Resources

Since 1950, reported crime increased steadily in the United States for three decades. By 1980, victimization studies estimated that one-third of all households had a family member touched by crime in the home, at work, or in other places. The topic of crime gained increasing attention in newspapers, accounting for up to one-fifth of all front page stories. By 1974, "law and order" had become the "most

salient issue" in local politics. Longitudinal studies indicate that crime became a national phenomenon regardless of size and type of community.

Expenditures to combat crime grew enormously. In the decade of the 1970's alone Federal Government spending for criminal justice grew fourfold, and state and local expenditures tripled. One-third of the over 100 federal organizations with law enforcement, police and investigation programs and activities did not even exist in 1970. The Federal Government spent in excess of \$8 billion in direct financial assistance to state and local government through the Law Enforcement Assistance Administration (LEAA). By 1978, criminal justice systems accounted for 59.4% of local government expenditures. Police expenditures increased about 350% from 1948 to 1978, and police officers per 1,000 population increased in all population categories over the same period. Some major cities increased their police forces by as much as one-fourth to one-third from 1970 to 1978.

Despite the combined federal, state and local criminal justice resources and LEAA funding, crime continued to grow in all sizes and types of communities. Increased police resources and officer activities failed to "stem the creeping tide of criminality," as FBI Director Webster noted. Research data agree with knowledgeable scholars and practitioners that the criminal justice system alone has not been effective in efforts to reduce crime.

14.1.2 Declining Law Enforcement Resources

In the late 1970's the economy and strained property tax bases became a major concern of voters. Property tax limitation measures imposing massive cuts in services including the police were passed by voters in the populous states of California and Massachusetts. Since California's precedent-setting Proposition 13 in 1978, 18 other states imposed limits on local government spending. Cutbacks in state and local budgets totaled about \$355 billion in 1980. By 1983, the 50 states had a combined budget deficit, with 22 states projecting budget deficits and 13 other states expecting to barely break even.

During the boom years of the 1960's and 1970's, public service employment had been the fastest growing sector of the job market. For the first time since World War II, in 1982 there was a decline in public service employment and state and local government spending as a percentage of the gross national product. Police and sheriffs departments were not immune to substantial reductions in government labor forces. In Washington, D.C., for example, the 5,000-member Metropolitan Police Department was reduced by about 1500 members from 1971 to 1981. In the Hallcrest national surveys, 44% of police and sheriffs departments reported the same or fewer personnel in 1981 than five years earlier.

During the five-year period preceding passage of Proposition 13, many law enforcement agencies were already experiencing a period of staffing limitations or retrenchment. The

California voters mandated a 60% reduction in property taxes. Despite a "maintenance of effort" provision in the state's bailout legislation to apply surplus state funds to local government, the anticipated high priority on law enforcement services was not maintained relative to funding levels of other local government departments. Uniformed force sizes in California's enforcement agencies remained constant or slightly declined. Some sheriffs departments, faced with external pressures and state mandates, withdrew resources from law enforcement and allocated them to corrections.

Law enforcement agencies have adopted a variety of measures to offset the impact of reduced resources. Common targets of budget reductions included vehicle replacement, training, overtime, and capital expenditures. More importantly, many departments sought to reduce the workload through both calls-for-service and case screening--i.e., policy decisions which directed personnel not to respond to or investigate certain calls for service, minor incidents, and crimes with few investigative leads. This "demand shedding" sometimes impacted relationships between city and county agencies when a police department would abandon an activity, thus obligating the sheriff to assume responsibility.

In most communities, law enforcement agency program and activity cuts were adopted with little citizen input on police service priorities. While some departments felt they had borne the brunt of local spending reductions, special tax levies to restore law enforcement expenditures were soundly

defeated in many communities. Voter sentiment in tax limitation measures and legislation favored reduction of the level of all government services. Citizens recognized that police have an impact on crime in the community but began to question at what point there are sufficient numbers of police officers and deputies to control or manage crime within some undefined but acceptable level. Even time-worn indices such as ratio of sworn personnel to population were abandoned as small increases in personnel failed to keep pace with the population growth. Despite a recent movement in law enforcement to develop accreditation standards, the lack of recognized standards or measures of police effectiveness in community crime control has become a distinct liability for public protection resources.

14.1.3 Fear of Crime and Citizen Response

There is some scholarly disagreement on how to define and measure crime, fear of crime, and citizen reaction to crime. Regardless of labels and definitional issues, Americans have a significant concern about crime. The Figgie Report on Fear of Crime found that fear of specific violent acts (concrete fear) affects four of ten Americans and touches 70% of the population. Four of ten Americans also suffer from high degrees of fear concerning their safety in the community (formless fear). This report painted an emerging picture of "an extremely cautious and security-minded America." Other researchers disagree with the level of fear reported in this study and in

the media, and its implication that a new wave of fear is sweeping America. The Gallup and National Opinion Research Center surveys indicate that citizen concern about crime has been stable since the early 1970's, and Bureau of Justice Statistics data show the victimization rate has been stable over the same period. Whether in direct response to a crime event, identification with similar neighborhoods or victims, or general fear of crime, one of the most significant findings of Hallcrest's research is that "self-help" measures are being increasingly undertaken at a time when law enforcement resources have stabilized and, in some cases, declined.

Growing numbers of Americans have undertaken "self-help" measures to better protect themselves--e.g., by using locks, lighting, guns, burglar alarms, citizen patrols, security guards, and by engraving valuables. An NIJ-sponsored study on the impact of crime on urban populations revealed that 40% of the people responding to surveys have installed some form of security device in their homes in the past few years because of their perception of crime. Ironically, the same study's review of literature on crime suggested crime awareness and prevention programs sponsored by law enforcement agencies may increase citizen fears. In addition to the documented growth in private security goods and services as measured by government data, market research reports and Hallcrest national surveys, the majority of chiefs and sheriffs reported increased use of private security in their communities in the

five-year period when police resources were also reported by them as stabilizing or declining.

14.1.4 Crime Prevention Programs

In the 1960's and early 1970's citizen-initiated crime prevention programs usually were not encouraged by law enforcement agencies. Citizen patrols, especially, were discouraged and often viewed as "urban vigilantes." A decade later, the Guardian Angels also encountered police indifference and antagonism as their street patrols (comprised of young adults and adolescents) were established in major cities. Gradually, however, the police began to perceive limitations in isolated crime prevention efforts and began reaching out to the community to forge partnerships with neighborhood groups. The community both sought and embraced proactive programs such as block and apartment watches, property engraving, home security surveys and street and building patrols. As FBI Director Webster noted, crime prevention became a "watchword in almost every community." From the "canyon watches" of San Diego to the "alley watches" of Minneapolis, residents have increasingly begun to "take a stake" in the safety of their neighborhoods.

Through the efforts of the Crime Prevention Coalition, the National Crime Prevention Institute and other organizations crime prevention programming and materials greatly increased. The Hallcrest national surveys found that over 90% of police

and sheriffs' departments had established formal crime prevention programs. Neighborhood Watch programs were established in thousands of communities--over 50,000 such programs alone in California serve 85% of the state's population. Civic-minded volunteers have become active in patrolling their neighborhoods as "supervised offspring" of the police and have also started a renewal of police and sheriffs auxiliary and reserve units.

Since their inception, the Neighborhood Watch and other community-based crime prevention programs were generally acknowledged to have some measurable impact on crime. Interestingly, Jacobs and Lineberry in their three-decade study of police resources concluded that citizens should take greater precautions with themselves and their property, but thought it unlikely that "individual" private actions will overcome the national trends which seem to generate crime. Yet in 1982, crime reported to the police had decreased nationally for the first time, according to the FBI Uniform Crime Report program. These decreases were experienced in many major cities, not just smaller communities. Law enforcement administrators began lauding Neighborhood Watch and other citizen crime prevention programs for having a measurable impact on crime in their communities.

Conspicuously absent from police-based crime prevention programs, however, is the input of the 1.1 million persons employed in private security. Crime prevention and proactive

approaches to crime control have long been a primary orientation of private sector protection programs. Yet, there is little cooperation between the public and private sector in crime prevention programs.

Recommendations

- Citizen Input to Police Service Priorities While there has always been an implicit mandate for police response based on calls-for-service, the police have not generally afforded the public an opportunity to assist in determining priorities in "cutback management" programs. The police should actively seek citizen opinion on services most important to retain to help establish acceptable priorities for services to be curtailed, modified, or eliminated. There may be, for example, varying levels of satisfaction and need for certain services among different business, institutional, neighborhood, income, and minority subgroups. "Demand shedding" and the unilateral reduction or removal of certain services to certain of these subgroups could violate safeguards of equal protection under the law by providing disproportionate levels and quality of service throughout the community.
- Standards for Police Effectiveness A corollary to lack of citizen input on police service priorities is the absence of objective standards to measure adequacy of existing service types and levels and to evaluate police effectiveness. The standards being developed by the Commission on Accreditation for Law Enforcement Agencies could provide a norm against which citizens could measure police and sheriff's department performance and also provide an independent guideline for justifying and allocating police resources. These standards should allow for the potential involvement of private security in cooperative programs, performance of some police activities on property being protected by them, and potential contracting out of noncrime-related police services.
- Brokering Protective Services One option for increased community involvement in protection and reduction of police workload is for various community subgroups to "broker" a variety of public and private paid and volunteer arrangements for protection. These subgroups might

opt for a variety of service mixes and delivery mechanisms based upon their perceived crime problems, protection priorities and other unique needs.

- Private Security Involvement in Community Crime Prevention There is a tendency to view contract security, especially alarm firms, as making a profit on crime at the expense of the police. Yet, the extensive resources of both proprietary and contract security organizations could be brought to bear in development of cooperative community-based crime prevention and security awareness programs. Proprietary security programs attempt to create among employees a vested interest in the assets of the organization so that they would feel a personal responsibility for prevention and reduction of losses. Such program concepts could be transferred to neighborhood and business groups to increase their sense of identification and involvement with the safety of their environment.

Larger organizations could also share their concepts and programs with merchant and business associations such as the local Chambers of Commerce and civic organizations to benefit the smaller organization. Security products and service firms also could contribute to Neighborhood Watch and other crime prevention programs. Potential conflicts of interest should not preclude efforts of police and sheriffs' departments to more fully involve contract security firms, especially making the public aware of additional self-help measures which could offset demand for police services.

14.2 CRIME IN BUSINESS AND INSTITUTIONS

14.2.1 The Extent and Cost of Crime

Since white-collar crime was first documented and labelled in 1949, researchers and practitioners in private security and the criminal justice system have devoted increasing attention to defining, measuring and attacking this form of crime. Together with "ordinary crime" (burglary, robbery, larceny, etc.), white-collar crime has a tremendous economic impact on business, government, institutions and society. A working definition of "economic crime" has been developed to help convey the breadth, pervasiveness, impact and cost of this crime:

Economic crime is illicit behavior having as its object the unjust enrichment of the perpetrator at the expense of the economic system as a whole and its individual components. The consequences of economic crime are increased costs that are passed on to consumers and taxpayers and that place a financial burden upon the business community, the government, and, ultimately the public. This working definition of economic crime is intended to encompass the terms of white collar crime, crimes against business, management fraud, ordinary workplace crimes in organizations, and fraud against the government and consumers.

Past projects undertaken to estimate the cost of economic crime by such groups as the Chamber of Commerce of the United States, the American Management Associations, the Small Business Administration, the U.S. Department of Commerce and the Joint Economic Committee of Congress have all been hampered by the lack of a sound data base. Data gaps are caused by a lack

of accepted definitions of economic crime, poor measures, and the reluctance of organizations to release financial loss data. Past estimates have built upon each other and are gross estimates at best. Detailed, descriptive and accurate data for specific economic crime types and industries are sparse.

Allowing for the data base limitations of prior research efforts, and by using crime index and inflation-adjusting techniques, the direct cost of just the two major components of economic crime--white collar and ordinary crimes--was estimated to be at least \$100 billion in 1980. The "expert estimates" for some categories of economic crime suggest that a figure of \$200 billion may not be unreasonable in 1983. The substantial direct cost of crime to business, government and institutions mandates the assets protection and loss prevention orientation of security programs. Crime is an inflationary factor in the economy--adding as much as 15% or more to the cost of goods paid by the consumer at the retail level. Numerous indirect costs have also been identified, not the least of which is the failure of small businesses due to crime-related losses.

Recommendations

- Economic Crime Institute Although in the aggregate, economic crime in the U.S. is a serious problem, very little is known about it, and government has even stopped trying to measure it. Establishment of a nonprofit Economic Crime Institute with federal and private funding would provide a central focus for research and demonstration programs. Strategies for improving public and private response to economic crime must be based

upon an accurate description of specific crime types in specific industry/institutional groups. The proposed Economic Crime Institute would have five primary functions:

- (1) to standardize terminology and definitions,
 - (2) to develop indices for measurement of economic crime and its true impact on the gross national product,
 - (3) to encourage and coordinate crime loss data collection by trade and industry associations,
 - (4) to fund research on the nature and perpetrators of economic crimes, and
 - (5) to promote awareness of and countermeasures for economic crime through publications and seminars.
- Government Monitoring of Economic Crime The U.S. Departments of Commerce and Justice should take a leadership role to encourage monitoring and reporting of crime by organizations in the respective fields of all government agencies. Periodic reports should be published on the overall impact of crime in specific industries and organizations and on specific crime topics.
 - Association Reporting Trade and industry associations should develop crime loss reporting surveys based on scientific sampling techniques which allow for extrapolation of data to all entities covered by a particular industry group. Industry associations should work together for standardization and acceptance of definitions and survey methodology.
 - Business/Economic Crime Seminars Seminars on business/economic crime should be sponsored jointly by law enforcement and private security to (1) develop ongoing relationships and responsibilities among public and private sector resources for more effective use of their combined resources, and (2) train law enforcement and security personnel in investigative techniques for complex forms of economic crime.
 - Expert Witness/Investigator Identification Once relationships are formalized and responsibilities defined, specialized expertise in the private sector should be

identified which could assist both business and law enforcement in investigation and prosecution of specific types of economic crime.

Future Research Needs

- Economic Crime Indicators Indices should be developed for the measurement of economic crime and its true impact on the gross national product. Updated estimates, based on previous cost of crime studies, showed that at an estimated \$100 billion in 1980, the direct costs of just two categories of economic crime would represent 3% of the GNP for business--equivalent to nearly 20% of retained earnings and about 28% of before-tax profits of business in the United States. If government and business directed the same amount of concern to the impact of economic crime on the economy as it does to work force productivity and inflation, then efforts to prevent and reduce crime in the workplace would receive greater attention and be more effective. With up to 15% or more added to consumer retail prices to compensate for crime losses, business crime is a major contributor to inflationary prices.

14.2.2 Severity of Internal Theft in the Workplace

The national survey of security managers conducted during this project, and the data from other major studies confirm that theft by employees is the greatest single crime problem for organizations--from the lowest levels of the organization to the executive suites. Present deterrent strategies are insufficient to prevent many employees from stealing a wide range of material and monetary assets. A study of self-reporting of stealing by 10,000 employees throughout the U.S. in various organization types found a correlation between lower levels of theft and clearly announced and enforced corporate policies against employee theft.

Recommendations

- Corporate Policies on Business Ethics and Crime Some research suggests that to be effective crime prevention strategies must be devised in organizations which: (1) make a commitment by top management to minimize losses due to employee theft, (2) clearly convey this policy to employees, (3) apply sanctions uniformly when illicit activities occur, and (4) place corporate-level emphasis on evaluation of this program area.
- Employee Awareness Programs Organizations of all sizes and types should develop and conduct employee security awareness programs that create among employees a proprietary interest in the assets of the company. When employees feel a personal responsibility for prevention and reduction of losses, the objectives of security programs can be more easily attained with greater acceptance and cooperation by employees. Heightened employee awareness of security can potentially offset the need for other security resources.

In addition, employee awareness programs, like neighborhood crime prevention programs for the police, could have a substantial impact on crime in the workplace. Removing employee perceptions of theft from the workplace as being "folk crime" could carry over into attitudes about crime in the nonwork environment. Employee awareness programs could contribute to reduced levels of crime in the community, especially where most segments of a community work for a few large organizations. Research and demonstration programs should be designed to test this hypothesis in a controlled environment, e.g., a small community with only a few major employers.

14.2.3 Theft of Trade Secrets and Critical Technology

A major function of private security in business and research organizations is to prevent theft of trade secrets and critical technology. Theft of proprietary information has been estimated to cost business \$20 billion a year. Foreign espionage of classified government information, unclassified but embargoed technological data and hardware, and proprietary

information of U.S. competitor companies has been estimated to be at its highest level since the beginning of the Cold War. The Soviet Union used U.S. technology to gain large margins over the U.S. in the production of most types of strategic weapons. Even with recent controls on exports of critical production technology and equipment, illegal shipments and thefts remain a problem. The most notable examples have been high-technology thefts of semiconductor chips, integrated circuits and other materials of American computer and electronics technology.

Protection against these thefts and their investigation require extensive cooperation between private security, law enforcement and other government agencies. "Sting" operations and elaborate informant reward programs have been established to combat both the thefts and the reluctance of some companies to report thefts. This reluctance stems from fear of adverse effects on the company image, future security compromises, loss of business to a competitor, or loss of a classified defense contract. The U.S. Customs Service has established task forces to combat theft of critical technologies. Private security managers have formed groups to share information and to seek close liaison with local law enforcement for penetration of illegal distribution channels and fences for the stolen goods. However, it is not clear that needed information is exchanged freely among federal and local officials and private security managers.

Recommendation

- Critical Technology Task Forces Special task forces, such as the Critical Technology Task Force established in 1982 in California's "Silicon Valley" area by the U.S. Attorney in San Francisco, are needed to stem the tide of high-technology thefts which affect both the national security and the ability of U.S. corporations to compete in world markets. Task force membership should include security and law enforcement managers and should provide a mechanism for sharing information.

14.2.4 Terrorism

Business facilities and executives experience nearly one-third of all terrorist attacks. The high visibility of business and its susceptibility to extortion and ransom demands have made the private sector a key target for financing terrorist operations. Terrorism is a major concern for many multinational businesses, firms involved in politically controversial fields, and firms which export their goods to foreign countries. Public figures, industrialist families, institutions, and nuclear weapons, materials and power plants are also vulnerable to terroristic actions. Corporate security counter-terrorism programs include executive protection and crisis management planning, but there appears to be little counter-terrorism planning involving private security managers and local law enforcement resources such as SWAT teams and intelligence units. Much of the terrorism and political risk assessment information obtained by business comes from well-protected private sources. Information from Federal Government agencies--beyond officially published documents--is

usually obtained through subrosa channels of communication dependent upon personal contacts.

Recommendations

- Counter-Terrorism Programs Counter-terrorism programs have been largely the concern of major multinational companies, but there are many other organizations susceptible to terroristic acts. They too should evaluate the need for counter-terrorism programs including the components of information gathering, political risk analysis, crisis management planning and executive protection.
- Crisis Management Planning Cooperation Law enforcement agencies should be included in the crisis management planning activities of private organizations. Law enforcement agencies can better evaluate the staffing, training, and planning of SWAT and hostage negotiation teams when they are more fully apprised of the threat potential and capabilities in the private sector in their communities.
- Executive Protection Program Coordination Security directors and managers should develop liaison procedures with local law enforcement agencies for protection of top corporate or organization officials. This liaison should include office and residence protection measures and liaison with state and local law enforcement agencies when travelling executives employ armed bodyguards.
- Counter-Terrorism Information Sharing Both counter-terrorism programs in the private sector and empirical research on terrorism are hampered by a lack of access to government information on terrorism. The need for classifying so much of government's terrorism information base should be reevaluated. More formal channels of communication and information exchange should be established between the Federal Government and private security.

14.3 RESOLUTION OF CRIME AND THE PRIVATE JUSTICE SYSTEM

14.3.1 Reporting of Crime by Private Security

Both law enforcement and security agree that private security does a "good job" of reporting criminal incidents, but law enforcement perceives private security as reporting more crime to them than private security indicates that it does. Reporting of crime is rated one of the lowest priority functions among twelve standard security functions, especially as rated by industrial and institutional security managers. UCR index crimes are generally reported directly to a law enforcement agency, but white-collar or economic crime is usually resolved through direct contact with a prosecutor or through other methods within the organization. For most of the latter crimes, resolution through other methods is reported almost twice as frequently as resolution through a prosecutor; about half of the proprietary security manager survey respondents use other methods to resolve these crimes. Security managers report that the most frequently investigated crime in all sectors (industrial, commercial, institutional) is employee theft, and nearly one-half of the security managers report resolving these employee theft incidents within their own organization.

14.3.2 Lack of Police Involvement in Economic Crime

Lack of local police involvement in economic crimes is not a source of major conflict between law enforcement and private security for several reasons: (1) these crimes are rated a

low-priority function by the police and are the least frequently investigated; (2) these cases are well developed by the time the police are notified, often relegating the police role to intermediaries or "information processors" between private security and the prosecutor; (3) local police have few investigative resources to devote to complex economic crime such as computer crime, embezzlement or industrial espionage; and (4) security managers are more interested in the deterrent value of prosecution for other employees in the organization and often prefer to plea bargain directly with the prosecutor. Several key variables determine the amount of police assistance sought for investigation and prosecution of economic crime: (1) size of the local security organization, (2) the prosecution policies and amount of investigative support of corporate security staff, (3) level of police investigative expertise and resources, and (4) local prosecutor policies. Crime reporting and prosecution policies of private security for some crimes (e.g., shoplifting, employee theft, and credit card and check fraud) can significantly impact police calls for service and investigative and prosecutorial workloads.

14.3.3 Avoidance of the Criminal Justice System

Criminal justice system objectives and procedures are often at odds with organizational concerns, resulting in many economic crimes being resolved within the organization. The

prosecution process sometimes can be as costly and time-consuming as the criminal incident itself. With legal sufficiency, trial sufficiency, and system efficiency policy objectives, prosecutors may feel hampered by lack of resources, specific knowledge, and trial experience in the prosecution of economic crimes. A few bad experiences by businesses with these criminal justice realities may condition corporate legal counsel and security managers to forego prosecution except in the most flagrant circumstances. Other reasons for lack of criminal justice system involvement include: (1) civil restitution is more effective at recovering the loss and may be more important than concerns for deterrence; (2) revealing significant losses can reflect unfavorably on management practices; and (3) absorbing some losses without reporting them can sometimes be more cost effective, since insurance premium increases triggered by the loss can often exceed the value of the loss.

Employee theft merits special attention, since it is the highest crime investigation priority of private security and is most frequently resolved outside of the public criminal justice system. Some judges and prosecutors view employee theft as an internal "company problem." This viewpoint results in an unsympathetic attitude toward sentencing or in encouragement of the company to pursue civil restitution rather than criminal prosecution. These policies are contrary to several studies which suggest that clearly stated and

ployee theft. One study noted lower levels of self-reporting of employee theft where apprehension rates were reported as being greater. Another study suggests that employee theft needs to be clearly communicated as stealing and as unacceptable behavior in order to separate it from "folk crime" (i.e., similar to gambling and traffic offenses). No studies directly correlate aggressive prosecution policies with reduced incidence of employee theft. However, if aggressive and successful prosecution policies formed the basis of effective employee theft deterrence programs, then increased use of the criminal justice system by organizations would have enormous implications for the workload of the police, prosecutors, and the courts.

Recommendations

- Crime Deterrence and Prosecution Policies Prosecution policies of organizations should be based empirically on their deterrent value for various types of crimes in the organization. If prosecutors were unilaterally to establish uniform prosecution policies for certain statutory offenses, this could be counterproductive to effective deterrent strategies in different workplace environments. If security directors were to unilaterally "dump" all or even an increased number of cases on the public criminal justice system, this could severely stretch already limited resources to the breaking point. Security managers, law enforcement executives and prosecutors should construct a formal mechanism to discuss and evaluate public and private sector objectives and practices in prosecution of crime in the workplace, especially shoplifting, employee theft, management fraud, and check and credit card fraud.

Future Research Needs

- Crime Deterrence and Prosecution Policies In a given community, the involvement of public police and prosecutors in economic crime in the workplace can vary widely. It is necessary to explore further the amount and policies of local criminal justice system (especially the police) involvement, the size and resources of local security organizations, and the prosecution policies and investigative support of headquarters or corporate security.
- Deterrent Value of Criminal Prosecution Some studies noted relationships between lower incidents of employee theft and "apprehension rates" and perceptions of aggressive prosecution policies. Further research is needed, however, to document the deterrent value of aggressive, moderate, or selective criminal prosecution and civil litigation policies for different crimes across different organization types--especially for shoplifting and employee theft.

14.3.4 Private Justice System

When an external or internal theft occurs, the loss prevention orientation of the private sector focuses more on preventing and deterring future losses resulting from similar incidents than on the "offender" involved in the incident. In responding to and resolving the criminal behavior of employees, organizations routinely choose options other than criminal prosecution, for example, suspension without pay, transfer, job reassignment, job redesign (elimination of some job duties), civil restitution, and dismissal. In some organizations the available options are limited by collective bargaining agreements.

While on the surface it appears that organizations can opt for less severe sanctions than would be imposed by the criminal justice system, in reality the organizational sanctions

may have greater impact on the employee-offender (e.g., loss of job, civil restitution, garnisheed wages). In addition, the private systems of criminal justice are not always subject to principles of exclusionary evidence, fairness, and defendant rights which characterize the public criminal justice systems. The level of position, amount of power, and socio-economic standing of the employee in the company may greatly influence the formality and type of company sanctions. In general, private justice systems are characterized by informal negotiations and outcomes, and nonuniform standards and procedures among organization and crime types. Little is known about the workings of such systems, the extent to which they influence private security resources and strategies, or their impact on police, private security, and public criminal justice system relationships.

Since employee theft is the largest single crime problem in business and institutions and is resolved largely through private justice systems, private security removes a tremendous burden from the public criminal justice system and contributes greatly to crime prevention, detection, and deterrence. If aggressive prosecution policies rather than private resolution could be demonstrated to have greater deterrent value and better serve the loss prevention goals of organizations, then the already strained police and criminal justice system resources would be seriously jeopardized.

Future Research Needs

- Analysis of Private Justice Systems Little is known about the dynamics, structure, and impact of private justice systems except for their informal and nonuniform nature. Analysis should be conducted:
 - (1) to delineate the common characteristics by organization type and environment;
 - (2) to isolate the crimes most frequently resolved;
 - (3) to assess the types and amount of unreported crime in organizations;
 - (4) to quantify the redirection of public criminal justice system workload,
 - (5) to evaluate standards of fairness;
 - (6) to document the contribution or influence of private justice systems on crime deterrence and loss prevention goals of the organization and the community; and
 - (7) to examine the impact of private justice systems on relationships between private security and each of the major criminal justice components--police, prosecution, courts, and corrections.

14.4 PROTECTIVE ROLES AND FUNCTIONS

14.4.1 Role Orientation

Public law enforcement has become identified with the societal mission or role of prevention and control of crime. While some functions of law enforcement are shared by private security, the general role orientation of private security is proactive assets protection and loss prevention for organizations. Proprietary and contract security managers strongly agree on the highest priorities for security functions and activities, and law enforcement executives accurately perceive this crime prevention mission. With the exception of shoplifting emphasis in retailing, crime investigation is ranked by private security in the lower half of priorities among twelve functions. Crime reporting and arrest and prosecution are among the three least important functions.

Despite police stereotypes of contract security guards as "rent-a-cops" trying to perform police functions, self-rating of job tasks by all types of security employees indicates that most security employees do not perform tasks similar to police officers. Distinctions in job tasks become less clear when security employees are granted special police officer status. Police officers in the case study sites did not feel threatened by the increased use of private security--their services were perceived neither as similar to law enforcement services nor as competitive with law enforcement. Officers supported the "vacuum" and "interest" theories of private security, i.e., even though private security fills gaps left

by reduced public resources, private security is merely protecting private interests that otherwise would go unprotected. Senior executives of major national and regional contract security companies strongly subscribed to this position.

14.4.2 Private Security Contribution to Crime Prevention and Control

Research material presented in this project demonstrates the complex and far-reaching scope of private security programs in business, industry and institutions and the utilization and growth of a broad range of purchased security goods and services. Based on the sheer preponderance of evidence presented, it is clear that private security makes a sizable contribution to crime prevention and control. Crime, however, is just a part of a broad range of threats addressed by the loss prevention programs of private security, including fires, accidents, information security, materials movement, etc. Law enforcement has become increasingly aware of the presence of private security, but the substantial impact of proprietary and contract security on the overall safety and security of their communities has not been fully recognized by law enforcement administrators or operational personnel. Law enforcement executives rate the overall contribution of private security and the reduction of direct dollar crime losses by private security as only somewhat effective. They see private security's contribution to reducing the volume of crime, apprehending criminal suspects, and maintaining order as

ineffective. These assessments are influenced to a great extent by law enforcement's poor ratings of private security in ten areas of performance. Law enforcement's low opinion of private security in most areas is perceived accurately by private security managers and employees: less than one-fourth of security employees think police officers view them as even performing a valuable service.

One major contribution of security personnel is their integral part in assets protection and loss prevention programs which sustain the viability and profitability of companies. In manufacturing, for example, guards prevent goods from being stolen, from fires and other forms of loss which affect the profitability of the company. Guards also protect raw materials, precious metals, production machinery and proprietary information--all of which have a direct bearing on the ability of the company to produce new goods at a profit. Private security personnel thus stimulate the economy.

14.4.3 Shift to Private Protection Resources

The origins of modern policing have their roots in private policing or security initiatives of the early 19th Century when there were few paid police compared to thousands of watchmen. The societal mission or role of prevention and control of crime gradually became associated with public law enforcement. The growth of modern policing and its expansion

through the 1960's resulted from the redistribution of private property protection responsibilities to the public sector.

The current research documents a stabilization, and often a decline, of public law enforcement resources in recent years and simultaneously notes the growth of all segments of both proprietary and contract security. Some law enforcement administrators recognize the dramatic growth of private security in the past decade, but seem to feel that this growth is a result of the failure of law enforcement and criminal justice to do its job. In other words, if law enforcement were given adequate resources, there would be no need for widespread use of private security. Instead, these law enforcement executives see an erosion of their "turf" to private security. Hallcrest views the recent decline in law enforcement resources, increased use of private security, and increased citizen involvement in crime prevention programs as signs of a return (a century later) of the primary responsibility for protection to the private sector.

The private sector will begin bearing more of the burden for crime prevention, while law enforcement will narrow the focus of police services to crime control. Thus, we view law enforcement as assuming an increasingly reactive role even as it has expanded crime prevention programs in recent years. Hard economic realities and strained property tax bases will force law enforcement agencies to seek alternative ways to

reduce their workloads. The traditionally proactive orientation of private security is well suited to assuming the non-crime-related police workload. In this research project, proprietary and contract security managers indicate a willingness to accept more responsibility for criminal incidents occurring on property being protected by them, e.g., burglar alarm response, completion of misdemeanor incident reports, and preliminary investigation. In general, law enforcement administrators are open to discussing the transfer of responsibility for criminal incidents occurring on property protected by private security, and also identified a number of police tasks as "potentially more cost effectively performed by private security." Contract security companies have expressed an interest in contracting for these non-crime-related police services, e.g., public building security, parking enforcement, and court security. Many of the activities were listed as potential areas of business growth in the next five years by national and regional contract security firms; some firms currently perform some of the candidate activities.

Smaller law enforcement agencies most affected by budget cuts and departments noting a decline or stabilization of resources are most receptive to transfer of police activities. Industry (which is frequently located in smaller communities with limited public safety services) may be willing to play a greater role in protection of its facilities, especially if tax relief (property or corporate) is involved. The greatest law enforcement interest is in transfer of burglar alarm

response: nearly 70% of large police and sheriffs' departments in jurisdictions of over 500,000 population wish to be relieved of the "false alarm burden" on police workload.

It is clear that law enforcement workload could be significantly reduced--and redirected more toward "street" crime--and that the dynamics and structure of protective services delivery would be greatly changed by a realignment of public and private protection responsibilities. As long as law enforcement maintains the posture that they should bear the primary burden for protection of the community, then creative alternative solutions will be limited in the midst of dwindling public resources.

Recommendations

- Strategic Planning for Transfer of Selected Police Activities and Contracting of Noncrime Police Services to Private Security The interests of the public may be best served through constructive dialogue and creative planning by law enforcement and private security to facilitate transfer of minor criminal incident responsibility and contracting of certain noncrime activities. Energy wasted on debating the quality, performance and contribution of private security could be better utilized to identify areas for contracting out, to research required legal mechanisms, and to develop tightly prescribed contract specifications of performance. The dynamics of supply and demand in the marketplace will produce a sufficient number of qualified firms, independent of any stimulus from regulation or licensing.

This research effort has indicated that some private security personnel currently have salaries comparable to some police officers as well as substantial training and experience. Contract security company business practices and standards for security personnel would be a paramount issue in the consideration of these alternatives by government.

- Alternative Policing Arrangements in Community Planning and Development Processes In addition to the transfer of responsibility for minor criminal activity on private property to private security, a broader range of linkages of private security and police services should be explored. Well-defined and homogeneous commercial and industrial districts and residential developments, developers, property owners and residents should have an opportunity to "broker" the mix of protective services which best suits their protection needs and ability to pay. Private patrol services, for example, might be permitted to respond to certain citizen calls for service that were routed to the security officer through the technical support of the police communications center.

Similar support might be provided to a volunteer citizen patrol trained and supervised by an area or zone police supervisor. Police administrators, themselves, might become "brokers" of policing service throughout the community, negotiating a variety of public and private protective arrangements in different areas of the community on a cost-effective basis. These efforts could be a logical extension of the progress of many law enforcement agencies in securing community involvement in the crime prevention process through Neighborhood Watch and Citizen Alert groups.

- Police Involvement in Community Growth Planning While the fire services component of public safety has a long record of proactive involvement in the zoning and subdivision approval process of local government, law enforcement agencies have traditionally had little involvement in these processes. Police planners, crime prevention personnel and experienced security consultants could contribute to the review process of city and county planning and zoning departments. These activities would include recommending Crime Prevention Through Environmental Design (CPTED) concepts for individual buildings and small subdivisions, and examining larger developments for potential impacts on police services and needs for private security human and technological resources. This is done presently in some departments on a limited scale.

The concept envisioned here, however, would also include (1) imposition of certain standards (e.g., requiring monitored alarm services and/or private security patrols for certain densities and types of commercial developments) (2) integrating security and police services in planned urban developments (PUD), and (3) facilitating special assessment or taxing districts with

needs for greater or lesser levels of police services for funding both police and security services at desired levels.

- Special Police Officer Status of Private Security With special police officer status, a majority of minor criminal incidents can be resolved by security personnel prior to police involvement. Establishment of preemptive state statutes on special police officer powers would allow standardized training and certification requirements to be developed, thus assuring uniformity and precluding arbitrary use of special police and deputization powers for security personnel.

In the Baltimore case study site, many of the retailers and some of the industrial security operations opted to have certain of their security personnel designated as special police officers. The State of New York has a similar provision (for proprietary security only) and requires the security personnel to complete an approved training curriculum. In New York City, for example, some retailers utilize a 35-hour SPO training program sponsored by the Security Management Institute of John Jay College of Criminal Justice. Police officers no longer have to perform tasks of apprehension, prisoner transport, report writing, evidence preservation and court testimony for the large volume of shoplifting, trespassing, vandalism and other criminal offenses against these major retailers who use SPO's.

In such situations, the private business, rather than the general public, would bear the expense for certain police services required on its property.

- Local and Federal Security Expenditure Tax Credits To enhance national crime prevention efforts, continued efforts should be directed toward enactment of a federal tax credit for certain security expenditures. One of the recent attempts at federal legislation, cited in this research, made provision for a direct offset to taxes similar to the energy tax credit. If, in fact, there is validity to the crime prevention literature supplied to the public and the deterrent capabilities of certain security technology (e.g., alarm systems, then investments in security hardware in time could result in reduced police workload. Unless the tax credit was at least \$500, there is not much incentive to purchase reliable and sophisticated alarm systems or locking systems. On the other hand, if the tax credit is too low it could encourage the purchase of systems ill-suited for particular security applications, and this, in turn, could exacerbate the false alarm problem.

Efforts should also be directed at the state and local level to reduce corporate and property tax for significant expenditures on security goods and services which offset the need for additional police services. Within the context of alternative policing arrangements discussed above, companies and organizations should have the opportunity to broker a specified level of public and private services with which it is satisfied. If the alternative arrangement reduces the cost for and burden on public police, then some offset to taxes should be allowed.

- Activities Requiring Police Authority While studies on police workload have consistently shown that about 80% of police work is non-crime-related, there has never been an empirical examination of which police activities actually require the sworn authority of a police officer with his/her accompanying levels of training and skill. With local budgetary constraints forcing many law enforcement executives to practice "cut-back management" and make hard choices about the types and levels of service to be provided, attention should be focused on defining nonessential tasks-- especially with private security as a viable alternative for many non-crime-related tasks. The greatest improvement in police resource efficiency will occur when sworn personnel are performing only those activities which they are uniquely qualified to perform or which could not be performed on a lower unit cost basis by the private sector with the same level of community satisfaction.
- Alternative Modes of Policing An assessment should be made of (1) the basic police services the public is willing to support financially, (2) the types of police tasks/ activities most acceptable to police administrators and the public for transfer to the private sector, and (3) which tasks/activities might be performed on a lower unit cost basis by the private sector with the same level of community satisfaction. An analysis should then be conducted of the organizational, environmental and legal dynamics of public and private linkages in community protection. The alternative modes or linkages with public police services should include, but not be limited to, contract security, proprietary security forces, contracts for limited police services, use of special police officer status, private developer and property management companies, and residential, neighborhood and citizen associations. For the latter group, the variables of "self-help" programs may help identify the key determinants of public willingness to assume greater responsibility for their

own protection by undertaking traditional policing tasks. Relationships between cost, quality and effectiveness need to be explored for various activities and services and alternative delivery modes. Points of resistance by law enforcement administrators, government officials, private business and organizations and citizens also need to be examined.

14.5 PRIVATE SECTOR PROTECTIVE RESOURCES

14.5.1 Size and Growth of Private Security

Earlier Bureau of Labor statistics (BLS) and Rand report data projected that public sector police personnel resources would grow much more rapidly than private sector security employment through the 1970's. Yet, law enforcement personnel and expenditures stabilized and, in some cases, declined toward the end of the decade. BLS and Rand trendline projections estimated a ratio of public sector protection to private sector of 2.19 to 1 for 1975. By 1980, total private security employment, measured largely by just guard positions, exceeded the total 580,428 sworn positions in public law enforcement in federal, state, and local government. (Hallcrest also estimated a ratio of total private protection spending to police protection of 1.33 to 1 in 1980.) Although the growth of private security has been reported as a more recent phenomenon, employment and expenditure data reveal that private security personnel since the 1950's have outnumbered law enforcement.

Public police growth accompanied the suburban sprawl and urban crime rates of the 1960's and was assisted by LEAA funding. Annual police growth rates of 11 to 15% continued until about 1976 when the rate of increase markedly slowed down. After this point in time, one-third of law enforcement agencies reported decreases in sworn personnel in the Hallcrest national survey. Nearly 90% of proprietary security directors reported budget increases over the five year period

1977 to 1981, with just over one-half reporting double-digit increases. Similarly, over one-half of local and central station alarm firms and contract guard firms (100+ employees) reported annual revenue increases of greater than 15%.

Private protection resources exceed those of public police protection in both expenditures and employment. The most rapid growth for private security appears to have occurred in the last five to seven years, even in the midst of a general recession in the economy. This increase in private protective measures corresponds with the apparent decline or stabilization of public protection resources.

Total expenditures for private security have been estimated at \$22 billion in 1980; a \$14 billion expenditure in 1979 occurred for federal, state, and local law enforcement. Hallcrest conservatively projects manufacturer value of shipments for security-related products and revenues for security services to reach \$15 to \$20 billion by 1985. Robust rates of growth are projected for most security products and services. One market research report predicted revenues of \$53 billion in 1995.

Major categories of security products and services include: (1) protective services; guards and investigations, alarm, and armored car services, (2) deterrent equipment; safes, vaults, locking devices, electronic access control, data encryption devices, and security fencing and lighting,

(3) monitoring and detection equipment; intrusion alarm systems, closed circuit television, and electronic article surveillance, and (4) fire detection and control equipment; fire alarm and automatic sprinkler systems, fire extinguishers and smoke detectors.

Inclusion of fire detection and control equipment emphasizes the assets protection orientation of private security; however, exclusion of this equipment from expenditure data would still result in total expenditures far greater than public police protection. In addition, many protective services and products cannot be forecasted (largely due to unavailable Standard Industrial Classifications), such as: installation and service revenue of thousands of alarm companies, surveillance and counter-surveillance equipment, personal protection devices (e.g., chemical and electronic repellants) and security consulting services.

Private security involves a broad range of position classifications and occupational groups of persons engaged in the tasks of guarding, investigating, transporting, inspecting, surveillance, and installing, monitoring and servicing protective products. Collectively, this group of persons would constitute the private protection labor force in America. The Private Security Task Force (PSTF) in 1976 characterized this labor force as a massive but untapped crime-fighting resource.

Within just six years, Hallcrest found more firms and employees in just a few populous states than the PSTF found in over 30 states with state government regulation of private security.

Hallcrest estimates total U.S. employment in private security in 1982 at 1,100,000 persons, excluding Federal Government civil and military security workers. Proprietary or in-house security employment is estimated at 449,000, and employees of contract security firms are estimated to number 641,000. These estimates are conservative, especially in proprietary security; thus, total employment could be as much as 15% larger, or 1.25 million. We conclude from these estimates that private protection resources significantly outnumber combined local, state and federal sworn law enforcement personnel and non-military government employed guards by a ratio of nearly 2 to 1. BLS projects overall employment growth in public sector protection positions to be less than 2.5% annually. In sharp contrast, BLS projects a one-third increase in total private sector "protective worker positions" (i.e., operational positions only) from 1980 to 1990. In the aggregate, if the trend continues, BLS forecasts about 215,000 new protective workers to be employed in the private sector by 1990.

The past and anticipated growth of private security was documented by using several traditional indicators, including expenditure and revenue data, employment and number and value

of shipments of security products by original equipment manufacturers. Three other key indicators also reflected the growth of private security: (1) the entry and growth of new firms, (2) the strong performance of the major publicly held security firms; and (3) the recent acquisition of major security firms by Fortune 500 companies.

Several observations impact assumptions of security industry size and growth. First, definitional problems notwithstanding, trendline projections and market research reports have in many cases been in close agreement when Standard Industrial Classification Codes (SIC) have been available for comparison. Second, considerable allowance should be made in "projecting up" to even a 1985 total for revenues and value of shipments because of methodological problems in comparing available market research reports with each other and with Department of Commerce and Census Bureau data. These problems include inconsistent grouping of products among the various reports, failure to use available SIC codes, absence of citations and source references, and the application of inconsistent growth rates. Third, the many varieties of continually growing security products and services are not, and perhaps cannot, be tracked and validated through SIC reporting. Fourth, several clearly identifiable classes of security personnel are not monitored by BLS employment statistics. For example, armored car and alarm company personnel and security management positions in private security do not have readily agreed upon job titles like accountants, engineers, etc.

Recommendations

- Private Security Research Institute Perhaps combined with the previously recommended Economic Crime Institute, private sector resources have great potential to offset public police protection expenditures and also increase their effectiveness through advances in security technology. A nonprofit Private Security Research Institute should be established to monitor the growth and trends in private protection resources and technology. The previously recommended Economic Crime Institute and the Private Security Research Institute could be the same entity, supported by federal and private funding and by the major national security-related associations. An independent research institute could also be a focal point for development of

- (1) security standards and measures of effectiveness,
- (2) methods to evaluate new security measures and technologies,
- (3) technology transfer to public law enforcement applications and
- (4) research and demonstration programs in security strategies and technologies and in cooperative utilization of public and private protection resources.

- Standard Industrial Classifications for Security Measuring or monitoring the growth of trends in private security would be greatly facilitated by establishing standard industrial classifications for security-related products and services. These SIC codes could also assist law enforcement. For example, increases in the manufacture or importation of surveillance and counter-surveillance equipment could be monitored for potential illegal use.

14.5.2 Theories of Private Security Growth

We reviewed a number of theories offered to explain the growth of private security. One simplistic theory holds that crime increases as unemployment increases, and thus private

security expenditures increase to control losses from increased crime. The "complementary view" suggests that private security services merely complement or supplement police services in the community. The "competitive view" sees the only differences between police and private security as the degree of legal authority exercised, not the services offered. Similarly, the "vacuum theory" describes private security as filling a vacuum created by the reduced ability of police to provide services--i.e., that private security exists only due to a shortage of public police. The "interest group view" says private security protects things that otherwise would go unprotected.

In the Hallcrest national and site surveys, security managers and police officers reject the competitive view, even though some police express concern that private security is eroding the scope of police services. Both groups supported the "vacuum theory" and "interest group view." Additionally, top security executives did not see the growth of their firm's services as directly related to citizen dissatisfaction with police services or lack of confidence in the police.

While we view the "fiscal crises of the state" as a contributing factor to the growth of private security in recent years, the vacuum theory by itself is too simplistic an explanation of more fundamental changes that have been occurring. Hallcrest believes that three interrelated factors largely explain the employment and expenditure shift from private to public protective resources after 1950 and the

current expansion of private security in the midst of reduced or stabilized growth for public protection: (1) heightened fear (real or perceived) of crime, (2) more crime in the work environment, and (3) greater awareness and use of self-help protective measures, especially private security products and services. These trends have resulted in widespread use of private security for protection of private property.

Previously, we noted a shift of the primary responsibility for protection back to the private sector. We tend to support the position of the Canadian researchers, Shearing and Stenning (1981): large private property holdings and increased corporate emphasis on security have resulted in the private streets and enclosed areas of large industrial, commercial and residential developments primarily being protected privately, whereas public areas are protected by public police.

14.5.3 Key Demand Forces

The previous section briefly discussed several theories on the growth of private security in the past decade. The key demand forces that accelerated growth in the late 1970's will continue to provide growth in the 1980's: the prevalence and fear of crime; declining public law enforcement resources; and private protective initiatives of individual citizens, neighborhoods, businesses, and institutions. The single greatest demand factor influencing growth will be the ability of public resources (1) to recognize that a fundamental shift of protective resources from the public to the private sector

has occurred, and (2) to forge new operational relationships and mechanisms for protection of communities. These initiatives will affect relative rates of expenditures between public and private sectors, contractual and proprietary security, and technology and human services.

A second major demand factor will be rapid changes in technology and lower end-user prices for many security products, thus making many more protective devices available to the mass consumer market. Examples of technology impact include robotics, "smart" sensor devices in alarm systems, and the application of emerging thermal optics, laser, microwave and digital technologies to closed-circuit television (CCTV). One major effect of technology will be the replacement of human services with monitoring and detection equipment that has greater capabilities. A third major demand force will be the extent of substitution of contract guards for proprietary guards and the amount of contracting out of non-crime-related police services to contract security firms.

14.5.4 Growth Trends By Category and Market Segment

Monitoring and detection equipment appears to be the strongest performing sector to 1985. Particularly high rates of growth are indicated for intrusion alarm systems, electronic article surveillance devices, and closed circuit television (CCTV), while direct-connect intrusion alarms to police

departments will decline sharply. Some of the major forces expected to support the growth of this category are:

- computer-based systems integrating protection, energy, and facilities management;
- insurance incentives (premium reductions/discounts);
- security expenditure tax credits;
- high inventory shrinkage rates;
- increased residential security market penetration;
- increased use of computerized central monitoring services for local alarms;
- limited police response to alarm systems;
- general budgetary and manpower constraints on public law enforcement.

Deterrent equipment, like monitoring and detection equipment, will benefit in the shift from the human security services to electronic/automated security systems. Yet, the highest technology areas--electronic access control and data encryption units for computer security systems--appear to be extremely high potential growth areas. Electronic access control, especially, has been experiencing extremely favorable growth rates. Fixed security equipment, with the exception of security fencing, indicate relatively lackluster growth rates, particularly when inflation rates are considered.

Protective services growth lags the technology categories, in part because of technological displacement of guards.

Guard and investigative services will still continue to experience growth due to increased conversion from in-house to contract guards, declining public police resources, and the considerable potential for contracting out of some traditional law enforcement activities.

The traditionally strong industrial, transportation and institutional markets will be outpaced in growth rates to 1985 by consumer (residential), commercial, and financial markets. General consumer or residential markets will experience the largest growth rates. Greater use of alarm systems, expanding residential security patrols, and the public's rising concern for security appear to be the major supporting demand forces. Commercial and financial markets will benefit from integrated security systems, higher incidence of retail business crime, electronic funds transfer and automated banking, insurance premium incentives, regulation, and increased sophistication of security equipment.

14.5.5 Proprietary Security

14.5.5.1 Security in the Organization

In organizations, security programs formalize the protection of assets and the prevention of loss so that the organization can operate in a more secure environment. In addition to the losses from internal and external theft and fraud, losses are also incurred by vandalism, waste, accidents, fire and natural disasters. In business, security programs are not oriented only toward crime prevention; they also directly relate to the profit retaining function. The effective protection of assets can minimize the losses to a business thus increasing net profits. Other motives for establishment of security programs in organizations emanate from legal considerations and government mandate.

Organizations establish proprietary security programs on the basis of the Constitutional, common law or statutory right of citizens to protect their property. These rights allow one to contract with others for the provision of security services and products. Contract law governs relationships between organizations and contract security firms. Other legal considerations for establishing security programs are an emerging body of case law that has held organizations liable for the provision of reasonable protection from harm for employees and members of the public when on their property. Some organizations are mandated by Federal Government legislation to undertake certain security measures. The Defense Industrial Security Program, for example, involves nearly 12,000 "cleared

facilities" and approximately 1.2 million cleared employees who are engaged in classified work for 26 Federal Government agencies. The Nuclear Regulatory Commission also mandates security guidelines for nuclear power plants and facilities using strategic nuclear material. The Federal Government itself operates the largest proprietary security program in the United States, with about 18,000 employees directly engaged as guards and special police officers at the many federal buildings, facilities and agencies. Concurrently, the Federal Government is perhaps the largest single user of contractual security services.

Security directors are often involved in overall organizational planning and thus frequently report to the top management of organizations including the chief executive officer or other senior executives. In this position, corporate security directors have the authority to set security policy consistent with overall organizational objectives and to ensure adherence to security program measures. In the Hallcrest national survey of proprietary security managers (varying from facility security managers to corporate security directors), 46% of the security managers reported to a vice president or higher official in the organization, with over one-half of all respondents reporting to a corporate officer. In the commercial and industrial sectors, security managers with security responsibility for the entire organization most frequently reported to the president, executive vice president, or a vice president. It may be that the security function eventually

will be placed within the larger context of "risk management" which encompasses the functions of safety, security, insurance and fire protection. This approach brings together a variety of disciplines within the organization to focus on the central task of reducing losses.

14.5.5.2 Security Expenditures

The amount spent by the private sector for assets protection and loss prevention is not known precisely but is generally believed to be significantly higher than public police expenditures. The Hallcrest national survey sample of 676 proprietary security managers, at all levels of organizations, represented in the aggregate about \$475 million in annual security expenditures to protect \$250 billion in assets situated in over 20,000 separate locations and at 25,000 separate facilities. These expenditures may be a gross underestimate of the total amount of security expenditures in many large organizations, due to the vast amount of decentralization of operating units, facilities and budgets. The security manager's budget often does not include items that are indeed security expenditures, e.g., locks, safes, fences, alarms, CCTV, guard and armored car service. Often such expenses are allocated to a number of separate profit centers in the company, while large expenditures for security technology are often found in capital budgets. Interviews with corporate

security directors for a few major U.S. multinational corporations disclosed world-wide annual security expenditures (including capital expenditures) in excess of \$100 million.

Local facility security managers in the Hallcrest sample are responsible for protecting \$30 million in assets with annual security budgets of \$250,000, according to median dollar values for all business sectors in the national survey data. Corporate security directors are often responsible for several hundred million dollars of national and international assets of the corporation and security budgets in excess of one million dollars. The "local" security manager in a community, then, often has responsibility for security operations beyond the local community and may control hundreds of thousands or millions of dollars in security expenditures. It is conceivable that, in the aggregate, business, industry and institutions in many communities spend far more for protection than the local police and sheriff's departments expend.

14.5.5.3 Security Program Components

The major components of security programs are physical security, information security and personnel security. Security guards are the most visible aspect of security programs, but technological devices are the most widely used security measures. On the basis of survey data, the three most frequently used are: (1) burglar and fire alarm systems, (2) safes, vaults and other fixed security equipment, and (3)

closed circuit television. A clear majority of programs maintain investigators on their security staffs, and one-half of commercial security programs report use of undercover operatives. Due primarily to perceived cost savings, there has been a trend toward greater use of contract rather than proprietary guards and "hybrid" arrangements utilizing both proprietary and contract security personnel.

Although security budgets are often expressed as a percentage of sales or assets, security program performance is rarely measured in relation to corporate profits. Few empirical measures of program effectiveness were found in the literature and site study work.

Information security has been emphasized in security programs because of the increased reliance placed on computer information and the transmission of information through inter-office and public mail, telephone, microwave and facsimile transmission. Electronic "sweeps" are made routinely in some corporate and defense environments to detect eavesdropping equipment. Protection of classified, marketing, product development, and research data is a major concern for many organizations. Increasing attention has been directed to the potential for theft of "critical high technology" essential to maintenance of U.S. technological superiority in weapons and defense-related systems.

Security programs often support other elements within an organization; for example, in the employee screening process

verifying the background of applicants is frequently a security function. In addition to background investigations, organizations have increasingly used "paper and pencil" psychological profile and honesty testing, polygraph tests and psychological stress evaluations (PSE). The polygraph and PSE examinations have met resistance through restrictive state legislation, but one survey shows that security directors and corporate executives feel these are effective employee screening techniques. Access to criminal history record information (CHRI) has also been restricted by both the state and federal governments. The 1981 one-year FBI moratorium on fingerprint application processing for noncriminal justice agencies adversely affected industries in sensitive areas that demand honesty and no criminal record as job requisities.

Protection of key corporate executives has become an integral part of personnel security in many major corporations. Companies with international business interests are also concerned with seizure of assets, currency inconvertability, and interference with contractual performance in their foreign operations. A growing number of corporations are hiring political risk analysts to periodically examine risk situations abroad. Most executive concerns for safety are related to the degree of corporate involvement with countries where U.S. business persons have been attacked by activist and terrorist groups. The Figgie Report, Part II, however, found that four out of ten corporate executives of Fortune 1000 companies are concerned about the prospect of kidnapping for themselves,

their families or business associates. Larger organizations frequently establish executive protection programs and prepare "crisis management" plans. These programs should be closely coordinated with law enforcement agencies in the event of a coercive threat or act against the company or its top officials. Kidnap/ransom coverage for key executives has been reported to be one of the fastest growing segments of the insurance industry.

Personnel security programs also emphasize employee security awareness by attempting to persuade employees to feel a personal responsibility for prevention and reduction of losses. In some cases these programs provide a source of crime reporting to local police agencies. Studies have indicated that organizations with clear policies against theft and strong internal controls experience less theft. Studies also show that the employee attitudes toward criminal activity are established by directives from and styles of top corporate management. In one study, retired middle managers of major corporations felt that government regulation was needed to discourage such crimes as bribery, fraud, price fixing and other illegal and unethical business practices.

Recommendations

- Employee Security Awareness for Small Business Larger companies usually understand that internal theft can quickly dissipate profits and, thus, are more likely to establish employee security awareness programs. When companies encourage (1) employee concern about security and (2) reporting of suspicious activity, it helps remove peer pressure and social stigma attached to "snitching," "informing," or "whistleblowing" on other

employees. Small businesses especially are in need of the employee security awareness programs we recommended earlier because of their susceptibility to business failure resulting from crime losses. Security associations and security directors of larger organizations could assist smaller businesses in establishing employee security awareness programs by sharing materials and concepts and sponsoring seminars. Commercial crime prevention services of law enforcement agencies should encourage smaller merchants to adopt employee security awareness programs, and join with private security in assisting them in development of such programs.

Future Research Need

- Security Program Measures of Effectiveness Empirical research should be conducted on the cost effectiveness of specific security measures. Many executives find it difficult to make objective decisions on security expenditures; they must rely on the general logic of different security measure effectiveness presented by their security director or local police. Security managers, organization executives, and police crime prevention specialists could greatly benefit from knowing the actual and perceived benefit of implementing a single security measure or a mix of security measures as a specific security strategy to combat one or more types of crime and loss.

14.5.6 Contractual Security

14.5.6.1 Guard and Patrol Service

Guard and patrol firms may offer an array of protective services in addition to guard services, including investigations, undercover operations, polygraph examinations, executive protection and/or bodyguard service, technical surveillance countermeasures, and even alarm and armored car service. Their main revenue source is security guard services even though some firms purport to routinely offer a number of the aforementioned services. Both Census Bureau data and the

Hallcrest national survey data indicate that the industry structure is dominated by small firms, even though the large, regional and national firms can control a significant market share in many locations. We estimate that there are about 10,000 guard and patrol and private investigative firms in the U.S. Two of the most heavily criticized areas of private security personnel performance by law enforcement are (1) lack of pre-employment screening and training of employees and (2) questionable business practices. Personnel screening techniques range from employment applications and general interviews to background investigations, psychological testing, polygraph examinations, honesty testing, and criminal record checks. Since all of these pre-employment screening techniques and pre-assignment training constitute an overhead expense for the firm, they appear to be only selectively applied for certain applicants. In the Hallcrest surveys, the principal factor for selecting personnel for a specific assignment was the client's willingness to pay certain wages. Since most clients, especially government, awarded contracts at or near minimum wage rates, the firms are reluctant to incur the overhead expense, especially with annual turnover rates for personnel frequently exceeding 100%.

Misrepresentation of personnel screening selection, and amount of training provided is one of the most frequent complaints voiced both by competitor guard companies and contract guard users in the site studies and reconnaissance interviews. Clients (i.e., businesses and the public) have few, if any,

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methods to verify pre-employment screening and training of security employees except through job performance. Even in states with mandated security training requirements, it is still difficult to verify training records maintained by security firms without conducting field audits. The majority of states have no minimum training requirements. In most states, then, both armed and unarmed guards can be placed in assignments involving public contact and interaction with only the benefit of on-the-job training. When security guards are sent out on assignments with little or no training other than knowledge of company policies and a general job orientation, the personal safety of the guard is at stake as well as that of the people with whom the guard interacts--especially if he or she is armed. Even without weapons, if security personnel are expected to detain and/or search individuals as part of either the employer or client policy, they could precipitate unnecessary physical confrontation through inappropriate action.

Inadequate communications equipment and poor supervision are other frequent complaints of contract security users and competitor companies uncovered in our site study. Both items constitute operating expenses which some security firms are reluctant to incur. Yet, successful and reputable guard companies feel that supervision and quality of local management are the keys to ensuring quality security service and contract performance. Security guard companies are placed in a position, then, of attempting to balance a need for adequate

training, supervision and management with the need to minimize overhead expenses in an industry with intense competition and low profit margins. Security firms also must balance the impact of high personnel turnover with the associated costs required to reduce that turnover.

In the past, many security guard firms routinely armed a large portion of their personnel, and some still do. These firms feel that armed guards are desired by their clients or that firearms are accepted as "tools of the trade" for effective deterrence, similar to police officers. Contrary to popular stereotypes of the armed security guard, a significant trend in recent years has been the overall reduction in the percentage of armed security guards. In the Hallcrest national surveys, the majority of contract security managers and most national and regional security executives claimed that less than 10% of their total personnel are armed. The companies report that they generally discourage client requests for firearms because they are not usually needed and that there are too many liability and insurance problems. Yet, in the Hallcrest national survey, nearly one-half of the contract managers said client requests for armed security personnel had increased in the past five years--less than 20% had seen a decrease in requests. In some instances, the contract guard firm will hire a moonlighting police officer to satisfy the client's demand for a "hired gun."

Involvement of organized crime in the guard industry has been alleged and has occasionally surfaced, especially in

regard to attempted takeovers of security guard unions. A few of the surveyed state licensing and regulatory agencies indicated that law enforcement authorities had alleged organized crime involvement in guard firms in their state, but the actual level of involvement is considered low. The potential for this involvement, however, underscores the need for adequate licensing of firms and appropriate registration requirements for security personnel.

The increased use of fully integrated security systems will reduce the need for guard services in some facilities and may also require more skilled security personnel for monitoring and response. The expansion of remote access control monitoring by central station and proprietary systems could also eliminate many single guard posts. Despite some technological displacement of guards, contract guard firms will continue to be a significant component of private protection resources.

Thus, the quality of personnel, the performance of security firms, and the need for regulatory controls to ensure sound performance become critical issues, especially as more responsibility for protection continues to shift from the public to the private sector. The growing role of contract security will be evident primarily in three areas: (1) conversion of proprietary guard positions to contract guards, (2) contracting for non-crime-related tasks of law enforcement agencies, and (3) expanding commercial and residential security patrols.

Executive officers with financial decision-making responsibility in business and industry may shift to contract security guards to reduce company expenses. The traditional proprietary security force likely will become a "hybrid" staff of in-house personnel supervising operational positions filled by contract guards. In the Hallcrest survey of major national and regional security companies, security executives ranked their largest source of anticipated growth to 1985 as increased demand and change in contract firms by existing users, followed by new first-time users of contract guards, and then by proprietary guard forces changing to contract guards.

Contracting for many non-crime-related tasks of law enforcement was considered an area of sizable growth potential by the surveyed major security company executives. Enabling law enforcement to shift reduced resources to more essential crime-related tasks will facilitate the contracting of these lower priority activities to contract security firms. For example, the renewed interest in order maintenance policing problems will focus attention on the potential for private security services to heighten citizen feelings of safety. This could lead to wider use of commercial and residential security patrols. In addition, declining availability of law enforcement personnel, heavy police workload, and high property crime rates are all factors that could encourage greater use of private security services. In some cases volunteer neighborhood patrols may be replaced by contract security

neighborhood associations or special taxing districts may contract for security patrols. Overall, major national and regional companies in the Hallcrest survey see only a moderate demand for residential patrol service.

14.5.6.2 Private Investigative Firms

Private investigators typically work independently or as part of a small firm. Many law enforcement personnel stereotype private investigators (PI's) as making a living off other people's private problems--divorce, infidelity, child custody and other domestic problems. While this still constitutes a good portion of some firms' business, PI's are also involved in tracing missing persons, locating parties to legal actions, repossessions, credit and pre-employment background investigations, investigations for law firms, claim investigations for insurance companies and investigations of criminal activity such as theft, fraud, and embezzlement. Some firms provide such services as undercover operatives, polygraph examinations, countersurveillance, forensic photography, and bodyguards. Recently a new type of investigative firm has emerged which investigates internal and external theft problems for client companies on a retainer basis; they also provide investigation of and countermeasures for complex forms of white collar crime. These firms use investigative personnel who have backgrounds in accounting, data processing, investigative reporting, internal auditing and other nonpolice backgrounds.

Information sources used by private investigators are often the same as those used by law enforcement officers. The Privacy of Information Act restricts access to many credit, banking, government and most police records, yet the "stock in trade" of many investigators is their ability to obtain such information--which the client was unable to obtain. Similar to the findings of the Private Security Advisory Council, we have discovered that patterns of communication and information sharing between private investigators and law enforcement officers are dominated by sub rosa channels in which personal relationships are heavily relied upon. The "well placed" phone call can often rapidly obtain desired police information, especially by the retired or former law enforcement or intelligence officer.

Although, in the Hallcrest national and site surveys, private investigators report frequent contact with law enforcement detectives, they claim that police information is neither sought nor is information provided from their investigations on a regular basis--the most logical reasons for contact. With four out of ten PI firms reporting off-duty employment of police officers, these officers could be in a position to obtain police information and thereby gain favor with their secondary employer. The potential for misuse of police information by "moonlighting" officers in their contacts with private security provides sufficient justification for an effective department policy in this area.

Private investigators often rely on investigative firms in other states and regions of the country to pursue leads and various facets of an investigation--a private national network of investigative resources. PI's play an important role in investigating such cases as missing persons, cases which receive little priority from overburdened law enforcement investigative caseloads when no foul play is suspected or detected. Private investigative agencies provide an important public service, then, although obtaining the service is based upon ability to pay.

Recommendations

- Criminal History Record Access Enactment of state legislation permitting private security access to Criminal History Record Information will improve the selection process for private security personnel and also assure businesses such as banking and retailing (where honesty and integrity are an important job prerequisite) of the backgrounds of key employees. One important benefit would be the reduced dependency on personal relationships and sub rosa channels of communication to obtain criminal history information. An even more effective tool would be legislation establishing criminal records as public information which would allow a larger group of employers to verify the background of employees.
- Policies on Release of Police Information Law enforcement agencies should establish uniform policies governing information release to private security personnel--information such as criminal investigation and intelligence data, criminal history and arrest data, and criminal incident data. Severe penalties should be imposed on police personnel for unauthorized release of information, and security firms or security operatives should have sanctions applied to their licenses for collusion in obtaining such data. In addition, the outside employment of police officers should be closely examined for potential conflicts of interest in criminal or other

confidential information transfer to their secondary employers. Another concern is the release of information to former police associates employed by private security firms--often a not so subtle reason for their employment.

14.5.6.3 Alarm Firms

Hallcrest estimates that in the United States 10,000 alarm firms are actively engaged in the sale and installation of intrusion and fire detection systems. In addition, about 2200 locksmiths are secondarily engaged in the installation of alarm systems. Both the Hallcrest national and site data indicate that small local firms have a significant market share in both residential and commercial installations. However, there is an estimated 25 to 30% annual turnover rate in firms. Some smaller firms, in reality, often function as alarm installing companies that obtain components only upon closing a sale or when installing another alarm firm's "sold" system. The term "local" alarm company has generally been used to refer to companies that do not monitor alarms at a central facility, as opposed to a central station alarm firm. Some central station firms employ alarm runners to respond to alarms either simultaneously with or prior to the police.

In the past, alarm firms often installed "tape dialer" devices which would call police headquarters with a pre-recorded message of an alarm condition. The increased number of these devices and the problem of "runaway" dialers created a major difficulty for public safety communications centers and police workload. These devices are now discouraged in

most communities, but the digital communicator is now more widely used. This device digitally transcribes information via the telephone lines. Many more local alarm dealers are providing digital communicators to upgrade their local customers' alarm with a monitoring capability. The large regional and national alarm monitoring services now have become a major factor in the composition of the alarm industry.

The largest volume of sales for alarm companies is in retailing, residential and manufacturing. In the Hallcrest national surveys, "significant increases" in services to residential clients in the past five years were reported by 81% of central stations and by 72% of local alarm firms. Some central station firms have begun to combine monitored alarm response with residential security patrols. Another new market for central station firms has been remote access control monitoring, where facility access and designated locations within the facility can be remotely controlled from the central station. In addition to alarm revenues, alarm firms may also install access control systems, closed circuit television, perimeter security systems, and fixed security equipment.

Hallcrest has identified five factors which could contribute substantially to the growth of alarm systems, especially in the residential sector, and thus further compound the problems of alarm response and its impact on police and alarm company workload: (1) the emergence of retail (over-the-counter) sales of alarm systems and "do-it-yourself" alarm

installations, (2) insurance premium reductions and tax credits for security expenditures, (3) improved alarm transmission capabilities to handle more alarm systems, including greater radio frequency and cable channel access, (4) the potential for AT&T or Bell Operating Companies to enter the alarm systems field, and (5) the growth of interactive cable television security systems. The combined implications and impact of these factors on police calls for service could be overwhelming.

One solution to the burden of alarm response and false alarms on police workload is the transfer of alarm response to the private sector. In the Hallcrest national surveys, 57% of the law enforcement executives favored transfer of burglar alarm response to private security. Patrol officers in the Baltimore County study site tend to favor transfer, but they also rate present alarm response performance by private security as marginal. Despite similar marginal ratings in the other study site, patrol officers in Multnomah County, Oregon, were overwhelmingly opposed to transfer. Not only do these officers want the apprehension opportunity afforded by burglar and hold-up alarms, but also they seem to have overriding concerns for safety and effectiveness of present alarm runners--concerns rooted in perceptions of poor and inadequately trained personnel. Ironically, alarm response personnel frequently criticize police officers' cursory investigation of and slow response to activated alarms.

The majority of central station managers in the national surveys favor or would consider assumption of alarm response, and some of the major national firms see contracted alarm response as a potential area of growth. Eight out of ten local managers of guard and patrol companies were also receptive to contracted alarm response.

Hallcrest believes that alarm response may well be a pivotal issue in the overall relationship between law enforcement and private security in the next few years--an issue not limited to just the law enforcement/alarm company relationship. This belief is based upon two observations. First, some departments view alarm response (especially residential) not as police business, but as a special consideration for the few citizens who can afford alarm systems, or as a free service for the alarm companies who make a profit at the expense of the police. If this is allowed to become a primary motivation for "demand shedding" of alarm response, then law enforcement profoundly misunderstands the role of alarm systems in the prevention and detection of burglary in the community. And, further, there may be an even greater misunderstanding of the role of private security technology and human services. Second, reduced manpower levels in some law enforcement departments may be a motivating force, since departments in the national survey with reduced manpower more frequently favored transfer of alarm response to private security. Regardless of manpower levels, however, the five factors cited for explosive penetration of the residential market would cause the current

false alarm problem to take a quantum leap. Alarm response would then become a major rather than a "nagging" problem for law enforcement and the alarm system owners expecting response.

A broad view of this problem is (1) law enforcement and private security can act as partners in community crime prevention, and (2) the deterrence of property crimes through alarm systems can reduce the amount of law enforcement resources directed to detection and investigation of property crimes. Law enforcement and alarm companies should be viewed as partners in community crime prevention and control: alarms, as well stated by the Alarm Industry Telecommunications Committee, "support emergency preparedness and safety of life and property through the use of telecommunications."

The value and need for alarm systems has been distorted by some alarm companies that exploit the fear of recent crime victims, their relatives and neighbors. Notwithstanding ethical issues, the use of such tactics could influence some consumers to purchase services, hardware and systems that are ill-suited to their needs. Not only would this falsely camouflage their fears, but inappropriate use of these systems could have even further severe implications for police service demands. On the other hand, undertaking "target hardening" measures can reduce the probability of victimization to some crime types and increase the perceived feeling of safety--certainly viable reasons for purchasing alarm systems and other security measures. Skogan and Maxfield's research on

fear of crime suggest that alarm companies may simply be capitalizing on a general fear of burglary (a large generator of fear) and other crimes already present in the sales areas they have targeted.

Even if coercive sales practices are not used, consumers appear to be generally uninformed about alarm systems. Potential customers may not have had prior information about the operation or selection of alarm systems prior to a system being "recommended" to them by the alarm company. Police, community, and neighborhood crime prevention programs increasingly have played a role in educating business and residential consumers about alarm systems. However, a content review of various crime prevention literature by the project staff revealed two common deficiencies: (1) alarm sensor types are often explained, but there is little information to delineate the relative merits of different system types and configurations offered by alarm companies; and (2) suggested questions for consumers to ask about the alarm company are biased toward larger firms even though many quality smaller firms exist; in fact, there are more small than large firms.

Recommendations

- Alarm Response Demonstration Programs As noted below, several unresolved issues must be explored and resolved in order to make contracted alarm response a viable concept. Research and demonstration programs, however, may provide an opportunity to test different strategies and mechanisms for delivery of alarm response. Alarm response is such a critical issue in police and security relationships that there should be rapid movement to address this issue.

- Alarm System Consumer Guides More comprehensive guides should be developed to assist consumers in selecting alarm systems. Particular attention should be focused on the relative merits of professionally installed alarm systems and the growing availability of "over-the-counter" retail sales of inexpensive, modular wireless units.
- Advertising and Sales Practices Business ethics committees of regional and national alarm industry associations should develop standards and codes of ethics for product claims, sales literature and use of crime data by alarm firms.
- Police Alarm Investigation Skills A short curriculum should be developed for law enforcement in-service and recruit training schools on the nature of alarm systems, false alarms and proper techniques for investigation of activated alarms.

Future Research Needs

- Contracted Alarm Response Issues The simple "demand shedding" of alarm response through outright transfer or contracting would not be an acceptable solution for some groups. Sizable portions of the commercial sector might still prefer (and successfully lobby for) continued public safety response to hold-up, burglary and fire alarms. This would discriminate against residential alarm systems, but it raises the larger research question of whether the deterrent value in response comes from police authority or from merely a uniformed and armed response. If the latter is true, then there is no difference at present between armed central station alarm runners and police response as a deterrent value--alarm runners as a contracted agent for the property owner even have authority to apprehend suspects.

Special police officer status limited to alarm response should be explored. Another critical issue is the qualifications of personnel and companies who would perform the alarm response. The public police, for the most part, enjoy a high level of public trust, but the average citizen and police officer would need specific assurance that the contracted alarm response personnel would not use a false alarm run to "case the premises" for a later burglary attempt. The issues of security personnel and firm regulation become very germane to successful contracted alarm response.

● Graded Classification System for Alarm Services At present, the only real standards pertaining to alarm firms are those of the Underwriters Laboratories, but there are widely varying services and levels of company performance which are not addressed by these standards. Perhaps the standards development effort of the British National Supervisory Council on Intruder Alarms could serve as a model for voluntary industry standards. The standards should be based upon company capabilities, training requirements, services offered, and types of systems installed. Such designations could assist the consumer in selection of alarm equipment and services. Standards for alarm monitoring services, for example, would discourage firms from advertising "24-hour monitored response" when only using a telephone answering service.

● Tax Credit Programs The feasibility of local-level property tax credits should be explored on the theory that reduced police services result from reduced probability of burglaries when alarm systems are installed. Both law enforcement and alarm associations should continue to seek and develop model state and federal income tax credit legislation for security expenditures by citizens and businesses. The weighted premium reduction schedules of some insurance companies could be used as guidelines.

14.5.6.4 Armored Transportation

Armored car service is an essential component of private security, and it is important to note that attacks on armored cars and terminals have resulted in the largest monetary thefts in American history. Armored car services are usually associated with pickups and deliveries of cash to financial institutions. But bullet-resistant armored vehicles and armed personnel also protect and deliver securities, bonds, gold, silver, and other precious metals, credit cards, jewelry and other items of high intrinsic value to a variety of businesses and other organizations. Armored car personnel, virtually

always armed, receive higher wages and more training than most other security personnel.

Unlike other contract security operations, the user business or other organization establishes a fiduciary relationship with the armored car and courier service. The armored car company is liable for the loss of the valuables from the time of pick up until delivery to and receipt by their customer.

Armored car personnel must always be prepared for the possibility of an attempted theft, assault or hijacking. Successful attacks are usually violent and involve unusually large losses. One of the frequent techniques used in hijacking is for the attackers to impersonate police officers. Armored car crews are instructed never to leave the vehicle unattended nor to open the vehicle to other parties. Some law enforcement officers are unaware of these aspects of armored car procedures. The police officer who directs an armored car not to "double park" in the street during a pickup or delivery leaves the other armored car personnel more exposed and vulnerable to attack. This not infrequent occurrence causes friction between the police and armored car firms and personnel.

The development of electronic funds transfer has not had much impact on armored car services in the financial market for three reasons: (1) a continuing need for secure transport (especially coins) for transaction of commercial business, (2) the increase in small branch banking offices, and (3) the

proliferation of automatic teller machines (ATM's). Armored car services regularly replenish the money supply and sometimes provide routine maintenance of the approximately 25,000 ATM's in the U.S.

Several factors account for the growth of the commercial market for armored car services: (1) retail businesses have daily needs for cash; (2) rising rates of business crime have made many merchants reluctant to carry their own deposits, and they now use armored car services; (3) the growth of fast food restaurant and 24-hour convenience food stores requiring more frequent deposits; and (4) with fluctuating interest rates compounded daily, the value of money has become much more time-sensitive, causing many commercial customers to increase their frequency of armored car service to maximize the time their deposits will be earning interest. Some smaller police departments continue to provide police escorts for merchant deposits to the bank, but most departments have had to curtail or eliminate this service because of the volume of requests and the increased police workload supported by fewer resources.

14.5.6.5 Security Consulting Services

Five principal categories of security consulting have been identified: engineering, management, investigation, executive protection, and computer security. Most security consulting firms are closely-held private companies with only a few

employees. The principals of these firms usually have established areas of specialty through prior career experience in law enforcement, private security, military or intelligence agencies.

In more recent years, engineering and technology-oriented consultants have been working more closely with architects and builders to incorporate security considerations into the design of buildings. Unlike other engineering disciplines, however, there are few standards or codes to guide this process. One important aspect of overall security design is the relationship of the security operations plan of the facility to the resources of area law enforcement agencies: the use of proprietary or contract central stations for monitoring of security systems, the size and training of the security force, communications and other support systems for the security force, specific facility vulnerability, and law enforcement and fire fighting response policies.

Smaller businesses in the community have come to rely upon the commercial security survey and crime prevention programs of the police or sheriff's department, but larger businesses and organizations typically use the services of a security management consultant. The security management consultant recommends cost-effective measures to meet the unique security needs of a particular organization, site or facility. Similar to engineering-related security consulting services, the security management consultant takes into consideration the re-

sources of local law enforcement agencies in evaluating a corporate or institutional security program.

Other security consultants specialize in counterterrorist, executive protection, and crisis management planning. As noted earlier, a "new breed" of financial and legal investigators has emerged who investigate complex internal and external fraud, commercial bribery, arson, and other economic crimes as well as gathering business intelligence data for their clients. Investigative consultants work almost exclusively for law firms, Fortune 500 companies or insurance companies. Unlike the private investigator and police detective who "close the case," investigative consultants emphasize remedial loss control procedures upon completion of the investigation. Investigative consultants are a largely untapped resource for police and prosecutors in the investigation of complex forms of economic crime.

Most police investigators and prosecutors have little technical knowledge of the basic operational concepts involved in computer systems and computer-related crime, and the computer security consultant has become a valuable resource for security directors, information systems managers, police investigators and prosecutors. This consultant is often able to establish an audit trail of transactions, especially where security software has failed or security procedures have been circumvented. Once the audit trail has been established, suspects can be identified and evidence collected to document a case for criminal prosecution and financial recovery.

14.5.6.6 Specialized Services

A number of specialized security services also exist which require occasional interaction with law enforcement agencies and personnel. Drug detection and awareness services offered by some guard, investigative and consulting firms may involve undercover investigations. For example, a security firm employee may be hired to act as an operative among suspected users and dealers. The investigations are often coordinated with local law enforcement agencies, and evidence and information on sellers is turned over to the police for prosecution. Similar techniques are used to detect suspected internal theft and collusive theft operations which might occur in warehousing/distribution centers and production lines.

Crowd control services are provided by security firms at large sporting events, concerts, fairs, trade show exhibitions and other public events. Private security firms often provide the majority of protective personnel for the event and they usually outnumber law enforcement officers. Security officers frequently interact with law enforcement officers in order maintenance activities. Occasionally, they share a common radio frequency for communication purposes.

Strike protection services are another example of specialized security services which interact with law enforcement. In the event of a labor disturbance anticipated from prolonged collective bargaining or strikes, corporations frequently

employ a contract security service to ensure safe operation of the facility during the labor dispute. The contract service works with the company and local law enforcement agencies in planning for crowd control and controlled access to the facilities.

One of the newest security services to emerge offers private vault rooms as an alternative to bank vaults and safety deposit boxes for the storage of stocks and bonds, wills, stamp collections, jewels, art objects, and items of personal value. These facilities provide comprehensive security and easy accessibility for their patrons. At present there are no security standards for these facilities, unlike financial institutions which must adhere to provisions of the Federal Bank Protection Act. The presence of such a facility requires liaison with local law enforcement agencies for alarm monitoring and response procedures.

14.5.6.7 Common Operating Aspects

Several common operating aspects of contract security services directly impact the quality of private security services and their relationship with law enforcement: (1) the image portrayed to the public through the use of company names, advertising and sales practices, and uniforms and equipment; (2) financial issues ranging from liability and other insurance and bidding practices; and (3) the impact of licensing and regulation on company operations.

Most guard, armored car and central station (for alarm runners) firms utilize uniforms, badges and equipment similar to those of law enforcement agencies. Police officers resent the possibility of mistaken identity--the assumption by a citizen that private security personnel might be sworn police officers. The PSTF recognized this potential problem and suggested as a standard that uniforms, badges and titles for security personnel be clearly distinguishable from those of law enforcement. However, our field work indicates that in many respects they are still similar. In fact, many firms attempt to capitalize on a quasi-government or police image through company names, advertising and sales practices. Police officers and security officers in the study sites, however, agreed that police-type uniforms enhance security officer effectiveness when dealing with the general public, suspects and company employees.

Small security firms appear to be very susceptible to business failure. Guard and alarm firm executives agreed that the leading reasons for business failure among small firms pertain to poor business skills and experience rather than inadequate security experience. Small security firms often forego the expense of liability insurance in order to reduce operating costs; some even complain of the cost of surety or performance bonds required in about one-half of the states that license private security firms. A surety bond, however,

does not provide any third-party protection against the dishonesty of company employees, nor does it protect the company itself from the actions of its employees.

The practice of "low balling" or unrealistically low bidding is a problem noted by the PSTF which is still prevalent today. This practice forces contract prices to artificially low rates and keeps guard wages near minimum wage. Proprietary security managers in the Hallcrest national survey paid an average billable rate of \$6.62 per hour in 1981 for contract security guards. With wages typically accounting for 60 to 75% of the contract bid price, guard wages would thus be within 20% of minimum wage. This practice results in firms being run at a gross profit margin of less than five percent, and creates, as noted by the PSTF, a "vicious circle" where such factors as "low salaries, marginal personnel, lack of promotional opportunities, high turnovers, and little or no training, lead to one another and result in ineffectual performance."

Some guard firms have also been engaged in questionable practices such as "front loading" and "ghosting" of contracts. "Front loading" provides specified levels and quality of personnel and supervision only at the beginning of a contract, then tapers off and provides lesser caliber and lower paid personnel. In "ghosting" the client is billed for salary increases never paid, overtime and holidays never worked and supervision never received. The extent of these unethical

practices is not known, but they are cited as a significant problem by contract security guard firm managers.

Questionable sales practices have also been cited as a problem for some alarm, armored car, and security equipment firms. In alarm equipment contracts, particular equipment or system components are specified in technical terms with an inference that certain brand names will be provided. Later, inferior equipment may be substituted at installation. In alarm sales, the use of outside sales personnel sometimes results in a considerable discrepancy between what the customer thought was purchased and what the sales person actually specified in a contract--the practice of "over-promise and under-deliver." This technique makes it difficult for consumers to have assurance that they are receiving comparable bids in a competitive situation. Similarly, in armored car service, misrepresentations can easily be made to commercial accounts, including the type of armored vehicle (van or truck), training and number of personnel, pick-up procedures, and the firm's on-site storage facilities.

Private security firms are frequently licensed and/or regulated by state and local government--in some states both sets of requirements must be met to obtain a license. In the Hallcrest national surveys, returns from companies in all fifty states indicated that approximately 75% of the guard and patrol firms and more than 80% of private investigative firms are regulated by state legislation. While 35 states license

guard and patrol firms, only 22 of the states and the District of Columbia require the registration of guards.

In fewer than 12 states, the same agency or board regulates alarm companies and armored car firms as well as guard and investigative firms. Alarm companies must obtain a license in about one-half of the states, and the armored car industry is frequently subject to regulation by state public utility commissions and the Interstate Commerce Commission. In the Hallcrest national survey, about one-half of the central station alarm firms and one-third of the local alarm firms reported that certain aspects of their operations were regulated by state statute.

Security firms generally oppose law enforcement as the appropriate agency for security industry regulation due to potential conflicts of interest, given the prevalent practice of police moonlighting in private security. National and regional security executives expressed a preference for security industry representation on, and full participation in, the administrative rule and decision-making activities of statewide regulatory bodies. Currently less than one-half of the state regulatory agencies have some form of security industry representation, without which, unnecessarily restrictive regulations can result.

Local contract security managers, national and regional security executives, proprietary security managers and law enforcement executives in the national surveys all showed an overwhelming support for state licensing and regulation of

private security. Local licensing is strongly opposed by contract security firms, but favored by local law enforcement. Security firms and the state licensing agencies favored state statutes that preempt local licensing and regulation which are often a duplication of effort, contain conflicting requirements and provisions, and may involve excessive regulation and additional expense for security companies. Police and sheriffs' departments, however, favor the use of city and county ordinances to control private security. About one-half of the surveyed law enforcement administrators would like to have the power to suspend or revoke the license of firms and employees or recommend their removal, but few reasons were offered for desiring these powers.

Law enforcement desires for local control of contract security firms may be rooted in their belief that current state regulation is too lax. Proprietary security managers, as primary consumers of security services, were divided on this issue as were guard and investigative firms; just over one-half of alarm firms, however, agreed that existing regulatory provisions are too lax.

On the whole, Hallcrest did not find state regulatory provisions to be stringent. Liability insurance is required only by 11 states, and liability and bonding insurance is required by only 5 states. The amount of surety or performance bonds is modest, in most states ranging from \$2,000 to \$10,000. Mandatory training requirements for armed security personnel are imposed by only 13 states, and 9 states require

training for unarmed personnel. Only 4 of the 13 states requiring firearms training meet the pre-assignment (24 hours) or requalification number of training hours and content in the PSTF standard; and only 18 states even require a weapons permit for security personnel.

Despite the overwhelming support for state regulation, neither of the key interest groups--law enforcement, contract security, proprietary security--felt the current regulatory legislation was effective in "assuring good private security employees and business practices" in their area. Approximately 40% of the state regulatory agencies also felt that they were not effective, and nearly all of the regulatory agency survey respondents had specific suggestions for improving the effectiveness of their existing legislation. License processing delays due to insufficient resources are a burden on security companies, and allow both armed and unarmed personnel to operate up to six weeks in some states while awaiting license approval.

The state regulatory agencies report good relationships with the contract security firms they regulate, and they perceive the industry as generally supportive of many changes which the state agencies have proposed. Most resistance to expanded regulations centers on the additional cost to be absorbed by the security firms in providing mandatory training. States with existing training requirements point out, however, that the increased overhead is borne equally by all companies and passed on to the consumer. The high turnover of

security personnel for some firms, on the other hand, places more of the training expense on security firms.

Recommendations

- Security Uniforms and Equipment A balance must be achieved between the dangers of mistaken police identity and the need to attain a certain degree of authority through uniforms in the exercise of security duties. If private security is to play a more prominent role in providing protective services to the community or to assume any tasks currently performed by law enforcement, then the issue of clearly distinguishable uniforms and equipment must be thoroughly addressed.
- Advertising and Sales Practice Standards It is only proper that businesses promoting security should adhere to the highest standards of business conduct. Services should not be implied which legally and contractually cannot be delivered. Comprehensive standards governing the advertising and sales practices of security companies should be adopted.
- Insurance Requirements Enactment of legislation making general liability insurance and third-party fidelity bonding mandatory for security firms would provide greater consumer protection for the incidents of security firm and personnel impropriety. On face value, we do not find the cost of this insurance prohibitive for even the small entrepreneur; the costs appear to be reasonable and should not pose a barrier to entry into the security field. The reputable owner would incur these expenses as a cost of doing business in view of the potential liability in contract security.
- Industry Regulation In Section 14.6 we have made specific recommendations on use of statewide preemptive legislation to upgrade private security through regulation including (1) industry representation on regulatory boards, (2) independent regulatory boards, and (3) key regulatory provisions. In addition, adoption of standards, codes of ethics, model licensing, certification programs for operational personnel and contract performance specification standards are recommended.

14.5.7 Security Personnel

Based upon poor knowledge of legal powers, little training, abusive practices and the prevalence of weapons among surveyed security employees, the Rand report in 1972 recommended extensive licensing and regulation and mandated training of private security personnel. Among 10,000 contract security personnel in Ontario, the Canadian researchers, Shearing and Stenning, in 1976 found the same lack of knowledge of legal powers. Yet, they also found that most contract security personnel only infrequently carried weapons or effected detentions, searches or arrests. Their data suggested that the typical situations encountered by most private security personnel do not require extensive legal or other police-oriented training. Hallcrest sought to gather data for comparison with findings of the Rand and Shearing and Stenning studies. Further, we wished to test these findings with proprietary security employees. Accordingly, many of the survey items of these two studies were replicated in questionnaires distributed to security employees in the case study sites in Multnomah County (Portland), Oregon, and the Baltimore County, Maryland area.

Recruitment and selection of security employees is a key area of concern; these processes vary greatly among organization types and security positions. The backgrounds of investigators are heavily oriented toward law enforcement, military, or intelligence backgrounds. Armored car firms often

will hire moonlighting police officers because of their extensive training, firearms proficiency, and their ability to exercise discretion and act under emergency conditions. In general, however, our data confirms other research that indicates (1) private security personnel are drawn from different labor pools because they perform different functions, and (2) the personnel characteristics they bring to their work situations are consistent with the functions they perform.

Although law enforcement and private security companies have different functions and, for the most part, draw upon different labor pools, they both provide protective services to the community. However, as noted above, they are not afforded the same level of access to criminal history record information (CHRI). In states with no licensing agency and no access to state-level CHRI, it is extremely difficult to validate information concerning prior arrests and conviction records on applicants for security positions. Until both proprietary and contractual security managers have controlled access to CHRI for screening of applicants, the "potential for abuse", noted by the Rand report will remain at a high level because of the uncertainties inherent in the selection process.

Ten years later, however, the Hallcrest data does not support the patterns of widespread abuse by private security personnel nor the stereotype of the untrained and poorly educated guard presented by the Rand report.

The Rand report described the typical security guard as

...an aging white male, poorly educated, usually untrained, and very poorly paid... He averages between 40 and 55 years of age, has had little education beyond the ninth grade, and has had a few years experience in private security.

Ten years later our field study data found the "average guard" to be a young white male, a high school graduate with probably some college exposure, who has met at least the minimum recommended pre-assignment training standards of the PSTF. The median age is 33 years, and only about 15 percent have not completed high school, while 45 percent have done some college work. Pay is still near minimum wage for many contract guard employees and their training frequently consists of mostly on-the-job training. However, other contract guards have opportunities to earn higher wages in "premium" assignments. While 65% of contract guards felt their pay was too low, they expressed basic job satisfaction--only about one-fourth of them said they took the job because they were unemployed and could not find other work. Some proprietary guards earn as much as some police officers, and clearly see a career path, with over one-half of them expecting to hold their job until retirement. Clear differences can be found between contract and proprietary security personnel: proprietary guards have greater levels of training, education and compensation. Police officers, however, often fail to distinguish between contract and proprietary security personnel.

Private security personnel perform very few of the common activities of police officers. Most security personnel are directly involved in protecting assets and preventing losses, and a criminal incident is just one of several potential threats. The most frequent security problem encountered by guards, is carelessness (unlocked doors, etc.) followed by trespassing, fire hazards, vandalism, disturbances and fire alarms. Proprietary security officers report only occasional response to burglar alarms, employee and external theft, and breaches of company regulations. Although some wrongdoing has been documented among private security personnel, we found no hard empirical data to support the high level of private security misconduct seized upon by the media and suggested in the Rand report. Our findings are based on candid interviews about self-reporting of detention, arrest, use of force and type of security incidents from the field studies. First, less abuse and fewer opportunities for abuse occur because there is very little interaction, on the whole, with the general public, except for contract guards and store detectives in retail settings, shopping malls, and guards at public events. The majority of both proprietary and contract security guards are located in manufacturing or industrial settings. Alarm runners responding to the scene of activated alarms were the only contract employees who had frequent occasion to detain and arrest suspects. Second, company and client policies appear to discourage security employee detentions, searches, and use of force in most situations. The only

exceptions were retailers in both sites and defense contractors in the Baltimore area sample whose security personnel have special police officer status.

Third, the lack of security guard legal knowledge was noted in both the Rand and Shearing and Stenning studies; however, the latter study and Hallcrest's site data suggest that only rudimentary legal training is required for security personnel. Yet, at the same time, some minimum level of legal training should be provided for all security employees, since one-half of the law enforcement officers in the sites reported that they were either personally involved in or had witnessed private security employees exceeding their authority: e.g., improper arrest, excessive physical force, attempting traffic arrests, and improper stop, interrogation and search. Many of the incident types were those cited by the Rand and Shearing and Stenning studies as the offense types most often misidentified or miscategorized by security officers. Since knowledge of legal status has a bearing on most of these bearing on most of these incidents, the abuses of authority could be minimized by providing all security personnel with basic legal training.

The contract employees most frequently carrying firearms are armored car personnel, security supervisors and alarm runners. Law enforcement officers often express a concern about the number of armed "guards" but do not always distinguish between types of contract security personnel; yet, of all groups of uniformed security personnel security guards are the least often armed. Less than 20% of surveyed guards and

their supervisors in the case study sites saw a need for a firearm in their present assignment. In Multnomah County, Oregon, (a site with no regulation), there were significantly higher numbers of contract than proprietary personnel with weapons. This may indicate that the absence of regulation encourages use of firearms by contract security firms. Overall, however, the potential for firearms abuse appears to be higher in proprietary security operations when entire proprietary forces are armed, thus increasing exposure. We concluded from the site data that employees carrying firearms generally feel their jobs require them. Higher percentages of employees carried firearms in the study sites than the estimates of most proprietary and contract security managers in the national surveys.

Contract and proprietary security managers reported a median of about eight hours' instruction on legal and policy restraints in the use of firearms. However, the survey of national and regional security and the site surveys suggest that the total amount of firearms training for armed contract security guards does not exceed eight hours. The national and regional security companies reported a median of 12 hours for all pre-assignment classroom training for armed personnel--the PSTF recommended twice that amount for just firearms training. Over one-half of the armed security personnel in both sites received less than four hours' firearms training from their companies, when police-trained personnel and alarm runners were excluded from the data analysis of self-reporting of

firearms training. Much of the training concentrates on the mechanical aspects of firing a gun and weapon safety and does not focus on legal restraints or on situations which could be encountered in actual assignments.

The low levels of company-provided firearms training in the site data do not necessarily indicate a lack of firearms instruction, since many contract and proprietary personnel reported being trained with firearms in the military or by the public police. However, 40% of contract personnel report being "self-taught" in the use of firearms--not relevant experience for the actual field situations to be encountered by security personnel. The PSTF standard seems reasonable for the protection of the general public, yet, only 13 states require training for armed security personnel and only 4 of these meet the PSTF standard of 24 hours pre-assignment training of which 3 are to be a discussion of legal and policy restraints. Although comparatively few security personnel are armed, private security companies do not appear to have taken the initiative to provide adequate, verifiable levels of firearms training.

The PSTF also recommended 8 hours of pre-assignment classroom training for all security personnel, but 60% of the contract firm managers reported less than 8 hours training in the Hallcrest national surveys, and a median of only 4 hours was reported by the national and regional security firm executives. Security employees in the sites reported higher levels of training, but this training is heavily oriented to the

particulars of the duty assignment and is accomplished largely through on-the-job training.

Thus, although progress has been made in greater amounts of classroom training since Rand found only about one-third of security employees trained in the classroom, the PSTF standards have served only as benchmarks and have rarely been attained. (Upgrading private security through mandated training is discussed in Section 14.6.)

The background, experience and training of security managers is different from that of their employees, especially prior military or law enforcement experience. Proprietary security managers are more likely to have both law enforcement and military experience than contract security managers--over half report experience in each field. In addition, there may be an emerging trend of drawing some security managers from nontraditional backgrounds who assume loss prevention responsibilities as just another position in their career path in the organization. No significant correlation was found between type and years of experience for proprietary managers and the number of security employees, security budget, security manager salary, and the sales or asset value of the organization. Over one-half of contract security managers reported only private security experience.

Many senior law enforcement managers have considerable interest in a second career in private security. Motivation, in part, may be the fact that most security directors and many security managers earn more than the chiefs of police and

sheriffs in their area. As a composite profile from the 1981 Hallcrest national survey data, security directors with responsibility for national and international operations earn over \$40,000 as a median base salary, and security managers responsible for a corporate division earn from \$30,000 to \$35,000 base salaries. The Hallcrest data found that even local facility security managers earn a substantial median base salary (\$30,000) compared to many chiefs and sheriffs.

14.5.8 Security Technology

Security technology is likely to impact private security and law enforcement resources in four different ways. First, refinements in both existing and emerging technology will be incorporated to some extent into security systems to enhance the basic capabilities now available. Microprocessor refinements will enable security components and systems to accomplish more tasks and process additional information faster and more reliably. The reduced size and cost of components and systems will bring security devices and systems within the financial reach of many more private citizens and small businesses.

Second, various new technologies will be applied to traditional security problems, resulting in completely new approaches and strategies for protection, e.g., robotics, thermal optics and designed-in security for computer hardware and software. Third, greater emphasis will be placed on the

integration of security systems to permit monitoring of numerous and varied sensor types within a single zone of protection and, in turn, to monitor a large number of protected zones.

The fourth--and most important--impact of security technology will be its interaction with human resources. Remote access control and microwave transmission of CCTV monitoring, for example, requires fewer security personnel for monitoring of perimeter and interior areas. The integration of several detection and monitoring functions frees security personnel to perform other tasks. Comprehensive, accurate and rapid assessment of security problems and programmed response options for security and police personnel will be provided by a combination of (1) more intelligent sensor devices, (2) faster signal transmission through fiber optic, and microwave communication links, and (3) the analytical abilities and graphic displays of small computers. In addition, police and security relationships would improve if the reliability of systems and the self-diagnostic capabilities of sensors were increased, thereby reducing false alarms. Better trained security personnel would be required to interface with the newer security systems--another factor which would ultimately improve police and security relationships.

Advances in both existing and emerging technology will significantly improve the ability of the private and public sectors to protect the community. Technological advances will also place higher levels of monitoring and detection within

economic reach of a larger cross section of all segments of the general population--commerce, industry, institutions, government and residential. Overall potential for physical target hardening and general deterrence will depend largely upon the ability of private security and law enforcement to increase public awareness of protective choices. Law enforcement and private security have a unique opportunity for combining their efforts in broad-based community crime prevention programs to enhance the overall level of physical security in the community.

Recommendation

- Technology Transfer Mechanism The task of assessing security technology impact was generally hampered by the following: (1) there is a scarcity of literature which monitors improvements in existing security technology and identifies emerging technologies; (2) what little information is available is not readily released by either the private or government sectors; (3) technical data are generally lacking, and (4) there are no existing mechanisms to transfer government funded and sponsored security technology research to the private sector. Despite the Federal Government's concern for establishing transfer mechanisms for space technology to the private sector to improve quality of life, similar effort has not been focused on the potential for a comparable impact on crime control and prevention in the United States. The Federal Government should establish a mechanism to assess and transfer security technology information to both private security and law enforcement.

14.6 UPGRADING PRIVATE SECURITY

14.6.1 Recommendations of Survey Respondents

Upgrading the quality of security personnel was the most frequent recommendation made by both law enforcement and security managers to improve private security and their working relationships with the police. Contractual employees were concerned about receiving a greater degree of respect from the police, but law enforcement officers in the study sites made it clear that greater respect for security personnel is largely contingent upon upgrading the quality of security personnel. This is a critical issue if private security is to assume greater responsibility for the performance of traditional police functions and tasks discussed throughout this report.

The recommendations of both the national and site survey respondents are consistent with their ratings of private security performance. The overall quality of security personnel was rated poor by law enforcement; they were most critical of poor training and the lack of familiarity with legal powers. Contractual and proprietary managers in the national surveys reported higher levels of training than security employees reported in the two case study sites, but even then about 60% of contract managers reported less training than the PSTF minimum standard of eight hours' pre-assignment training. Both the national and site surveys confirmed earlier research indicating on-the-job training (OJT) is heavily emphasized, especially in contract security. Many of the security jobs

involve limited public interaction, so most training focuses on the particulars of the duty assignment. Perhaps two or three hours of the PSTF and Private Security Advisory Council (PSAC) model guard pre-assignment training curriculum are covered in the company OJT program, but most contract security training programs would not meet the eight-hour pre-assignment training minimum. More than 80% of the survey respondents advocate mandatory specified levels of training for both proprietary and contractual security personnel.

In both the performance rating of private security personnel and the recommendations for improving private security, a second major area of concern is the personnel selection process, especially the need for criminal background checks of prospective security employees. Such checks are inhibited in many states, because both proprietary and contractual security firms are denied access to criminal history record information. Over 90% of law enforcement executives and security managers agreed that pre-employment criminal record checks should be a required element in the selection process for both proprietary and contractual security personnel.

14.6.2 Training, Education, and Certification Programs

Even though law enforcement criticizes private security and insists that upgrading private security is essential to improved working relationships between them, some improvement has occurred in these areas since the Rand and PSTF reports. Both the national and site survey data and reconnaissance

interviews throughout the country support this trend. The number of commercially available security training programs has risen along with the number of academic programs and certification programs available through security associations. Private security over the past five to ten years appears to be going through a growing period similar to that following the Mapp vs. Ohio and Miranda vs. Arizona court decisions, which precipitated the expansion of police training and education programs.

During this research, a number of entry-level security guard video and audio cassette training programs were discovered that encompassed much of the PSTF/PSAC eight-hour pre-assignment course content and provided additional training material. These commercially available training programs would be well suited for minimum level entry training of most security employees because, according to the Hallcrest survey data, there appears to be a degree of commonality in the basic functions of security employees, especially guards. The availability of reasonably priced training materials and resources largely negates the arguments of smaller firms that training is a major financial burden. While it is true that some fixed security posts have narrowly defined, unique tasks that may be learned through a few hours of on-the-job training, we believe most clients and the general public expect security personnel to have completed at least the minimum eight-hour pre-assignment training specified in the PSTF and PSAC standards.

Where training has been mandated, a delivery system for training has emerged. In addition to entry-level preparation, training of specialists, supervisors and managers is being provided by training companies, business education divisions of large companies, associations, and educational institutions in specialized seminars. The workshops and seminars of the American Society for Industrial Security (ASIS), for example, have increased threefold since 1977 and are attended annually by nearly 1500 people. State-mandated training for entry-level positions has been met primarily through programs certified by the state regulatory agency. The Academy of Security Educators and Trainers (ASET) emerged in 1980 from a nucleus of academicians and security trainers and has developed a certification program for security trainers.

Thus, there has been a proliferation of training resources and materials since the Rand and PSTF reports. However, there is no central catalogue or formal certification of training programs and materials. The security practitioner discovers these resources through occasional listings in trade and association publications and marketing efforts of the sponsoring organizations.

In some states, police academies conduct training for private security personnel. This has occurred out of agency interest, the request of the state regulatory agency, or as part of the regulatory legislation. Some state and local law enforcement agencies have also provided security officer training. In some instances the training has been clearly

beneficial and has been desired by private security, but in other programs the training content is too "police" oriented: that is, the training stresses law enforcement-related knowledge and skills (which are often of little use to private security) and ignores more important and practical subjects.

There are benefits to law enforcement training of private security only when economies of scale accrue in using shared facilities and when the core course content has been mutually developed. Cooperative firearms training would appear to greatly improve relationships since perceived weapons abuse by private security is a key area of contention among law enforcement personnel. Cooperative use of firearms instructors and facilities would be cost effective and encourage interaction.

The influence of law enforcement has also been strong in security education programs. Most of the early security courses and degree programs were offered as part of law enforcement and criminal justice academic programs which themselves were just beginning to gain both academic and practitioner acceptance. Educators and practitioners have differing views on placement of the security curriculum in the academic setting. One view places law enforcement and security academic programs on a co-equal status, highly interrelated because of their mutual orientation to crime prevention and control. A second view holds that security programs tend to be underdeveloped and overwhelmed by the law enforcement curriculum, and that security should be an independent major or closely

aligned with business or management departments. A third view is that placement of the security program within an academic department is less important than having a multidisciplinary emphasis on security, law enforcement, and business courses.

The field of security in itself is a specialized area of knowledge, but it is debatable whether security, in the traditional academic sense can be considered a separate body of knowledge--one girded with a strong research base like most other academic fields. Hallcrest's review of the literature in the field indicates an absence of scholarly material in most publications, and the publications of other disciplines focus minimal attention on security-related topics. The lack of a research base reflects the scarcity of available research funding and the competitive nature of academic programs amidst declining college enrollments. The demise of LEAA funding for educational programs has left some law enforcement and criminal justice programs struggling, while many security programs are heavily dependent upon them for their own survival.

The academic merits of security as a separate course of study become an obscure point of discussion considering the rapid growth of security education programs over the past ten years. From less than a handful of Associate degree programs in 1972, security education has grown today to encompass over 150 institutions offering Associate degree and certificate programs, 35 institutions with the Bachelor degree, and 10 institutions offering the Master's degree. Many of the pro-

grams have bridged the gap between theory and practice with internship programs in business and industry.

We doubt if there will be any further recognition of security as an academic discipline or private sector research until a Private Security Institute (recommended earlier) or similar body is established and appropriately funded. Corporate entities, especially in the insurance industry, would benefit most from research activities in loss prevention. Yet, in the past, their support has not been forthcoming in any substantial amounts for such efforts as the ASIS Foundation or the Alarm Industry Research and Educational Foundation. Perhaps leaders in the security field must do a better job of "educating" executives in business and industry of the need for education and research programs in security, loss prevention and economic crime.

In addition to entry-level, supervisory and managerial training and education programs, the PSTF also recommended the development of professional certification programs. A Professional Certification Board, commissioned by the ASIS, established the Certified Protection Professional (CPP) designation to identify individuals who meet prescribed levels of security management and experience and to encourage security professionals to pursue professional development. To qualify for CPP, candidates must demonstrate proficiency by examination in eight mandatory subjects and four subjects of the applicant's choice in specific fields of security. Ten years' security experience, half of which must have been in positions of

"responsible charge", are also required, but academic degrees may be partially substituted for some experience. Between 1977 and 1982, about 2500 individuals have been certified-- either by review or through the examination process.

The PSTF also recommended certification programs for operational personnel. Forty-hour training programs developed by two national security associations (hospital security and shopping center security) in effect complete the two-phased PSTF training standard of 8-hours pre-assignment training and a basic 32-hour course within three months of employment. These programs recognize that most state-mandated training is designed to meet only minimum training needs. Certification programs in other fields have not emerged.

In summary, the security industry has made considerable efforts over the past decade to upgrade the quality of security personnel by establishing training, education and certification programs.

14.6.3 Standards and Regulatory Controls

The economic and social consequences of security officer actions extend beyond simply the "business transactions" covered by most regulatory controls. Security personnel assume responsibility for life and property, and, like police officers, their actions, left unchecked, could violate Constitutional rights of individuals and even take a life through a firearms mishap. Without some means of control, private secu-

rity is subject to demonstrated abuse of authority and improper business practices. Hallcrest did not find patterns of widespread abuse by private security firms or personnel. But, without question, abuses have occurred in all areas of the country regardless of the level of government regulation.

There are some overwhelming public safety issues which justify public concern for adequate controls on private security. The serious consequences of errors in judgment or incompetence demand controls which ensure the client and the general public of adequate safeguards. If government is to allow private security a larger role in providing some traditional police services, then it needs to ensure that sufficient training and appropriate performance standards exist for the participating security programs--both proprietary and contractual.

Some segments of the security industry have supported statewide licensing and regulation of private security. Yet, others have resisted such efforts, maintaining that government should have a laissez faire (noninterference) position with regard to private security. Some proponents of the laissez faire position recommend that the industry impose its own standards, while others note that the marketplace is ultimately the regulator of performance standards in its selection of security services and products. Some smaller firms feel that occupational licensing has been used traditionally by the

"professions" to restrict competition; they thus oppose licensing and regulation because of the cost and the tendency to restrict entry of new firms and growth of small firms.

Hallcrest conducted a detailed review of the 83 standards and goals recommended by the PSTF, the Model Guard Statute and Codes of Ethics developed by the PSAC in the mid-1970's. Although we have some minor differences in substance (but not intent), we feel strongly that these documents have stood the tests of scrutiny and time. However, since their development, little overall leadership has been exerted by either law enforcement or private security associations to fully discuss and implement these standards. Less than half a dozen states have reviewed the PSTF standards or successfully obtained enactment of the PSAC Model Guard Statute. The majority of contract security and law enforcement managers in the national surveys were not even aware of the PSAC Model Guard Statute, and only one-third had reviewed the PSTF standards. The ASIS, at its January 1983 Board of Directors meeting, urged states to adopt the Model Guard Statute but the ASIS also abolished its standing committees on Ethics and on Standards and Codes in the prior year.

The private security industry, however, has demonstrated that it can impose standards. The disarming of large numbers of security personnel by the contract security industry itself (to an estimated 10% or less of all security personnel) might be construed as a self-imposed standard by the industry to deemphasize the need for the use of firearms. Another example

of self-imposed standards is the increased use of education and public awareness techniques, rather than punitive ordinances, in false alarm abatement programs. The experience of the British Security Industry Association (BSIA), despite its limitations and exclusion of small nonmember firms, has demonstrated that industry-imposed standards can be developed at the national level (reportedly encompassing 90% of Britain's security industry business volume) and can make a contribution to upgrading private security. For several major components of security services, the BSIA has adopted standards pertaining to personnel screening procedures, wage levels, supervision, training, liability insurance, and physical facilities.

The major arguments, then, offered for self-regulation rather than government-imposed regulation of private security are consumer economics, excessive cost, and restricted competition for smaller firms. These arguments have some merit, and we agree that in the end the marketplace always is the best regulator. At present, however, in the absence of any substantive security industry leadership in setting and gaining adherence to performance standards, state-level licensing and regulation is needed. A large number of our surveyed contract security personnel and armed proprietary personnel met minimal model guard statutes and PSTF standards. These standards and regulations are not a big burden on competent, well run, ethical security firms; compliance is simply a good business practice.

The track record of self-regulation has largely been little regulation, yet government controls alone have offered too simple a solution to a complex problem. Industry and government have relied almost exclusively on legal mechanisms to control and upgrade private security. A balance is needed between industry-imposed standards and preemptive state legislation. The three groups in the best position to influence the nature and operation of private security are the industry itself, clients, and the general public. We agree with the Canadian researchers, Shearing and Stenning, that "careful and selective use" should be made of legislation in conjunction with control mechanisms which can be exerted by these three groups.

Across all surveyed groups--law enforcement, proprietary and contract security, major national and regional security companies--there was a consensus that licensing and regulation has not been effective in assuring quality security personnel or sound business practices. Nevertheless, these groups still express a need for government regulation. Despite complaints of stringency by contract security and of laxity by law enforcement and proprietary security in provisions of existing legislation, over 80% of those surveyed agreed that a state regulatory statute is needed. In addition, the same level of respondents agreed that there should be mandatory criminal background checks and specified levels of training for both proprietary and contractual security personnel.

Some proprietary security directors feel strongly that government has no right to impose conditions on how an organization chooses to protect its own assets, especially with its own resources. Other security managers are concerned that their companies may view their security programs as excessive or costly if they exceed the minimum requirements imposed by state legislation. This, however, is precisely the point--most proprietary programs can meet or exceed the personnel requirements of existing legislation. Minimum screening and training requirements for proprietary security should not impose any burden on the well-designed proprietary security program. At the same time, the requirements could help minimize the potential for abuse, especially for armed personnel who are found in greater numbers in proprietary rather than contract operations.

Recommendations

- Standards, Codes of Ethics and Model Licensing The efforts of the PSTF and the PSAC have stood the test of time, and both groups were well-represented by law enforcement, business, and all facets of the security field. Statewide licensing should be required for guard and patrol, private investigation and alarm firms. The profound effects on upgrading private security relationships with law enforcement will occur as a result of the cooperative action of the security industry, law enforcement, and state governments in implementing the measures encompassed by the PSTF and PSAC efforts.
- Statewide Preemptive Legislation Although law enforcement seeks closer local control over private security, a proliferation of local licensing ordinances deters adoption of minimum standards and imposes an unnecessary financial burden on contract security firms with the redundant licensing "paperwork" and fees. Some latitude might be granted local law enforcement to impose tighter

controls on some aspects of private security operations, but they should not be unduly restrictive and should withstand tests and measures of cost-effectiveness.

- Interstate Licensing Agency Reciprocity Interstate operations of contract security can be unnecessarily hampered by having the same personnel comply with different personnel licensing requirements of adjacent states--and sometimes cities and counties. The same standards of state-level licensing and regulation in all states and reciprocity (i.e., recognition of other states' regulatory provisions) would facilitate more efficient delivery of security services and decrease state regulatory costs.
- Independent Regulatory Board with Security Industry Representation We agree with the PSTF that "meaningful and effective regulation" will occur when it is the sole responsibility of an independent regulatory board with private security representation among its members. Some states currently do an effective job of regulation by placing this responsibility in departments of public safety and state police. This has been a matter of convenience in some cases, and we do not openly criticize this administrative arrangement--it simply is not the preferred choice. Earlier, we identified police licensing of private security as a "controlling behavior" which can sustain a climate of suspicion and distrust, and preclude effective cooperation between law enforcement and private security.

Some legislatures have given "private police" regulation to the public police because of an implied commonality of functions. There are three problems with this rationale: (1) we have clearly noted differences in roles, functions and activities of private security and law enforcement; (2) the diversity of other regulated classes of security services in addition to guards and investigators--alarm, armored car and armed courier--bear little resemblance to traditional police services, and (3) the major competitor of contract security through moonlighting, is often the police--the regulator!

- Key Regulatory Provisions

- (1) Minimum levels of training should be required for all security personnel--proprietary and contractual. The development of operational level certification

programs by the security industry would help facilitate clear distinctions in levels of training required for different levels of discretion exercised, amount of public interaction, and use of firearms.

- (2) Adequate provisions should be made for routine auditing and inspection of training records and training programs, and instructors should be certified by the state regulatory board.
- (3) The state regulatory board should be designated as a criminal justice agency to gain access to criminal history record information for all applicants for licensing, registration, or certification, and to ensure the investigation and enforcement powers of the board.
- (4) Proprietary security programs should only be required to register their personnel and meet the training requirement; in all other aspects they should not be subject to state regulation.
- (5) Provision should be made to allow proprietary security directors to designate their own armed personnel for executive protection programs of the organization rather than having to rely on outside agencies or "moonlighting" police officers.

- Certification Programs for Operational Personnel Only minimal progress has been made in establishing operational security employee certification programs. Development of these programs for both proprietary and contract personnel not only improves the overall quality of personnel, but also helps structure and justify commensurate wage scales and contract performance specifications that are anchored to objective, measurable criteria. In addition to a centrally administered program, operational level certification could be accomplished in two other ways: (1) once the curriculum content has been agreed upon for a particular position class, a detailed training manual can be prepared and disseminated similar to the efforts of the International Association for Hospital Security. (2) Trainers and educators could be certified by state regulatory bodies and/or an independent body such as the Academy of Security Educators and Trainers. Certification standards can then be established as a "norm" once course content is widely available.

- Contract Performance Standards The security industry should promote contract performance standards. If the major contract and proprietary security associations would actively support model licensing and would develop

an elementary classification scheme for requisite levels of training and experience, then consumers could specify such a standard as an accepted norm. Contractual security firms would then be able to command a pricing structure that offsets any additional overhead in meeting certification programs recommended above. Certification programs would also facilitate development of contract performance specifications.

14.7 PROBLEMS IN POLICE AND SECURITY RELATIONSHIPS

A number of problems have been noted in relationships between law enforcement and private security, but there are two problems which seem to have the greatest intensity of feelings and most directly affect their respective operations: (1) secondary employment or moonlighting by police officers in private security and (2) police response to activated alarms which are largely false. While both groups are concerned about the impact of the problem on their respective operations, police officer moonlighting is primarily a complaint of contract security companies and false alarm impact on police workload is largely a police complaint.

In 1976 the Private Security Advisory Council (PSAC) identified the moonlighting of police officers in private security functions as a major source of conflict between law enforcement and private security. Police officers who are employed by businesses often use police department uniforms and equipment in this employment. In some instances, police officers operate their own security firms and compete directly with security companies. Managers and owners of contract security

firms have expressed concerns about direct and unfair competition by police officers who wear public police uniforms when functioning in a primarily private security capacity. They also question the propriety of police officers performing private investigations. Law enforcement administrators do not always approve of this widespread practice and share many of contract security's concerns. In addition, police administrators have three other concerns: (1) potential conflicts of interest arising from some moonlighting situations, (2) potential liability of the department for actions of police officers while moonlighting, and (3) the overall impact on an officer's fitness for assigned duty when working excessive hours in private security outside of his/her regular assignment.

The PSAC also identified the burden of an excessive number of false alarms on police calls for service as a major problem in relationships between law enforcement and private security. Police studies on false alarm impact consistently show that 95% to 98% of alarm calls are false and that alarm calls represent 10% to 12% of total calls for service. Since the PSAC, there had been a rapid growth in alarm companies and alarm installations and a corresponding surge in false alarms. In the face of decreasing police resources with reduced budgets, fewer police patrols and prioritized dispatching of calls, the alarm response workload has severely strained police resources and has in some communities reached a saturation point. Law enforcement administrators in the Hallcrest

national surveys rank alarm response a high priority, but, as we have noted, the majority of them favor transfer of alarm response to the private sector. Alarm control ordinances and cooperative false alarm reduction programs have sought to reduce false alarm rates, but police interest in transfer of alarm response may be an attempt to obtain a complete examination of the respective roles of the public and private sectors in protection of the community. The magnitude and pervasiveness of the false alarm problem suggest that it is national in scope and lends itself to a national strategy.

14.7.1 Police Moonlighting in Private Security

Private businesses in the community frequently obtain the services of a uniformed officer or deputy to perform guard, patrol, traffic direction, crowd control, order maintenance and other security functions. Fast food restaurants and convenience stores, for example, may hire an off-duty police officer to discourage loiterers and disorderly persons and to deter robbery attempts. General contractors and utility companies will often secure the services of a police officer to direct traffic at a construction or repair site. Civic centers, schools, parks, and sports facilities also use off-duty police personnel for primary or total security.

Eight out of ten law enforcement administrators in the Hallcrest national surveys indicate that their department's regulations permit officers to moonlight in private security, and they estimate that only 20% or less of their personnel

have outside security employment. Contract security firms, however, feel this is an extensive practice. Nationally, we have estimated that approximately 150,000 local law enforcement officers in the U.S. are regularly engaged in off-duty employment in private security.

Three-fourths of the departments allow moonlighting officers to use their police uniforms and many also permit personnel to use other equipment, especially radios and police vehicles. In many departments, this outside employment is not perceived as moonlighting since the job is often scheduled on a regular basis and officers simply view them as "paying details" and "special duty" assignments. The security jobs are frequently scheduled through the department and officer payment is handled as part of the normal internal payroll procedure. Two reasons police officers seek secondary security employment are: (1) to supplement income, and (2) to develop a second career for full-time employment upon resignation or retirement.

In some departments collective bargaining agreements mandate the right of the union or employee association to coordinate outside employment, the number of hours per week, and the wage structure. Pressure tactics have been used by some police unions/association against some noncompliant department members who secured security employment on their own, and also against contract security companies in competing for security services at public events. It has even been alleged

that merchants have been threatened with loss of police services if they did not hire law enforcement rather than contract security personnel for security functions.

Many officers have come to depend on security moonlighting as a steady source of income and feel that it is an economic necessity. Recently, some police unions have attempted to formalize this competition with private security through formal mechanisms. The Fraternal Order of Police (FOP) has been particularly active. In Pennsylvania, the FOP sponsored state legislation to allow all police officers in the state to be employed in private security, regardless of existing department regulations on moonlighting. In Washington, D.C., an attempt was made in 1982 to establish an FOP "Job Bank" to coordinate and actively solicit off-duty security employment for Metropolitan Police Department officers while in uniform and using department radios and vehicles.

In testimony on proposed adoption of the rules permitting establishment of the Job Bank, it was estimated that the Police Job Bank had the potential to displace 1120 to 2400 private security guards, 78% of whom were estimated to be tax-paying residents of Washington, D.C. Eventually, the proposed rules were amended to preclude the Job Bank and any officer from contracting the services of other officers for employment in private security, but they did provide an opportunity for individual officers to secure employment on their own initiative. The officer when moonlighting can use department uniforms, weapons, and radios, but is not expected to take direct

police action unless escape is imminent for crimes other than felony in progress and crimes against persons. The role of the police officer in this situation is effectively limited to a security officer's response--notification of the police. The moonlighting officer can simply do it faster with a police radio.

Metropolitan Police Department administrators and the Mayor supported the Job Bank concept primarily because they agreed with union leaders that moonlighting police officers would provide an additional and greater deterrent to crime. In both the case study and reconnaissance efforts, security directors and, especially, merchants reported noticeable reductions in disturbances and robbery attempts in high-crime areas when hiring off-duty police officers. Although paying a much higher rate than for a security guard, the merchants clearly assume that police authority is being purchased for their premises--expectations are that the officer's primary frame of reference in responding to incidents will be that of a police officer. This results in a disproportionate level of police services based upon ability to pay. In the Hallcrest national and site surveys, however, law enforcement administrators, police officers, and proprietary security directors feel that obtaining the services of off-duty police officers in uniform and using department equipment should be an available option for additional protection.

As long as officers are hired through the police agency or hired directly by the business, the law enforcement executives

do not see a major conflict of interest. However, they do consider the following conflict-of-interest situations: (1) the hiring of police officers by private security firms, (2) contracting by individual officers and deputies, and (3) involvement of the police union or association in obtaining employment for their members. Conflict of interest issues primarily involve (1) the use or misuse of authority or police records for personal or financial gain, and (2) the provision of services on a selective basis that are provided normally as part of an officer's publicly paid responsibilities.

Law enforcement executives are concerned about the primary influence on an officer's decision to take enforcement action when working under the direction of a private business or concern. Department policies and procedures may be in conflict with the desires of the private concern which is paying the officer's off-duty wages. Liability issues when moonlighting are well founded, based upon a growing body of tort actions in state courts and also civil liability actions under the Federal Civil Rights Act. In general, the officer must be acting within the "scope of his employment," and he must be "furthering the purposes of his employer." Just because a police officer is in uniform or otherwise identifies himself as a police officer does not mean his actions are justified under the "color of his authority." In some situations the courts have held that the scope of an officer's employment passes to his private employer, especially when being paid directly by the business. The courts have also noted that

many of the security actions the moonlighting police officer is expected to take are outside the normal scope of employment until the actual exercise of police authority. A key issue affecting liability concerns are both statutory and department expectations that the officer is vested with 24-hour authority under the law.

Police executives have also expressed concerns about an officer's overall fitness for duty--physical, mental and emotional--when involved in outside employment. The courts have generally upheld department regulations to limit the amount of off-duty employment, since public safety personnel must be available when needed and be able to perform efficiently. Some officers work nearly full-time on off-duty security positions; for others, security employment is a second continuous career. Fatigue is a genuine concern for their department administrators.

Some law enforcement administrators have attempted to address the problems of security moonlighting: (1) by clearly specifying in department rules and regulations that all off-duty police actions of officers are done with the full authority of regular on-duty officers, (2) by "assigning" officers to "extra duty" assignments for security-related jobs through the department and keeping the payment mechanism within the department, (3) by obtaining a third party waiver of liability from the officer and his off-duty employer, and (4) by placing an upper limit (generally 20 hours per week) on outside employment. These policies have not been simple solutions to

the problem of moonlighting in security. The first two policies, for example, can work at cross purposes with attempts to shift liability and workers' compensation claims to the individual officer and his private employer, since every move to increase department control also appears to increase the department's liability. Also, some department limits of 20 hours of on-duty work pertain only to the regular five-day work period (exclusive of days off and vacation days), thus, potentially allowing another 20 to 30 hours per week in a private security position.

We have concluded that there are no simple solutions to police officer moonlighting in private security. In some cases the use of police officers in uniform with department equipment is a clearly desired option by small and large businesses for additional protection. Unfortunately, police administrators will have to live with the liability problem when permitting moonlighting in this form. Hallcrest's main concern is that police departments, as taxpayer-supported institutions, should not actively solicit security employment and place themselves in direct competition with the private sector--contract security.

In the Hallcrest national surveys, one-fifth of the proprietary security managers reported receiving informal bids for security services from law enforcement agencies, and about one-third reported bids being submitted to them by individual officers or deputies. This form of competition should be formalized, and the department or officers should be required

to be licensed similar to other contract security services in their state. However, we are more concerned about the practice of security firms controlled or operated by police officers. This is not an infrequent practice, and some of these firms openly flaunt a quasi-police status in their advertising. Between 40% and 50% of municipal police departments in the national surveys permit their officers to be directly involved in the operation of a contract security firm as either an owner, corporate officer, or as a stockholder.

While there is room for some interpretation as to what constitutes police moonlighting with the use of a police uniform and equipment, there can be little doubt that police ownership or control of security firms is direct and unfair competition with contract security firms. Further, use of a publicly entrusted position for personal and financial gain is a conflict of interest. We have similar concerns with police officer involvement in private investigative work where he/she could be in a position to compromise department information, illegally obtain police records (otherwise excluded from the public by department policy or law), or to overlook criminal involvement of a client. Four out of ten departments permit moonlighting in private investigations, with six out of ten departments in jurisdictions of greater than 500,000 permitting this practice. One-half of the private investigative

firms and guard and patrol firms surveyed report using off-duty officers for investigative work--an ambiguous position for contract firms which criticize uniform police officer moonlighting.

Proprietary or industrial security managers and contract security firms also commonly use off-duty police officers for executive protection or bodyguard functions. In some cases this represents the purchase of a "hired gun" where concealed weapons legislation mandates that only present or retired peace officers can carry concealed weapons. In some VIP protection situations, there may be a clear public interest in using police officers, but for many other routine personal protection assignments a simpler solution is to permit licensing of personnel as bodyguards with a concealed weapons permit secured after mandated training and criminal background checks.

Recommendation

- Policies on Police Moonlighting in Security The practice of police moonlighting in security is pervasive and the issues surrounding it are varied and complex. Some of the more difficult issues (e.g., fitness for duty, unfair competition, conflicts of interest, improper use of police information and authority, etc.) should be addressed by police administrators. All departments should be encouraged to adopt department policies which minimize their liability and potential conflicts of interest by their personnel. Sample provisions might include:

- (1) upper limit on number of hours per seven day week and during consecutive work days;
- (2) approval of specific place of security employment;
- (3) denial of employment as a private investigator;

- (4) no police association/union, individual department member, or department solicitation of security business in direct competition with contract security companies;
- (5) no controlling interest or corporate officer position in a contract security firm; and
- (6) third party waiver of liability.

14.7.2 Police Response to False Alarms

Alarm companies generally define a false alarm as an alarm signal transmission when there is not a situation or equipment condition on the protected premises that creates vulnerability, or when there is not an actual or attempted penetration of the protected premises. As noted by the National Burglar and Fire Alarm Association (NBFAA), and other groups who have studied the issue, there are three major and several minor causes of false alarms: (1) between 40% and 60% are caused by customer (and their employees) misuse and abuse of their alarm systems; (2) between 15 and 25% are caused by alarm company personnel in the installation and servicing of alarm systems; and (3) between 10% and 20% involve faulty equipment. Lesser causes of false alarms include telephone line problems and stormy weather conditions. Some alarm studies list an "unknown" or "undetermined" category of causes that can be as high as 25%, depending upon the degree of specificity in other categories.

Many false alarms are caused by improper use of alarm sensor devices in applications for which they were never

intended--a result of poor system component selection or improper sales practices. Most modern alarm systems are also subject to a variety of ambient environmental conditions. The first false alarm cause can be resolved through better alarm company practices, while the latter problem has been addressed more attentively in recent years through improved design engineering of equipment. The emergence of "smart sensors" with self-diagnostic capabilities might reduce this problem.

To the law enforcement administrator and patrol officer alike, these "causes" all seem to blend together and lose importance in view of the large amount of patrol time consumed in responding to alarm calls. The police more narrowly define false alarms as any burglary or hold-up alarm signal that does not involve an actual perpetrator or attempt, i.e., a false call for police service since no police response was warranted by the alarm condition. Accordingly, the impact on police workload is measured by a false alarm rate per total of other calls for police service. Alarm companies, however, measure false alarms using their much broader definition against a base of total alarm systems in operation in a city or metropolitan area.

Using the alarm industry definition of false alarms per 100 alarm systems results in a fairly good performance record for most alarm systems. The issue from the police perspective, however, is the total number of alarm responses on police workload. Some police administrators are not fully convinced about the effectiveness of alarm systems. A growing

number of alarm companies use devices to detect tampering of the alarm system. These deter some alarm attempts, and the perpetrator leaves before committing a theft, or leaves before inflicting damage, or otherwise leaving evidence of an attempted entry. Alarm companies feel these situations and negative attitudes by patrol officers toward alarm systems, account for many of the unknown causes not attributed to environmental conditions. Additionally, alarm personnel frequently complain that police officers often are slow in responding, and perform only a cursory check when finding no readily apparent sign of entry.

Alarm systems are generally perceived as having both deterrent and detection value. Burglary data in UCR consistently show that about three-fourths of burglaries involve forcible entries--the specific event alarm systems are designed to detect and prevent. UCR data also consistently show burglary clearance rates of less than 20%. Two different police department-initiated studies of alarm system effectiveness determined that residences with alarm systems were six times less likely to be burglarized than homes without alarm systems; one of the studies also showed that the burglary rate for alarmed commercial premises was one-half that of non-alarmed businesses. Studies by the NBFPA and the Western Burglar and Fire Alarm Association also indicate that alarm systems annually are responsible for the capture of tens of thousands of suspects, resulting in high conviction-to-arrest ratios, thus offsetting additional criminal justice expense

and resolving a large number of other burglaries through "clearance by arrest." Comparative empirical data, however, do not exist: (1) in communities of varying sizes, (2) with different patrol and alarm response policies, and (3) by differing types of alarm systems to validate the deterrent level of intrusion alarms.

Efforts to control the false alarm problem have primarily involved enactment of alarm control ordinances and development of customer education and awareness programs by alarm companies. The NBFAA estimates over 2,000 communities with alarm control ordinances which generally have the following characteristic: (1) allowance for three to five false alarms per system per year, (2) punitive action in the form of graduating scales of fines, and ultimately nonresponse to problem locations, and (3) alarm system permits. Some departments have demonstrated impressive results on false alarm reduction for both total alarm systems and police alarm-response workload. User or subscriber training campaigns usually include instruction on the proper use of the alarm system, with newsletter "reminders" and "helpful hints" of the most common user causes generating false alarms.

Hallcrest's review of alarm control ordinance programs suggests that they are most successful when they foster cooperation among the user, the alarm company, and law enforcement agencies rather than placing undue hardships on the user and the alarm companies. The most effective programs appear to be those which were initially developed in conjunction with

the alarm companies, and those which continue to involve the alarm companies in follow-up customer training.

Law enforcement agencies must seek greater involvement of alarm companies in controlling false alarms. At present only about 40% of law enforcement agencies reported in the Hallcrest national surveys that they even maintain a list of alarm firms. The "alarm industry" in a given community is not a cohesive, easily identifiable group. There is a vast difference between size and complexity of alarm systems, components used, clients served, and business practices. These factors and the growing use of inexpensive retail ("over-the-counter") alarm systems and do-it-yourself installations mandate a broad-based community approach to false alarms.

Overall, there are so many dimensions to the false alarm problem which transcend community or state-level efforts, that it demands a national strategy. As noted above, the problem of false alarms and alarm response could well become one of the most significant issues to face police communication centers, patrol operations, and crime prevention programming in the 1980's--especially as public safety services struggle to provide current service levels with declining property tax revenues while new alarm system installations might accelerate at an unprecedented pace.

Recommendations

- Upgrading of Alarm Installers/Technicians The limited use of college-based training for alarm installers and technicians should be expanded into a standardized and accepted curriculum that could be used throughout the country. This could then result in a standardized alarm test and licensing of those who were certified through this process. Apprentice and master ratings could be established similar to other electrical-related contracting work to designate experience in different types and complexity of alarm systems and equipment.
- Institute for Alarm Technology Although there currently exists an Alarm Industry Research and Educational Foundation, it is largely an underfunded alarm industry-oriented body. There is a need for this or another body, appropriately funded, to assist the alarm industry and police crime prevention specialists in:
 - (1) promoting the integration of alarm systems with other protective measures;
 - (2) reducing the cost of alarm systems to provide affordable protection to a broad socio-economic spectrum;
 - (3) promoting the development and knowledge of innovative alarm technology, especially that which contributes to false alarm reduction; and
 - (4) serving as a focal point for equipment and alarm installer certification standards.
- Use of Alarm Permit Systems Alarm control ordinances with permit systems have demonstrated several important benefits: (1) baseline data can be established to measure false alarm problem magnitude and reductions, (2) the ability to conduct comparative studies on false alarm control ordinance and false alarm education program effectiveness; (3) causes of false alarms can be tracked by system type; and (4) valuable information can be provided to the responding officer at the scene via the dispatcher. The officer could be notified if the premises has had a recent attempt, successful penetration or rash of false alarms; the officer can then more accurately assess potential risk at the premises prior to arrival. The communications center can then be the starting point for a tickler system which sends reminder or warning letters to users with false alarms.

- Police Alarm Coordinator Position Police agencies are encouraged to establish an alarm liaison officer to develop and monitor false alarm reduction programs. Some larger police departments have successfully used a designated full or part-time position to isolate problem alarm subscribers who cause the bulk of false alarms and to work with these users through counseling, re-training and warnings to reduce the problem. The coordinators also maintain active liaison efforts with the alarm industry in their community. In smaller departments, this responsibility could be incorporated into the duties of our recommendation for a private security liaison officer in Section 14.8.

Future Research Needs

- National Studies of False Alarms and Alarm System Effectiveness Comparative empirical data do not exist on alarm system effectiveness and false alarm impact on police services for different alarm system types and equipment in communities of varying sizes and different patrol and alarm response policies. Multi-city studies should be conducted on the false alarm problem and alarm system effectiveness in deterring property crime and reducing the level of police burglary and robbery investigations. This is especially critical with the potential for increased market penetration through cable television, Bell telephone operating companies, and increased sales of low cost retail and "do-it-yourself" alarm systems.
- Alarm Equipment Standards One or more product testing or consumer research groups should begin development of standards for alarm systems equipment that involves voluntary manufacturer submission of alarm equipment for testing. A "seal of approval" could be issued for equipment/systems meeting certain standards. Current Underwriters Laboratories standards do not allow for the broad variety of alarm equipment currently on the market and commonly used in non-UL-certified alarm installations.

14.8 INTERACTION AND COOPERATION

14.8.1 Overall Relationships

Relationships between law enforcement and private security are rated fair to good, at best, by law enforcement executives, but the majority of officers in the case study sites rate their overall relationships with security employees as very good. Just under one-half of proprietary and security managers rate overall relationships excellent, and security employees in the sites were even more favorable in their ratings. For proprietary security managers, high ratings of relationships are moderately correlated with the number of cooperative programs established, the frequency of information sought from criminal justice agencies, and the degree of cooperation received from law enforcement on investigation and response to criminal incidents.

The prior research efforts by Rand and the PSAC noted several impediments to interaction and cooperation including role conflict, negative stereotypes, lack of mutual respect, and minimal knowledge on the part of law enforcement about private security. Hallcrest research confirms the continuing existence of these obstacles, and many of the national and site survey respondent recommendations for improved relationships address these issues. Similar to the relationship between law enforcement and prosecutors described in another recent NIJ-sponsored study, the relationship between the police and private security often exists in a climate of suspicion and distrust. This distrust results in a lack of

cooperative programs and the inability to blend creatively the combined resources of law enforcement and private security. This climate of suspicion causes each group to avoid situations that would force them to interact.

Recommendations

Upgrading the selection processes and training of private security personnel will have the greatest impact on improved interaction and cooperation, based upon national and site survey respondent recommendations by both law enforcement and private security. Establishing licensing and regulation or improving existing regulatory controls was recommended by many survey respondents as a mechanism to upgrade private security. Management and supervisory meetings and a private security liaison officer position in law enforcement agencies are recommended to expand law enforcement knowledge and appreciation of the role of private security, increase dialogue, resolve problems and exchange information. Information exchange and improved communication are the primary recommendations made for more effective use of combined resources for crime prevention and control. Operational security employees desire closer interaction with law enforcement personnel--stopping and talking with security personnel and familiarizing themselves with facilities and security policies in their patrol areas.

Some of the following recommendations were suggested by Hallcrest survey respondents or were initially suggested by the Private Security Advisory Council (PSAC) to LEAA and the

Private Security Task Force (PSTF) to the National Advisory Committee on Criminal Justice Standards and Goals. All of these measures are as viable today as when originally suggested--some nearly a decade ago.

• Increase Law Enforcement Knowledge of Private Security The following recommendations are designed to foster a spirit of cooperation through greater understanding of respective roles and clearer expectations of resources, capabilities and limitations:

- (1) Exchange descriptive material and media on respective roles and services of law enforcement and private security.
- (2) Develop a specific seminar series to inform law enforcement of the role of private security and its resources in their community.
- (3) Specific security and protective needs of business, industry, and institutions in the community should be identified and discussed with law enforcement.
- (4) Interchange personnel in respective management and supervisory level training programs.
- (5) Use informal, "dutch-treat" luncheons, open houses and facility tours to acquaint respective managers and supervisors.

• Upgrade Private Security Personnel and Training

- (1) Improve personnel selection procedures; pre-assignment training for all security personnel including legal training, firearms training for all armed personnel; and authorize wages commensurate with job skills, responsibilities, and assignments.
- (2) Establish and continue certification programs for security supervisors and managers.

- (3) Develop responsible and effective statewide licensing of security personnel and regulation of security firms with security industry representation on a statewide body.

- (4) Adopt PSAC Code of Ethics for private security personnel.

• General Mechanisms for Improved Communication/Interaction

- (1) Appoint a high-ranking officer in each law enforcement agency to act as a liaison officer with proprietary and contract security managers.
- (2) Prepare an inventory of private security firms and proprietary security organizations in the community.
- (3) Include in law enforcement and community crime prevention programs a list of private security goods and services to respond to inquiries by the public.
- (4) State and national law enforcement and private security associations should prepare and disseminate "positive" case histories of cooperation between law enforcement and private security operational and support functions.

14.8.2 Frequency and Type of Contact

The amount of contact between law enforcement and private security personnel varies by position in the organization, type of business or institution, and component of contract security. Managers report more frequent contact of their employees than employees themselves reported in the case study sites. Patrol officers most frequently interact with private security employees in the retail environment, responding to activated burglar and hold-up alarms and assistance calls on

shoplifting apprehensions. Patrol officer attitudes and opinions of private security are shaped largely by their contact with guards, alarm runners and retail security personnel. Detectives report more frequent contact with proprietary investigators than with private detectives, and most frequently interact on shoplifting, theft (in general), check and credit card theft and fraud, employee theft and insurance cases. Most proprietary security managers feel that law enforcement agencies cooperate fully with them on security-initiated investigations, but the majority of contract firm managers report reluctant cooperation, withholding of needed information, or agency interference in their investigations. Based on perceptions of security managers, it appears that law enforcement personnel prefer to work with proprietary rather than contractual security personnel.

Proprietary employees in the sites report prompt police response to requests for assistance and police officer support for their decisions. Fewer contract employees requested police assistance, but when assistance is requested, the quickness of response is likely to depend on the situation. The majority of security employees feel that police officer and public attitudes toward them depend on the individual interacting with them--less than 25% thought the public or the police view security employees as performing a valuable service. Operational security personnel, especially contractual, tend to develop an "inferiority complex" from interactions with law enforcement personnel. Despite statements to the

contrary in the site surveys, field interviews indicate that law enforcement officers tend to favor certain companies and contract security firms, evident both in response time and in attitude toward the security personnel.

Recommendations

- (1) Familiarize law enforcement officers with physical layouts of large facilities protected by private security.
- (2) Identify police service demand constraints on response to private security assistance requests.
- (3) Develop law enforcement response policies and procedures for interaction with security personnel in specific recurring incident types and locations. These policies and procedures should be developed in cooperation with and communicated to private security.
- (4) Encourage patrol officers to acquaint themselves with security personnel and their responsibilities and problems in the officers' patrol area or beat.
- (5) Authorize police officers to offer constructive criticism when private security personnel act inappropriately in situations. Report gross misconduct or abuse of authority to security supervisors to preclude future incidents.

14.8.3 Exchange of Resources and Information

Security managers reported substantially more sharing of information, personnel, equipment and other resources with law enforcement than did law enforcement executives. The most frequently shared resource is personnel--investigators, private detectives and alarm runners. Other shared resources

mentioned by private security include CCTV, photographic and surveillance equipment, undercover investigators and funds, reward money, "buy money" for stolen goods and overtime payments for police personnel. Some exchange of criminal investigation and intelligence information occurs, as well as private security requests for arrest, conviction, driver and vehicle information. Most information appears to be exchanged on the basis of personal relationships, and it flows more readily from criminal justice agencies to those security managers who freely cooperate and share information with law enforcement agencies.

Recommendations

- (1) Establish task forces of police and private security personnel for investigation of major or recurring losses, similar to joint federal, state, and local law enforcement task forces on drugs or "sting" operations.
- (2) Law enforcement agencies should establish uniform policies governing release of criminal investigation information and other public records to private security personnel.
- (3) Law enforcement supervisory personnel contact lists provided to private security managers could facilitate crime reporting, investigative and other information requests of private security.
- (4) Private security personnel should receive feedback on investigative and intelligence information supplied to law enforcement personnel.
- (5) Private security should identify areas of expertise and unique security equipment available to complement and supplement law enforcement resources.

- (6) Law enforcement and security investigators and managers should exchange information on crime patterns, modus operandi, suspects, crime rings, etc. (1) to avoid duplication of effort; (2) to concentrate investigative resources on identified crime patterns in different business and institution types; and (3) to utilize the "eyes and ears" of private security personnel who are frequently situated in locations where police do not patrol.
- (7) Crime incident and analysis data of local law enforcement agencies used in public crime prevention programs should also be made available to corporate and contractual crime prevention programs.
- (8) National, state, and regional private security associations should consolidate the loss and victimization data of members to assist law enforcement in developing crime profiles for specific crimes and business types.

14.8.4 Cooperative Programs

Chiefs and sheriffs report few cooperative programs with private security except occasionally in crime prevention. Most police agencies do not even maintain a list of security managers or firms in their area. Some proprietary security managers (less than half) report cooperative programs or procedures with law enforcement for hazardous materials movement, VIP/ executive protection, disaster management, traffic control, crowd control, terrorism countermeasures and economic crime investigation. Few examples of cooperation in these or other areas emerged from a literature review. Most cooperative efforts appear to be initiated by private security and are usually sponsored by a security association.

Recommendations

- (1) In addition to the above-listed areas of cooperation, cooperative programs should be explored for alarm response procedures, robbery and burglary response procedures, labor unrest, demonstrations, public events, and for crisis management planning in hostage situations.
- (2) Associations should continue to take the lead in developing more cooperative programs at the local, state, and national level, especially model programs through their respective standing committees. Associations should disseminate model program guidelines within their associations.
- (3) Specific seminars/workshops should be held to discuss areas of cooperation for more effective use of respective protection resources.
- (4) Joint meetings of the major national associations (e.g., ASIS, IACP, National Sheriff's Association (NSA), CONSCO, NCIIS, NBFAA) should be continued to explore areas of cooperation. The Private Security Liaison Council or a similar organization should continue efforts to unify security industry positions on major issues for discussion with law enforcement.
- (5) At the state or chapter level, security and law enforcement associations should appoint standing committees on cooperation and liaison similar to the national committee of ASIS, IACP, and NSA.

14.9 SUMMARY

Citizen fear of crime and awareness that public criminal justice resources alone cannot effectively control crime has led to a growing use of individual and corporate protective measures, including private security products and services and neighborhood-based crime prevention programs. The early 1980's saw the beginning of an overall decrease in reported crime in the United States. In large part this has been attributed to community crime prevention programs, but it also must be attributed in part to the increasing use of private security services and products. In addition to the vast resources and technology of the private sector to fight crime in this country, this report has also demonstrated the large amount of crime in the private sector that is diverted from the public justice system.

Law enforcement resources have stabilized and in some cases are declining. This mandates greater cooperation with the private sector and its private security resources to forge a partnership for crime prevention and reduction. Law enforcement can ill afford to continue isolating and, in some cases, ignoring this important resource. Finally, law enforcement and government officials must be willing to experiment with some nontraditional approaches to relieve law enforcement of its large workload of minor and non-crime-related calls for service. The creative use of private security human resources and technology may be the one viable option left to control crime in our communities.

CRIME AND PROTECTION IN AMERICA
A Study of
Private Security and Law Enforcement
Resources and Relationships

VOLUME IV
TECHNICAL APPENDICES

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ABSTRACT

This is a descriptive research report on relationships between private security and law enforcement conducted by Hallcrest Systems, Incorporated under a grant by the National Institute of Justice. The report describes the increasing role of private security in the protection of America--their programs and resources, contribution to crime prevention, deficiencies in security services and personnel, and interaction with law enforcement agencies. The report reveals that primary protection responsibility is shifting from the public to the private sector, and that the private sector diverts significant amounts of crime from the criminal justice system. The private security resources of business, institutions, government, and citizens--guards, alarm systems, investigators, armored cars, etc.--exceed federal, state, and local law enforcement expenditures and personnel.

Specific topics of discussion include profiles of security program content, services and personnel; an assessment of economic crime impact; police "moonlighting" employment in private security, response to false alarms and other problems in police-security relationships; the impact of security technology; and security education, training and regulatory controls. Recommendations are made for more effective use of private security and law enforcement resources to combat crime and to relieve police agencies of their large workload of non-crime-related calls for service.

Project research techniques used national and local surveys and interviews of police and security managers and employees, site studies in two urban counties, a literature review, and an economic projection of private security spending.

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FOREWORD

The co-principal investigators of this research project were William C. Cunningham and Todd H. Taylor. Principal consultants for the project were Dr. J. Thomas McEwen, research methodology and data analysis; and Dr. Robert F. Dyer, economic analysis of the private security industry.

Inquiries concerning this report should be directed to William C. Cunningham at Hallcrest Systems, Incorporated, 7316 Hooking Road, McLean, Virginia 22101.

PREFACE

This volume is one of a series of four reporting a 30-month descriptive research project performed by Hallcrest Systems, Inc., under Grant No. 80-IJ-CX-0080 from the National Institute of Justice, U.S. Department of Justice.

The primary purpose of the project was to develop strategies and recommendations to use more effectively the extensive resources of private security and law enforcement in their respective roles in crime prevention and control. The research emphasized the relationships between law enforcement and private security operations as they deliver protective services in communities throughout the United States.

Major research tasks included a literature review, interviews of more than 400 people in law enforcement and all facets of proprietary and contractual private security, surveys of 1600 law enforcement and security managers, a survey of state agencies regulating private security, an economic analysis and forecast of the private security industry, and field studies in two urban counties--Multnomah County (Portland), Oregon, and Baltimore County, Maryland.

Four volumes comprise the project report:

VOLUME I: CRIME AND PROTECTION RESOURCES
(Chapters 1-8)

This volume describes the resources of public law enforcement and private security directed at crime and loss prevention. Specific emphasis is placed on citizen protective measures, the size and scope of proprietary and contractual security, and the impact of economic crime on business, institutions, and the public.

VOLUME II: POLICE AND PRIVATE SECURITY RELATIONSHIPS
(Chapters 9-13)

This volume discusses the protective roles of law enforcement and private security, interaction and cooperation between them, problems in operating relationships, mechanisms for upgrading private security, and the impact of security technology on relationships.

VOLUME III: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
(Chapter 14)

Major findings and conclusions are presented. Where appropriate, recommendations and future research needs have been suggested to maximize the role of private security as a crime prevention resource; and to improve interaction and cooperation with law enforcement; and to examine carefully economic crime, the private justice system and private security protective measures.

VOLUME IV: TECHNICAL APPENDICES

This volume contains the methodological approach to the project; it displays survey questionnaires and data from national surveys of law enforcement and security managers, national and regional security executives, and field study survey data. Included also are key provisions of state regulatory legislation; an economic forecast of the U.S. private security industry; and a list of selected security-related associations.

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We are also grateful for the insight and assistance provided by the advisory panel members in the two case study

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In the Baltimore area, our appreciation is extended to advisory panel members: Cornelius J. Behan, Chief of Police, Baltimore County Police Department; William J. Campbell, Senior Security Officer, First National Bank of Maryland; Wayne Carpenter, Corporate Director of Protection, Hochschild Kohn and Company; Joseph G. Deegan, Supervisor, Security Services, Baltimore Gas and Electric Company; Charles E. Dennis, Jr., President, Dennis Detective Agency; Steve Dooling, Branch Manager, ADT Security Systems; James L. Dunbar, President, Federal Armored Express, Inc.; Henry W. Gittings, Sparrows Point Security Director, Bethlehem Steel Corp.; Robert H. Gutermuth, Commanding Officer, Crime Reduction Division, Baltimore County Police Department; Hayes C. Larkins, Chairman, Department of Administration of Justice and Public Safety, Community College of Baltimore; Marshall M. Meyer, President, Marshall M. Meyer Security Associates, Inc.; Harvey V. Peters, Branch Manager, Wells Fargo Guard Services; Donald D. Pomerleau, Abacus Corporation; Lynwood G. Satterfield, Manager of Security, Westinghouse Electric Corporation; Joseph A. Shaw, Commanding Officer, Field Operations Bureau, Baltimore County Police Department; and Stephen B. Tabeling, Director of Security Services, Johns Hopkins Medical Institutions.

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Finally, we thank the nearly 2,500 persons throughout the country who took the time to complete our survey questionnaires or grant us interviews. Many of those interviewed were exceptionally helpful in this research, and we would like to publicly acknowledge them. However, anonymity was an important part of our research design, and, as such, we simply express our gratitude to all survey respondents and interviewees--without whom this research could not have been completed.

APPENDIX A
NATIONAL SURVEYS OF
PROTECTIVE SERVICE MANAGERS

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NATIONAL SURVEYS OF
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APPENDIX A - 1
SURVEY METHODOLOGY

APPENDIX A

METHODOLOGY FOR NATIONAL SURVEY OF
PROTECTIVE SERVICE MANAGERS

1.0 SAMPLING PLAN OVERVIEW

The primary objective of the research project was to explore expectations and perceptions, communications and cooperation, and competition and conflict between law enforcement and private security. The Research Design called for separate questionnaires to be distributed nationwide to three distinct groups: law enforcement officials, proprietary security managers, and the local managers or owners of contractual security firms. Each of the three respondent groups were asked similar questions (often identical) concerning law enforcement operations and activities, private security operations and activities, private security and law enforcement relationships, private security legislation, personnel, law enforcement officer secondary employment in private security, and company information (size, sales, assets protected, etc.)

The national surveys were treated as a multi-stage sampling problem. First, surveys were distributed to law enforcement agencies, anticipating a representative sample by region and population group. Second, a cluster sampling technique was applied in each population area by distributing surveys to a sample of proprietary and contractual security managers in zip codes (first three digits [SCF's]) corresponding to the cities and counties of the law enforcement survey

returns. This sampling approach assured that responses to mutual questions in all three survey instruments would be based upon knowledge, perceptions and opinions of the specific population of law enforcement and private security managers in that location, rather than upon generalized responses to the larger universe of private security and law enforcement.

2.0 LOCAL LAW ENFORCEMENT AND SECURITY MANAGER SURVEYS

2.1 Law Enforcement Survey

Discussions with National Advisory Panel members suggested that little interaction occurs between law enforcement and private security in cities under 25,000 population and in counties with less than 50,000 population. Thus, these population groups were excluded during sample selection. Mailing lists were obtained from the International Association of Chiefs of Police and the National Sheriffs' Association. A total of 821 questionnaires with postage-paid reply envelopes were mailed to all law enforcement agencies (503 chiefs and 318 sheriffs) in cities above 50,000 population and counties above 100,000 population, and to a random selection of 100 cities between 25,000 and 50,000 population.

Usable returns were received by May 1981 from 384 agencies, representing a 47% response. Responses were received from 259 municipal departments, 161 sheriffs' departments, 17 county departments, 3 city-county consolidated departments, and 4 departments with no department type indicated. The

survey was directed to the chief or sheriff, and the questionnaires typically were completed by them or top managers in their departments. Eighty-eight percent of the questionnaires were completed by the chief or sheriff (201); deputy chief, undersheriff, division commander or other top level commanding officer (161); or by a commanding officer (71). The relatively large law enforcement executive respondent rate was due to the excellent cooperation received from both national associations whose current president or executive director wrote cover letters requesting survey cooperation.

Returns were received from 146 standard metropolitan statistical areas (SMSA's) and from 33 counties. A representative distribution of returns was obtained among geographic regions of the country (Table A-1), and among population groups for both cities and counties (Table A-2). Sixty percent of police department returns were cities below 100,000 population, yet as indicated in Table A-2, 59% of the cities and counties of greater than 500,000 population in the United States are included in the sample returns. In anticipation of differences in responses based on size and type of department, cross-tabulations were performed on most survey items by department type and the population classes in Table A-2. In addition, selected cross-tabulations were performed by the regions listed in Table A-1.

CONTINUED

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TABLE A-1
LAW ENFORCEMENT EXECUTIVE SURVEY RETURNS
BY REGIONS OF THE COUNTRY

REGION	STATES	SAMPLE (N=)
1	ME, VT, NH, MA, CT, RI	17
2	NY, NJ	27
3	PA, MD, WV, VA, DE	30
4	KY, NC, SC, TN, MS, AL, GA, FL	64
5	MN, WI, IL, MI, IN, OH	80
6	NM, TX, OK, AR, LA	32
7	NE, KS, IA, MO	25
8	MT, ND, SD, WY, UT, CO	28
9	CA, AZ, HI, NV	53
10	AK, WA, OR, ID	21
	N/A ¹	7

	TOTAL	384

¹ Location not given, but survey data was complete and usable

TABLE A-2
LAW ENFORCEMENT EXECUTIVE SURVEY RETURNS
BY POPULATION GROUP

POPULATION GROUP	U.S. CITIES & COUNTIES	SAMPLE (N=)
1 million or more	25	14
500,000 to 1 million	62	37
250,000 to 499,000	108	59
100,000 to 249,000	311	117
50,000 to 100,000	257 (cities)	110
25,000 to 50,000	587 (cities)	46
N/A		1
	TOTAL	384

2.2 Proprietary Survey

The American Society for Industrial Security (ASIS) is the largest single organization in the United States representing proprietary security managers and staff. Since there is no occupational title maintained by the Department of Labor for security manager, the ASIS membership is the only known population of proprietary security managers. Excluding law enforcement, criminal justice, and contract security members, the membership of ASIS was 13,500 in early 1981. Thirty-five categories for different primary business types are used by ASIS in classifying their membership. To assure that only security managers were selected, ASIS cooperated by selecting members for a survey mailing who had listed their responsibilities as either (1) corporate/agency/department security management, or (2) division/section/unit security management.

Hallcrest originally planned to sample 13% of the ASIS membership. A stratified random sample of managers was then taken by zip code for each of the SMSA's and counties from which law enforcement survey returns were received. Business types with low frequencies in the culled ASIS membership list were oversampled to ensure a representative sample of business types. Security managers who wrote letters to the project staff expressing an interest in the project were also distributed surveys, if they resided in one of the targeted geographic areas. A total of 2,226 questionnaires (16% of ASIS

membership) were mailed with postage-paid reply envelopes and a cover letter from the ASIS president requesting questionnaire completion.

During June and July 1981, returns were received from 676 respondents, representing the targeted 30% response. About 75% of the responding security managers indicated that their primary responsibility was for the entire organization (43%), a corporate division (15%), or a subsidiary company (18%). Both large and small business were represented in the returns from security managers. As measured by annual sales, 12% of the companies had annual sales greater than \$300 million, 51% between \$5 million and \$300 million, and 37% had sales of under \$5 million. Some firms recorded annual revenues in billions of dollars.

Twenty-two categories of business and institutions were listed so that survey respondents could indicate the three primary areas of the organization's business, both for the overall organization and at their particular location. This degree of specificity was an attempt to avoid miscategorizing operating divisions within a company which might have a different business orientation from that of its parent company. Ironically, this survey item caused problems, with 37% of the surveys initially unclassifiable during keypunching. The category of "other" was the second largest category, but with closer analysis they were able to be coded in one of the designated categories or else an existing category was ex-

panded to include a generically similar organization type (e.g., fine arts to education and communications to utilities). Other firms could be classified in general as an industrial or service industry from the nature of other responses. Nonclassifiable business types were eventually reduced to only 4% of the returns. Table A-3 lists the distribution of business types among the expanded categories.

The primary business types were aggregated into the categories of commercial (33%), industrial (51%), and institutional (16%) to facilitate cross-tabulation of key survey items by aggregate business sector. The categories of retail, banking/finance, insurance, restaurant/lodging, and service industries were combined into the commercial category. Industrial consists of heavy industrial, manufacturing, utilities, and transportation. Institutional is comprised of hospital/health care, education/fine arts, research and development, government, and the armed forces.

2.3 Contractual Security Survey

As noted in the text of this report, one of the purposes of this descriptive research project was to estimate the size of private security. The population of contract security firms in the U.S. was unknown, especially since local alarm firms are not even captured by Census Bureau data. Using the cluster sampling technique within cost constraints, Hallcrest set out to survey the population of firms in each of the law

TABLE A-3
PRIMARY BUSINESS TYPE OF PROPRIETARY SECURITY
MANAGER SURVEY RESPONDENTS

Aerospace	25	Mining/Petroleum/Chemical	38
Armed Forces	8	Pharmaceuticals	9
Auto/Tooling/Metal Working	11	Research and Development	14
Banking/Finance	68	Restaurant/Lodging	29
Consumer Products Mfg.	55	Retailing	96
Education/Fine Arts	18	Textile/Rubber/Plastic/ Glass/Pulp & Paper Products	13
Electrical/electronics	33	Transportation	17
Government (federal)	14	Utilities/Communications	51
Health Services	53	Others	9
Industrial Products Mfg.	33	Industrial - n.e.c. ¹	18
Insurance	14	Services - n.e.c. ¹	8
Metals Mfg/Products	18	n/c ²	24
		N = 676	

Aggregate Business Type:

Commercial 33% Industrial 51% Institutional 16%

¹ n.e.c., not elsewhere classified

² n/c, unable to classify

enforcement respondent areas. Analysis of Yellow Page directory listings in a dozen cities of above 250,000 population were used in estimating an upper limit for the expected number of contractual security firms in the largest cities. (No single contractual security association or combination thereof had mailing lists that began to approach the actual number of security firms revealed in the Yellow Page directory searches used to estimate the sample sizes.) On a proportionate basis, the expected number of firms was calculated for the lower population groups. Based on an expected law enforcement survey return of 20% within each population group, we estimated 8000 total contract security establishments in these SMSA's and counties.

Since the project is concerned primarily with relationships between law enforcement and private security, contract security firms were limited to those security service firms that are primarily engaged in end-user delivery of private security which might be expected to have contact with public law enforcement services. This included all those firms in each of the law enforcement survey respondent areas which listed their services under the following Yellow Page directory categories: security guard and patrol service, detectives, investigators, burglar alarms, security control equipment and systems, security systems consultant, armored car services, guard dogs, and lie detection services. Excluded categories included businesses such as locksmiths and wholesale and retail suppliers of security equipment.

To obtain the listing of contract security firms, a national mailing list firm was used which purportedly compiled nationwide listings from telephone directories. The total number of firms for the targeted areas maintained on their lists, however, was 12,000 establishments, due largely to the high law enforcement survey response rate (over double the expected response rate in the sampling plan). A sample was then drawn by selecting every second firm in zip code sequence from the mailing list and using all firms in six SMSA's that were still under consideration as candidate sites for the field study site component of the project (Baltimore, Charlotte, Denver, Portland, St. Louis, and Norfolk metropolitan areas). Questionnaires were also mailed to contract security firms in the target areas which had written and expressed an interest in the research project. This selection process resulted in a first mailing of 6,319 questionnaires with postage-paid reply envelopes. A slow initial response to the mailing prompted a detailed review of the entire mailing list. This review disclosed that 10.5% (667) of the firms were only secondarily or marginally involved in security services (e.g., auto dealerships and stereo stores installing auto burglar alarms). Use of "address correction requested" status on the mailing also disclosed undeliverable questionnaires to be 27.5%. The actual sample size of the first mailing, then was reduced to 4098 firms.

The detailed analysis of the mailing list also disclosed that firms in six SMSA's had been inadvertently excluded. A

mailing was made to these firms and a followup mailing to the original list. By eliminating all firms in a five-digit zip code area in which a return had been received, the remaining population of firms was calculated. To ensure a representative response from larger cities, the random selection of firms for the follow-up mailing weighted the top 25 SMSA's three times more heavily than other firms. The initial mailing produced a very poor response from armored car firms, so cooperation was solicited from the two national armored car associations. Multiple surveys were sent to each of 15 firms in the National Armored Car Association, and one survey was sent to each of the 40 firms in the Independent Armored Car Operator's Association. (Unfortunately, this had little impact in obtaining a representative sample of armored car firms). The combined second mailing to 1055 firms had an undeliverable rate of 19.9%, lower than the first mailing since some surveys were remailed to the correct address. (This undeliverable rate was applied only to the new firms, excluding armored car, that were not in the first mailing).

The estimated sample drawn from the two mailings, then, is 4,527 firms. Usable returns were received from 545 firms, representing a 12.0% response. The response rate was lower than for the proprietary security and law enforcement managers, but it was an excellent response since (1) it was the first attempt to survey nationally the contract security industry in the U.S.; (2) some firms were reluctant to disclose

certain identifying information--despite assurances of anonymity--such as number of employees, revenue, market segments, amount of training and supervision, and other business practices and policies; (3) some larger companies refused participation by their local offices; and (4) the length of the survey (66 items).

Survey item number 55 asked the respondents to select one primary service category, and to designate other services provided. This was an attempt to examine the diversity of services offered by security firms. Some confusion resulted in completion of the item, e.g., some alarm firms offering both local alarms and central station services checked both categories. Respondents were asked to select one primary business category on the basis of greatest dollar volume of business. About 5% of the returns could not be categorized, but the creation of three new categories of primary service for alarms, security systems (those checking alarms and security control equipment) and full service firms (guards, investigators, armored car, alarms) allowed categorization of other firms that were not elsewhere classified (n.e.c.).

The largest category of returns is guard and patrol service (32%), followed by local alarm (18%), central station alarm (15%), and private detective firms (10%). Table A-4 displays the distribution of primary service types for the contract security manager survey. Tables 8-6 to 8-9 in the report list median value sales and personnel by business type.

TABLE A-4
 PRIMARY BUSINESS TYPE OF CONTRACT SECURITY
 MANAGER SURVEY RESPONDENTS

Primary Business	N=
Armored Car/Courier	14
Burglar/Fire Alarms (local)	96
Central Station Alarms	84
Alarms - n.e.c. ¹	21
Detection of Deception (polygraph/PSE)	5
Guard and Patrol Service	174
Guard Dog	4
Security Consultant	9
Security Control Equipment	11
Security systems - n.e.c. ¹	14
Private Detective/Investigator	56
Full Service Firms - n.e.c. ¹	14
Miscellaneous - n.e.c. ¹	29

N = 545

¹ n.e.c., not elsewhere classified

2.4 Treatment of the Data

The largely descriptive orientation of this research project mandated several approaches to treatment of the national survey data. First, as a multi-stage sampling problem, it was critical to obtain a representative sample in the first stage--law enforcement agencies--by department type, size, population group and region of the country. Second, the voluminous amount of never-before-collected data limited initial analysis to frequency distributions and analysis of central tendency within and between respondent groups for the identical questionnaire items. Third, cross-tabulations and measures of association (primarily Chi-square) between variables were applied only as trends became apparent. This report only begins to "scratch the surface" of potential secondary data analysis which can be performed after review of the report and the formation of tight research hypotheses by academicians and researchers.

3.0 NATIONAL AND REGIONAL SECURITY COMPANY SURVEY

Of the responding local guard company managers, 63% operated firms or offices of less than 100 employees, reflecting a large number of small-and medium-sized firms. Yet, a few security companies which are national or regional in scope often control a large market share for guard and patrol services at the local level; this is also true for other contract security services. The project's National Advisory Panel, as

well as the information from the reconnaissance efforts, emphasized the importance of obtaining the viewpoint of the larger firms, especially as they pertain to (1) anticipated growth of various market segments, (2) law enforcement and regulatory agency relationships, and (3) the impact of licensing and regulation on their company operations in different states. A decision was made to direct a separate questionnaire to this target population. Many of these firms are members of the Committee of National Security Companies (CONSCO) and/or the National Council of Investigation and Security Services (NCISS). Cooperation was solicited from these and other national security company associations (National Burglar and Fire Alarm Association [NBFAA], Central Station Electrical Protective Association [CSEPA], and the National Armored Car Association) in compiling a list of 40 national and larger regional contract security companies operating in the U.S.

Forty percent of these senior security executives responded: twelve guard companies, three alarm companies and one armored car company. While the actual number of responses is small, it is important to note the impressive size and scope of these companies. The aggregate number of total employees (U.S. operations) of the responding companies is 49,000 for guard companies and 12,000 for alarm companies. Annual revenues range from \$11 million to \$25 million for regional guard companies to over \$200 million for some national guard and

alarm companies. Table A-5 profiles operating data of the guard service firms and Appendix A-5 displays their survey responses.

4.0 SURVEY OF STATE LICENSING AND REGULATORY AGENCIES

Private security firms are frequently licensed or regulated by state and local government. In some cases both state and local requirements must be met to obtain a license. In the national surveys, approximately 75% of the guard and patrol firms and more than 80% of private investigative firms reported their operations as being regulated by state legislation; in practice, about 75% of the states license these firms. While 35 states license guard and patrol firms, only 22 of the states and the District of Columbia require the registration of guards; two of these states license and register only armed security personnel, and two other states license only unarmed security officers.

In fewer than 12 states, the same agency or board regulates alarm companies and armored car firms as well as guard and patrol and investigative firms. Alarm companies must obtain a license in 50% of the states, and the armored car industry is frequently subject to regulation by state public utilities commissions and the Interstate Commerce Commission. In the national surveys, 50% of the central station alarm companies and 33% of the local alarm firms reported that certain aspects of their operations were regulated by state statutes.

TABLE A-5
OPERATING PROFILE OF NATIONAL AND REGIONAL GUARD FIRMS
SURVEY RESPONDENTS

	NATIONAL FIRMS	REGIONAL FIRMS
Employees (total U.S.)	5,000 - 14,000	1,500 - 2,700
No. States doing business in	25 - 50	5 - 15
Revenue (general range)	\$50 million +	\$11-25 million
<u>Service Areas</u> (by revenue source)		
guards/patrol service	93%	90%
investigations	2%	3%
alarms	.1%	1%
specialized services (polygraph, equipment, executive protection, etc.)	4%	6%

Statewide regulatory bodies impose a greater number of operating restrictions on private security companies than states which simply license the firms. These regulations are a source of contention for many contract security firms, many of whom view them as unnecessarily restrictive. Proponents feel they are the only way to control industry abuses and ensure the quality of security personnel and firms. Thus, a survey was directed to all 37 states regulating some aspect of private security. The 51 item questionnaire covered such topics as administrative provisions, staffing, activities, volume of personnel and firms licensed and regulated, complaints, their relationships with law enforcement and private security firms, and their opinions on substantive issues raised in the national surveys. Responses were received from 19 states for a 50% response rate. Due to the large number of survey items requiring interpretation, explanation and free-form answers, the data have not been displayed in this appendix. Included, however, is a copy of the survey instrument, and Appendix D lists key legislative provisions of state licensing and regulatory agencies.

APPENDIX A - 2
LAW ENFORCEMENT
EXECUTIVE SURVEY DATA



**International
Association of
Chiefs of
Police, Inc.**
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Fifth Vice President
John J. Norton
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Sixth Vice President
Robert W. Landon
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Treasurer
Thomas C. Durrett
Beckley, WV

Division of State and
Provincial Police
General Chairman
Grover W. Garrison
Baton Rouge, LA

Division of State
Associations of
Chiefs of Police
General Chairman
Wayne C. Shepherd
Salt Lake City, UT

Past President and
Parliamentarian
Francis B. Looney
Farmingdale, NY

Norman Darwick
Executive Director

April 15, 1981

Dear Chief:

As you know, economic conditions have strained police budgets throughout the country. I know many of us face tough jobs in maintaining adequate levels of personnel and services in our communities.

Citizens and businesses have frequently turned to private security services and products (guards, alarms, investigators, etc.) to increase their level of protection. Private security is a great potential resource and ally in our crime prevention and control activities.

I am representing the IACP on the National Advisory Panel of a project to examine operating relationships between law enforcement and private security. This project will result in specific recommendations on how private security resources can effectively complement and enhance police crime prevention and control activities. This research is being conducted by Hallcrest Systems, Inc. of McLean, Virginia, under a grant from the National Institute of Justice.

I strongly urge you to complete the enclosed questionnaire. The opinions and attitudes of police chiefs are very important to this project. Your responses to this survey will be treated confidentially. The IACP will make available the results of this survey.

Sincerely,

William F. Quinn
William F. Quinn
President

Enclosures



NATIONAL SHERIFFS' ASSOCIATION

SUITE 320 • 1250 CONNECTICUT AVENUE • WASHINGTON, D. C. 20036
TELEPHONE: CODE 202: 872-0422

FERRIS E. LUCAS
EXECUTIVE DIRECTOR

April 17, 1981

Dear Sheriff:

Economic conditions are straining law enforcement budgets throughout the country. I know many of you face tough jobs in maintaining adequate levels of personnel and services in your counties.

Citizens and businesses have frequently turned to private security services and products (guards, alarms, investigators, etc.) to increase their level of protection. Private security is a great potential resource and ally in crime prevention and control activities for all sheriffs.

Currently, a national study is underway to examine operating relationships between law enforcement and private security. This project will result in recommendations on how private security resources can effectively complement and enhance law enforcement crime prevention and control activities. This research is being conducted for the National Institute of Justice.

I strongly urge you to complete the enclosed questionnaire. The opinions and attitudes of sheriffs are very important to this project. Your responses to this survey will be treated confidentially. Please return the questionnaire in the envelope provided to Hallcrest Systems, Inc. of McLean, Virginia.

Cordially,

Ferris E. Lucas
Executive Director

FEL/jj

Enclosures

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

Research Staff
Hallcrest Systems, Inc.

7316 Hooking Road, McLean, Virginia 22101

National Institute of Justice
U.S. Department of Justice

Law Enforcement Executive Survey

This questionnaire seeks *your opinions and attitudes* as a law enforcement executive. Please select answers that best express *your response* to each question; your answers will remain *confidential*.

Questions using boxes for answers should be marked with a check mark (✓) or (x). Only a few written answers are required.

Please complete and return by **May 8, 1981** in the postage paid envelope provided for your convenience.

Law Enforcement Operations and Activities

1. How would you rate the importance to your agency of the following functions and activities of law enforcement?

	highest priority					medium priority					lowest priority				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
crime prevention	40	36	19	3	2										
investigation of criminal incidents	65	32	3	-	.3										
arrest/prosecution of criminal suspects	75	23	1	.5	.3										
protection of lives and property	93	6	2	-	-										
maintaining public order	61	28	11	-	.3										
traffic enforcement	13	36	36	9	6										
traffic control	8	21	46	14	11										
general assistance to the public	22	32	35	9	3										
community relations	29	36	28	6	1										

2. How would you rate the importance of each of these factors in decisions affecting your agency's personnel and budget in the past five years?

	very important		important		not important		don't know	
	1	2	3	4	5	6		
political priorities	21	20	32	13	12	3		
citizen priorities	25	31	37	6	1	-		
city/county revenue	56	25	15	2	.8	1		
taxpayer "revolt"	15	13	24	18	20	10		
amount of crime	38	24	29	8	1	.3		
city/county population	14	23	35	20	7	1		

NATIONAL ADVISORY PANEL

- William J. Anthony**
Director, Div. of Law Enforcement
State of California
Sacramento, California
- Bernard M. Beerman, Esq.**
Attorney at Law
Baker and Hosteller
Washington, D.C.
- Dale G. Carson**
Sheriff of Duval County
Jacksonville, Florida
- E.J. Criscuolo, Jr.**
Executive Director
American Society for Industrial Security
Washington, D.C.
- B.M. Gray, II**
Director of Crime Prevention
National Council on Crime & Delinquency
Hackensack, New Jersey
- Albert Halsband**
Senior Vice President
May Department Stores
St. Louis, Missouri
- Donald L. Janis, Esq.**
Executive Vice President
Burns International Security Services, Inc.
Briarcliff Manor, New York
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Chamber of Commerce of the United States
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- Arthur A. Kingsbury**
Associate Dean
Macomb County Community College
Mt. Clemens, Michigan
- Chief William F. Quinn**
President
International Association of Chiefs of Police
Newton, Massachusetts
- Joseph R. Rosetti**
Director of Security
International Business Machines Corp.
Armonk, New York
- George A. Smith, III**
President
National Burglar and Fire Alarm Association
Dallas, Texas
- Louis A. Tyska**
President
American Society for Industrial Security
Waterbury, Connecticut
- Clifford W. Van Meter**
Director, Police Training Institute
University of Illinois
Champaign, Illinois
- Thomas W. Wathen**
President
California Plant Protection, Inc.
Van Nuys, California
- Jerry V. Wilson**
Vice President, Security
Peoples Drug Stores, Inc.
Alexandria, Virginia

3. What priority of response does your agency assign to the following calls for service?

Table with columns for priority levels (1-5) and rows for various incidents like assault and battery, burglary in progress, etc.

4. Does your agency deputize or give special police authority to private security personnel?

% 18 yes 82 no

5. Would your agency consider transferring initial response on activated burglar alarms to private security personnel of the security company protecting the premises?

% 57 yes 43 no

6. Would you consider transferring the following activities to private security personnel for criminal incidents occurring on property being protected by them?

Table with columns for yes/no/maybe and rows for preliminary investigation, completion of incident reports, etc.

7. Do local or state government entities in your jurisdiction contract with private security firms for protection of public property (e.g., schools, libraries,

parks, public hospitals, government buildings, etc.)?

% 44 yes 50 no 6 don't know

If yes, please list

8. Can you identify any law enforcement activities currently performed by your agency that potentially might be more cost effectively performed by contracting with private security firms?

% 40 yes 60 no

If yes, please explain

9. Which of these crime prevention activities are performed by your agency? (check those that apply)

- List of crime prevention activities with percentages: 90 property identification/marketing, 95 pamphlet distribution, etc.

10. Does your agency have assigned crime prevention officers in addition to patrol and investigative personnel? (check those that apply)

- List of officer assignments with percentages: 13 no specific officers assigned, 25 part-time crime prevention officers, etc.

11. How frequently in the last year has your agency participated in crime prevention activities and programs with the following groups?

Table with columns for frequency (weekly, twice a month, monthly, seldom, never) and rows for Chamber of Commerce, civic clubs, service organizations, etc.

12. Approximately how frequently in the last year has your agency investigated the following crimes?

Table with columns for frequency (daily, weekly, monthly, seldom, never) and rows for arson, bankruptcy fraud, business burglary, etc.

13. Does your agency have a policy concerning off-duty employment in private security by sworn personnel?

% 90 yes 10 no

14. May sworn personnel in your agency have any of the following interests in a private security firm?

Table with columns for yes/no and rows for owner, corporate officer, stockholder.

15. May sworn personnel in your agency be employed to perform private security functions during off-duty hours?

% 81 yes 19 no

(If no, skip to Question #19)

16. In which of the following capacities may sworn personnel perform private security functions during off-duty hours? (check those that apply)

- List of capacities with percentages: 71 using law enforcement uniform, 44 uniformed security guard, etc.

17. How are the services of off-duty officers/deputies obtained for private security functions?

Table with columns for yes/no and rows for hired and paid directly by business, hired and paid directly by private security firm, etc.

18. Approximately what percentage of your sworn personnel perform private security functions during off-duty hours?

%	1 to 10%	5	51 to 60%
18	11 to 20%	6	61 to 70%
11	21 to 30%	4	71 to 80%
10	31 to 40%	2	more than 80%
8	41 to 50%	.3	none

19. Do you feel that off-duty employment in private security is a conflict of interest with the duties of a law enforcement officer?

when the officer/deputy is:	%	yes 1	no 2
hired and paid directly by business	35	65	
hired and paid directly by private security firm	59	41	
hired and paid through law enforcement agency	31	69	
hired through police union/association	54	46	
contracted by individual officers/deputies	53	47	
other, please specify _____	50	50	

Private Security Operations and Activities

20. Based upon private security activities in your area, how do you think private security would rate the importance of the following functions and activities to their operations?

%	highest priority 1	medium priority 2	lowest priority 3	don't know 4
crime prevention	45	21	18	16
investigation of criminal incidents	13	29	39	19
arrest/prosecution of suspects	20	36	24	20
protection of lives/property	63	22	3	13
maintaining order	22	30	31	17
traffic control	7	22	50	20
unauthorized access control	52	26	8	14
employee identification	45	33	7	14
information security	23	32	21	25
crime reporting	17	39	27	17
fire prevention	49	22	11	18
accident prevention (industrial)	15	32	23	30
loss prevention	56	26	4	15

21. In general, how do you think the business community usually resolves the following crimes against their companies? Do they report to your agency, report directly to the district attorney or prosecutor's office, or do they resolve the incident within their own firm through other methods (e.g., firing employee, obtaining restitution, absorbing the loss, etc.)?

type of crime	report to your agency		report directly to D.A.	resolve by other methods	don't know
	1	2	3	4	
arson	% 95	1	4	1	
bankruptcy fraud	22	23	30	24	
business burglary	98	.3	1	.3	
business robbery	98	.3	1	.3	
cargo theft	73	1	19	7	
check fraud	87	7	5	2	
commercial bribery	26	14	27	33	
computer-related crimes	20	12	32	35	
consumer fraud	29	25	29	16	
credit card fraud	87	4	8	2	
embezzlement	62	13	21	4	
extortion	80	5	6	8	
Industrial espionage	17	6	37	40	
Insurance fraud	37	13	34	16	
pilferage/employee theft	49	1	45	5	
receiving stolen property	81	1	12	6	
securities theft/fraud	41	16	21	22	
shoplifting	94	1	5	1	
terrorism/bombings	90	1	3	7	
vandalism to businesses	97	.3	2	1	

22. In general, how would you rate the contribution of private security to crime prevention and control in your area?

%	very effective	somewhat effective	not effective	don't know
	1	2	3	4
overall contribution	3	66	24	7
reduction in volume of crime	2	47	38	13
reduction in direct dollar crime loss	3	58	21	18
number of criminal suspects apprehended	2	30	55	13
maintenance of order	4	42	41	13

23. How would you rate the performance of private security in your area in the following areas?

%	very good	good	poor	don't know
	1	2	3	4
quality of personnel	1	30	58	11
pre-employment background checks	1	18	55	26
training received	1	11	66	22
supervision	.3	21	54	25
personal appearance in uniform	2	46	47	5
reasonable use of force	3	41	18	39
proper use of weapons	3	35	26	36
familiarity with legal powers	1	17	57	26
reporting criminal incidents	9	53	26	13
responding to alarms	7	45	23	25

24. In general, do you think the use of private security in your community has increased or decreased in the last five years?

%	increased	decreased	about the same	don't know
	1 75	2 4	3 18	4 3

25. Should uniformed private security personnel be required to have badges, uniforms and equipment which can be clearly distinguished from public law enforcement?

%	99.5 yes	2.5 no
---	----------	--------

26. Should minimum levels of training be required for private security personnel?

%	1 99 yes	2 no	3 1 no opinion
---	----------	------	----------------

27. Should minimum levels of firearms training be required for armed private security personnel?

%	1 98 yes	2.3 no	3 1 no opinion
---	----------	--------	----------------

28. Prior to employment, should criminal record and fingerprint checks be required for private security personnel?

%	1 99 yes	2 no	3 1 no opinion
---	----------	------	----------------

29. Should minimum levels of experience and/or training be required for managers of private security firms?

%	1 96 yes	2 2 no	3 3 no opinion
---	----------	--------	----------------

30. In your area is there any legislation regulating private security? (check those that apply)

%	30 city ordinance	
	9 county ordinance	
	72 state statute	
	11 no laws	} skip to Question #37
	8 don't know	

31. Please check any categories of personnel that are regulated by this legislation.

%	employees manager/owners	
	1	2
	58	40
	55	21
	14	16

32. Please check those private security business practices regulated by this legislation.

39	employee I.D. cards	41	liability insurance
42	uniforms	6	advertising
19	equipment	11	false alarms
59	firearms	42	employee criminal record checks
59	bonding	9	don't know

33. How do you feel about the overall effectiveness of this regulatory legislation in assuring good private security employees and business practices in your area?

%	1 25 effective	2 58 not effective	3 18 no opinion
---	----------------	--------------------	-----------------

34. How stringent are the requirements of this legislation regarding business practices and security personnel?

%	1 0 too stringent	2 25 adequate	3 58 too lax	4 17 don't know
---	-------------------	---------------	--------------	-----------------

35. Does this legislation give your agency the power to suspend or revoke private security licenses?

%	no powers	may recommend	may suspend	may revoke
	1	2	3	4
	64	27	2	6
	63	27	3	7

36. Would you like to have these powers?

%	1 45 yes	2 55 no
---	----------	---------

If yes, why _____

37. Is there a need for regulation of private security in your area?

	yes	no
%	1	2
city ordinance	71	29
county ordinance	55	45
state statute	81	19

Law Enforcement and Private Security Relationships

38. Does your agency maintain a formal list of security directors and managers in your area?

%	¹ 34 yes	² 66 no
---	---------------------	--------------------

39. Does your agency maintain a list of firms offering the following security services in your area? (check those that apply)

%	27	guard and patrol services
	19	private investigators/detectives
	38	burglar alarms
	15	security equipment
	13	guard dog services
	17	armored car firms
	15	polygraph/detection of deception
	7	security consultants
	52	no list maintained

40. If a list is maintained in Question #39, is it provided to citizens upon request?

%	¹ 40 yes	² 60 no
---	---------------------	--------------------

41. How frequently do the following personnel in your agency have contact with private security personnel?

	%				
	daily	weekly	monthly	seldom	never
	1	2	3	4	5
patrol officers	55	28	5	11	1
detectives/investigators	10	35	20	33	2
supervisory	5	16	18	58	2
management	1	5	14	72	8

42. Has your agency developed cooperative programs or procedures with private security personnel in the following areas?

%	10	hazardous materials movement
	6	precious metals movement

11	VIP/executive protection
8	disaster management
11	traffic control
12	crowd control
3	terrorism counter measures
9	economic crime investigation (fraud, embezzlement, industrial espionage, etc.)
67	no
5	other (please specify)

43. In the last year, have any of the following resources been made available by private security to assist your agency in the investigation of crimes?

	%			
	frequently	occasionally	seldom	never
	1	2	3	4
personnel				
alarm "runners"	13	13	9	66
guards	4	13	14	69
investigators	1	8	14	76
investigative accountants		2	9	90
undercover operatives	1	3	9	88
polygraph/deception detection	2	8	11	79
questioned document examiner		2	5	94
equipment				
vehicles		2	5	93
armored vehicles	.3	1	2	96
aircraft		1	4	96
data processing		1	2	98
cctv/video		2	4	94
photographic		1	6	93
surveillance		3	9	89
financial				
reward money		5	10	86
ransom money			3	98
undercover operation funds		1	3	96
buy money for stolen goods		1	4	95
overtime payments for your agency personnel	.3	1	2	96

Information

Internal company investigations	1	12	17	70
criminal intelligence	1	9	18	73
business operations/procedures	2	7	17	75

Other, please specify _____

44. How would you rate the operating relationships of your agency with private security personnel in your area?

	excellent	2	good	4	poor	5	don't know
	1		3		6		
%	2	7	38	25	21	7	

45. Does your agency compete directly with private security firms on requests for bids on security services?

%	¹ 2 yes	² 98 no
---	--------------------	--------------------

46. Are there any specific measures you would recommend to improve private security in your community?

57% response

47. Are there any specific measures you would recommend to improve the working relationships of law enforcement and private security?

42% response

48. Are there any specific measures you would recommend to make more effective use of law enforcement and private security resources to prevent and control crime?

37% response

49. Has your agency reviewed the 1976 standards and goals of the Private Security Task Force to the National Advisory Committee on Criminal Justice Standards and Goals?

¹ 33 yes	² 64 no
---------------------	--------------------

50. Are you aware of the Model Private Security Licensing and Regulatory Statute developed by the Private Security Advisory Council to the Law Enforcement Assistance Administration in 1976?

%	¹ 31 yes	² 65 no
---	---------------------	--------------------

Agency Information

51. What is the population of your jurisdiction?

52. What is your current fiscal year agency budget?

53. What has been the annual amount of change in your agency budget in the last five years?

change

%	90	increased
	7	decreased
	3	about the same

change per year

%	7	1% to 4%
	43	5% to 9%
	26	10% to 14%
	10	15% or greater

54. What is your actual number of sworn personnel?

55. How has the actual number of sworn personnel changed in the last five years?

change

%	55	increased
	28	decreased
	16	about the same

amount of change	<u>Increased</u>	<u>Decreased</u>
1% to 4% %	21	11
5% to 9%	15	11
10% to 14%	10	1
15% or greater	9	3

57. What is the full-time equivalent (FTE) number of personnel in your agency assigned to crime prevention?

58. What type of law enforcement agency do you operate?

- % 68 Municipal police department
- 27 Sheriff's department
- 5 County police department
- 1 Other (please specify) _____

56. What is the average annual patrol officer's salary?

APPENDIX A-3

PROPRIETARY SECURITY
MANAGER SURVEY DATA

Your responses will remain confidential and will not be identified as to law enforcement agency. Your city, county, and state are essential to tabulate responses by population size and geographic region.

city _____

county _____

state _____

Questionnaire completed by: _____

Please enter position or title only

American Society
for Industrial Security



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Dear Security Professional:

I am serving on the National Advisory Panel of a research project to examine operating relationships between law enforcement and private security. This research is being conducted by Hallcrest Systems, Inc. of McLean, Virginia, under a grant from the National Institute of Justice.

This study will highlight the important loss and crime prevention contributions of security professionals, and will result in specific recommendations on how private security and law enforcement can work together more effectively.

I strongly urge you to complete the enclosed questionnaire. The opinions and attitudes of security managers are very important to this project. Your responses to this survey will be treated confidentially. The American Society for Industrial Security will make available the results of this survey.

Sincerely,

Louis A. Tyska

Louis A. Tyska
President

Enclosure: As stated

plr

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PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

Research Staff
Hallcrest Systems, Inc.

7316 Hooking Road, McLean, Virginia 22101

National Institute of Justice
U.S. Department of Justice

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Proprietary Security Manager Survey

This questionnaire seeks your opinions and attitudes as a security manager for your company/organization. Your responses are confidential; they cannot be identified by company/organization name.

Questions using boxes for answers should be marked with a check mark (✓) or an (x). Only a few written answers are required.

Please complete and return by JUNE 19, 1981 in the postage-paid envelope provided for your convenience.

Private Security Operations
and Activities

1. What level of security are you responsible for in your organization? (check those that apply)
- | | |
|---|--|
| <input type="checkbox"/> 17 national operations | <input type="checkbox"/> 18 corporate division |
| <input type="checkbox"/> 10 international operations | <input type="checkbox"/> 9 subsidiary company |
| <input type="checkbox"/> 43 entire organization/institution | <input type="checkbox"/> 15 regional facility/operations |
| <input type="checkbox"/> 15 corporate headquarters | <input type="checkbox"/> 25 local facility/operations |
2. How long has your position been established?
- | | |
|---|--|
| <input type="checkbox"/> 1 5 less than 1 year | <input type="checkbox"/> 4 17 7 to 10 years |
| <input type="checkbox"/> 2 21 1 to 3 years | <input type="checkbox"/> 5 18 10 to 15 years |
| <input type="checkbox"/> 3 18 4 to 6 years | <input type="checkbox"/> 6 21 longer than 15 years |

3. Please write the title of the person to whom you report in your job. _____
4. How many separate geographical locations and/or facilities are part of your security responsibilities?
locations _____
facilities _____
5. Does your organization have formal written security policies and procedures?

9 5yes 2 5 no

6. Which of the following are part of the security operations of your organization? (check all that apply)

- % 20 armored car/armed courier
- 83 burglar alarms
- 81 fire alarms
- 74 closed circuit T.V.
- 74 communications equipment
- 67 electronic sensors or systems
- 60 electronic access control systems
- 7 guard dogs
- 67 guards (in-house)
- 57 guards (contract)
- 25 investigators (contract)
- 69 investigators (in-house)
- 14 investigative accountants
- 68 security lighting equipment
- 29 polygraph/deception detection
- 75 safes and vaults
- 41 undercover operatives
- 21 energy management systems
- 11 other(s): please list

7. Have you used any of the following factors or measures to evaluate your security operations? (check all that apply)

- % 56 inventory shrinkage
- 81 internal theft
- 22 profits
- 27 operational overhead
- 74 crimes investigated
- 10 gross sales
- 7 number of customers.
- 21 customer attitudes/behavior
- 57 employee attitudes/behavior
- 65 apprehensions/arrests
- 56 crime attempts intercepted

- 3 none of the above
- 5 other(s): please specify

8. How would you rate the importance of the following functions and activities to your security operations?

	highest priority 1	medium priority 2	lowest priority 3	not applicable 4
crime prevention	74	22	3	2
investigation of criminal incidents	46	45	6	4
arrest/prosecution of suspects	32	44	18	6
protection of lives/property	89	8	2	1
maintaining order	34	44	14	8
traffic control	5	32	37	27
unauthorized access control	56	37	6	2
employee identification	37	46	15	2
information security	36	39	19	5
crime reporting	28	49	18	5
fire prevention	64	20	8	8
accident prevention (Industrial)	38	28	12	23
loss prevention	72	23	3	1

9. Please check how frequently your organization has investigated the following crimes:

type of crime	daily 1	weekly 2	monthly 3	seldom 4	never 5
arson	%	1	3	56	41
bankruptcy fraud	1	1	3	22	73
burglary	4	12	29	45	10
robbery	3	7	16	47	27
cargo theft	2	4	17	44	34
check fraud	13	8	16	39	25
commercial bribery		1	6	33	60
computer-related crimes	1		5	39	56
credit card fraud	8	6	11	22	53
drug abuse	3	11	28	48	15
embezzlement	4	6	17	43	30
extortion	1		3	31	64

type of crime	daily 1	weekly 2	monthly 3	seldom 4	never 5
industrial espionage		1	5	39	55
insurance fraud	1	2	6	34	56
pilferage/employee theft	24	28	28	19	1
receiving stolen property	2	4	19	44	31
securities theft/fraud	1	1	2	24	72
shoplifting	14	4	6	13	64
terrorism/bombings		1	6	49	44
vandalism	6	18	33	38	5

10. In general, how does your organization usually resolve the following crimes? Do you report to law enforcement agencies, report directly to the district attorney or prosecutor's office, or do you resolve the incident within your organization through other methods (e.g., firing employee, obtaining restitution, absorbing the loss, etc.)?

type of crime	%	report to law enforcement agency	report directly to D.A.	resolve by other methods
arson		89	5	6
bankruptcy fraud		46	20	34
burglary		91	3	5
robbery		93	3	5
cargo theft		72	6	22
check fraud		61	16	24
commercial bribery		39	20	41
computer-related crimes		40	18	42
credit card fraud		60	12	29
drug abuse		55	2	42
embezzlement		53	21	26
extortion		73	13	14
Industrial espionage		34	16	51
insurance fraud		35	16	49
pilferage/employee theft		49	6	46
receiving stolen property		74	6	20
securities theft/fraud		60	15	25
shoplifting		70	3	27
terrorism/bombings		85	5	10
vandalism		70	2	28

11. Would your organization be willing to consider transfer of the following activities from law enforcement to your security personnel for criminal incidents occurring on your property?

	yes 1	no 2	maybe 3
Initial response to burglar alarms	55	32	14
preliminary investigation	76	12	12
completion of incident reports when victim declines prosecution or is reporting for insurance purposes only	74	13	13
completion of misdemeanor incident reports	68	18	13
completion of supplemental case reports	61	22	17
transporting "citizen arrests"	21	67	11
other: (please explain)	5		

12. In general, how would you rate the contribution of your security program to crime prevention and control?

	%	very effective 1	somewhat effective 2	not effective 3	don't know 4
overall contribution		49	47	3	2
reduction in volume of crime		36	52	6	7
reduction in direct dollar crime loss		38	48	5	9
number of criminal suspects apprehended		21	51	16	12
maintenance of order		54	35	2	9

13. How do you think the law enforcement agencies in your area would rate the contributions of private security to crime prevention and control?

	%	very effective 1	somewhat effective 2	not effective 3	don't know 4
overall contribution		20	58	13	9
reduction in volume of crime		11	55	22	12
reduction in direct dollar crime loss		13	54	17	16
number of criminal suspects apprehended		11	37	34	18
maintenance of order		20	50	15	15

14. How would you rate the performance of in-house private security operations in your geographic area on the following items?

	%	excellent		good		poor		don't know	
		1	2	3	4	5	6	7	8
quality of personnel	15	22	40	13	4	6			
pre-employment background checks	11	14	29	17	19	10			
training received	10	14	33	22	14	7			
supervision	15	24	34	14	7	6			
personal appearance in uniform	13	20	38	16	6	8			
reasonable use of force	14	17	30	13	5	21			
proper use of weapons	13	14	21	9	9	34			
familiarity with legal powers	8	13	27	21	19	12			
reporting criminal incidents	17	21	33	13	6	10			
responding to alarms	24	27	28	8	3	11			

15. How would you rate the performance of contractual private security firms in your geographic area on the following items?

	%	excellent		good		poor		don't know	
		1	2	3	4	5	6	7	8
quality of personnel	1	1	16	32	44	5			
pre-employment background checks	1	3	14	20	43	18			
training received	1	1	11	26	52	10			
supervision	2	3	21	36	32	7			
personal appearance in uniform	1	4	27	35	28	5			
reasonable use of force	2	3	18	22	24	31			
proper use of weapons	2	2	14	16	26	40			
familiarity with legal powers	1	2	9	19	46	23			
reporting criminal incidents	2	8	27	22	22	19			
responding to alarms	3	12	28	24	19	15			

16. How do you think law enforcement agencies in your area would rate overall private security performance on the following items?

	%	excellent		good		poor		don't know	
		1	2	3	4	5	6	7	8
quality of personnel	2	5	19	30	37	8			
pre-employment background checks	2	4	14	24	40	17			
training received	2	3	12	22	49	12			
supervision	2	7	21	28	31	11			
personal appearance in uniform	3	8	22	30	27	11			

	excellent	good	poor	don't know		
reasonable use of force	2	3	21	22	27	25
proper use of weapons	2	3	14	17	36	28
familiarity with legal powers	1	2	11	22	45	19
reporting criminal incidents	3	7	26	26	24	15
responding to alarms	5	10	27	25	19	14

Private Security and Law Enforcement Relationships

17. How would you rate the operating relationships of your organization with area law enforcement personnel?

	%	excellent		good		poor		don't know	
		1	2	3	4	5	6	7	8
	44	27	22	4	2	1			

18. How do you think law enforcement agencies in your area would rate the importance of the following functions and activities to their operations?

	highest priority	medium priority	lowest priority		
crime prevention	27	28	34	8	4
investigation of criminal incidents	28	37	29	5	2
arrest/prosecution of criminal suspects	44	32	18	4	2
protection of lives and property	52	27	16	5	-
maintaining public order	35	36	22	5	2
traffic enforcement	12	25	40	14	10
traffic control	11	23	39	18	9
general assistance to the public	10	32	41	12	5
community relations	14	32	38	11	6

19. What priority of response do you think law enforcement agencies in your area assign to the following calls for service?

	highest priority	medium priority	lowest priority		
assault and battery	24	39	31	4	2
burglary in progress	64	28	6	1	1
burglar alarm activated	14	29	34	15	7
domestic disturbance	3	20	44	21	12
traffic accidents	11	22	37	19	11

highest priority, medium priority, lowest priority

	highest priority	medium priority	lowest priority		
robbery in progress	86	12	2	1	
armed robbery	76	21	3	1	
shoplifting	1	4	36	39	21
auto theft	1	10	44	34	12
employee theft	1	3	25	37	35
police officer in trouble	99	1			
security guard in trouble	26	33	32	7	2

20. How often have any of the following resources been made available by your organization to assist law enforcement in the investigation of crimes?

	%	highest priority		medium priority		lowest priority		not applicable
		1	2	3	4	5		
personnel								
alarm "runners"	12	14	10	25	40			
guards	13	25	20	26	16			
investigators	25	30	17	16	12			
investigative accountants	5	13	14	34	35			
undercover operatives	5	15	19	34	28			
polygraph/deception detection	6	11	10	35	38			
questioned document examiner	1	10	12	35	42			
equipment								
vehicles	6	11	20	39	26			
armored vehicles	1	1	3	42	53			
aircraft	1	4	6	40	50			
data processing	1	7	12	45	35			
cctv/video	5	16	16	36	27			
photographic	7	20	19	31	23			
surveillance	7	27	25	23	17			
financial								
reward money	7	20	15	35	23			
ransom money	2	2	7	52	37			
undercover operation funds	3	10	14	44	29			
buy money for stolen goods	3	15	17	39	27			
overtime payments for their agency personnel	3	12	12	46	27			
information concerning:								
internal company investigations	19	37	20	15	9			
criminal intelligence	16	38	20	15	10			

business operations/procedures, other: please specify

21. How frequently do security personnel in your organization have contact with the following public law enforcement personnel?

	%	daily		weekly		monthly		seldom		never	
		1	2	3	4	5	6	7	8	9	
your employees	35	27	15	21	3						
patrol officers	14	30	27	24	4						
detectives/investigators	12	25	23	33	7						
supervisors	11	18	25	35	11						
managers	15	29	22	29	5						
supervisors/managers	11	32	28	25	4						
patrol officers	10	27	30	30	5						
detectives/investigators	9	23	29	32	7						

22. How frequently does your organization have access to the following types of information from criminal justice agencies?

	%	daily		weekly		monthly		seldom		never	
		1	2	3	4	5	6	7	8	9	
arrest verification	14	16	15	38	18						
conviction verification	15	16	18	36	15						
driver license check	16	15	16	37	16						
vehicle check	18	22	18	32	10						
criminal case information	11	14	17	40	17						

23. When handling or investigating a criminal incident within your organization, which of the following statements reflect(s) the degree of cooperation you receive from law enforcement agencies in your area? (check those that apply)

3 don't cooperate
23 cooperate reluctantly
71 cooperate fully
2 interfere with your investigation
9 withhold needed information
12 other: please specify

24. Has your organization developed cooperative programs or procedures with law enforcement agencies in the following areas? (check those that apply)

- % 21 hazardous materials movement
- 10 precious metals movement
- 32 VIP/executive protection
- 44 disaster management
- 54 crime prevention
- 31 traffic control
- 23 crowd control
- 21 terrorism counter measures
- 31 economic crime investigation (fraud, embezzlement, industrial espionage, etc.)
- 16 no
- 7 other: (please specify) _____

25. Are there any specific measures you would recommend to improve private security in your community?

60% Response

26. Are there any specific measures you would recommend to improve the working relationships of law enforcement and private security?

56% Response

27. Are there any specific measures you would recommend to make more effective use of law enforcement and private security resources to prevent and control crime?

42% Response

28. Has your organization reviewed the 1976 standards and goals of the Private Security Task Force to the National Advisory Committee on Criminal Justice Standards and Goals?

% ¹ 47yes ² 53no

29. Are you aware of the Model Private Security Licensing and Regulatory Statute developed by the Private Security Advisory Council to the Law Enforcement Assistance Administration in 1976?

% ¹ 56yes ² 44 no

Law Enforcement Officer Employment in Private Security

30. Are off-duty law enforcement officers employed by your organization?

% ¹ 41 yes ² 60 no (if no, skip to Question #33)

31. If yes to Question #30, check the following capacities in which off-duty law enforcement officers are employed by your organization. (check those that apply)

- % 59 using law enforcement uniform
- 22 uniformed security guard
- 53 plainclothes security
- 21 investigators
- 34 traffic control
- 25 sporting/special events
- 19 VIP/executive protection
- 4 security supervisor/manager
- 11 other(s): please specify _____

32. If yes to Question #30, how does your organization obtain the services of off-duty law enforcement officers? (check those that apply)

- % 75 hire and pay officer/deputy directly
- 36 contract through law enforcement agency
- 11 contract through police union/association
- 6 other: please specify _____

33. Do businesses or private security firms in your community hire off-duty law enforcement officers for security functions?

	yes	no	don't know
	1	2	3
businesses %	79	4	17
private security firms	40	17	43

34. Do you think the employment of off-duty law enforcement officers by business and private security firms in your community has increased, decreased, or remained the same during the past five years?

	increased	about the same		decreased	don't know
		1	2		
businesses %	41	28	8	22	
private security firms	18	22	7	53	

35. Do law enforcement officers in your community perform security functions while on off-duty or on overtime pay status in their departments?

	yes	no	don't know
using law enforcement agency uniform/equipment %	49	19	33
plainclothes detail	41	14	45

36. When your organization requests bids for private security services, do you receive formal or informal bids to perform these services from off-duty law enforcement officers?

bid submitted by:	formal bid		informal bid	
	yes	no	yes	no
	1	2	1	2
law enforcement agency %	5	95	19	81
police union/association	2	98	8	92
individual officer/deputy	5	95	32	69
commanding officer	3	97	9	91
private security firm	70	30	31	69

37. Do you feel that off-duty employment in private security is a conflict of interest with the duties of a law enforcement officer?

when the officer/deputy is:	yes	no
	1	2
hired and paid directly by business %	34	66
hired and paid directly by private security firm	40	60
hired and paid through law enforcement agency	47	53
hired through police union/association	56	44
contracted by individual officers/deputies	47	53
other: please specify	6	

38. In general, how do you feel about off-duty law enforcement officers using public agency uniforms and equipment to perform private security functions?

	strongly agree		agree		disagree	
	1	2	3	4	5	6
should be an available option for additional protection %	26	8	20	5	41	
unfair competition with private security firms	17	4	16	10	53	
misuse of public resources and tax dollars	29	7	13	9	44	

Private Security Legislation

39. Do any of your security personnel have deputized police powers in the performance of their duties?

% ¹ 29 yes (if yes, go to Question #42) ² 71 no

40. If no to Question #39, would you like them to have these powers?

% ¹ 29 yes ² 71 no

41. If yes to Question #40, why would you like these powers?

17%

42. Is there any legislation regulating private security in your area? (check those that apply)

- % 21 city ordinance
- 9 county ordinance
- 69 state statute
- 10 no laws
- 10 don't know } skip to Question #47

43. Are any aspects of your security operations covered by this legislation?

% ¹ 66yes ² 30 no ³ 4 don't know

44. Are your proprietary security personnel covered by this legislation?

% ¹ 55yes ² 39 no ³ 6 don't know

45. How do you feel about the overall effectiveness of this regulatory legislation in assuring good private security employees and business practices in your area?

% ¹ 33 effective ² 52 not effective ³ 15 no opinion

46. How stringent are the regulations and requirements of this legislation regarding private security personnel and business practices?

% 1 2 too stringent 2 42 adequate 3 45 too lax
4 11 no opinion

47. Do you feel there is a need for legislation regulating private security firms in your area?

	yes 1	no 2
city ordinance	39	61
county ordinance	36	64
state statute	85	15

48. Should law enforcement agencies have the power to suspend or revoke private security licenses and certificates?

	yes 1	no 2
managers and owners	43	57
employees	44	56

49. Do you think the following business practices should be required of private security?

	contract security		proprietary security	
	yes 1	no 2	yes 1	no 2
employee criminal record and fingerprint checks	97	3	96	4
badges, uniforms, equipment clearly distinguishable from law enforcement	93	7	87	13
minimum levels of training for all security personnel	99	1	96	4
minimum levels of training for armed security personnel	99	1	98	2

Personnel

50. Please check the types of pre-employment screening of your security employees utilized by your organization. (check those that apply)

% 7 application
93 general interviewing
63 detailed background investigation

- 15 written examination
- 66 criminal history check
- 39 fingerprint check
- 74 general reference check
- 12 psychological testing
- 17 polygraph/deception detection
- other(s): please list _____

51. What is the *minimum* level of training received by each employee in the following security categories?

	Hours of Training						
	0 0	1 1-4	2 5-8	3 9-16	4 17-24	5 25-40	6 40+
classroom training prior to job assignment							
uniformed personnel	21	15	14	10	15	27	
armed personnel	8	9	11	7	16	49	
other personnel	16	13	11	7	13	41	
supervisors	9	7	9	7	13	56	
on the job training--annually							
uniformed personnel	7	13	17	13	15	36	
armed personnel	3	10	13	12	17	44	
other personnel	8	9	12	11	15	44	
supervisors	4	7	9	11	17	53	

52. How many hours of firearms training for armed personnel include discussion of legal and policy restraints in carrying firearms?

1 number of hours _____ 2 not applicable
Median 8.5

53. What approximate percentage of your security personnel carry a firearm while on duty?

% 1 62 none
2 11 1% to 10%
3 2 11% to 20%
4 2 21% to 30%
5 3 31% to 50%
6 2 51% to 70%
7 3 71 to 90
8 15 greater than 90

54. How does your organization feel about security personnel carrying firearms? (check those that apply)

- 38 usually not needed
- 41 against company policy
- 21 special assignments only
- 2 on employee's request
- 18 too many legal/insurance problems
- 21 other: please specify _____

55. What is the approximate range of the average hourly wage paid to your in-house uniformed security guards?

% 1 5 \$3.35 to \$4.00/hr. 6 11 \$8.00 to \$9.00/hr.
2 17 \$4.00 to \$5.00/hr. 7 3 \$9.00 to \$10.00/hr.
3 20 \$5.00 to \$6.00/hr. 8 4 \$10.00 to \$11.00/hr.
4 21 \$6.00 to \$7.00/hr. 9 4 greater than \$11.00/hr.
5 14 \$7.00 to \$8.00/hr. 10 not applicable

56. What is the approximate range of the average hourly wage paid to other security personnel of your organization (nonsupervisory)?

% 1 14 \$4.00 to \$5.00/hr. 6 7 \$9.00 to \$10.00/hr.
2 20 \$5.00 to \$6.00/hr. 7 6 \$10.00 to \$11.00/hr.
3 16 \$6.00 to \$7.00/hr. 8 5 \$11.00 to \$12.00/hr.
4 11 \$7.00 to \$8.00/hr. 9 11 greater than \$12.00/hr.
5 11 \$8.00 to \$9.00/hr. 10 not applicable

57. If your organization utilizes contract security guards, what is the average hourly billable rate paid for your typical guard company contract?

% 1 7 \$4.00 to \$5.00/hr. 2 27 \$5.00 to \$6.00/hr.

3 24 \$6.00 to \$7.00/hr. 7 2 \$10.00 to \$11.00/hr.
4 24 \$7.00 to \$8.00/hr. 8 \$11.00 to \$12.00/hr.
5 7 \$8.00 to \$9.00/hr. 9 1 greater than \$12.00/hr.
6 6 \$9.00 to \$10.00/hr. 10 not applicable

58. Please list your years of experience for each of the following:

	Mean years of experience those responding
private security investigator	9.0
security guard	4.4
security supervisor	7.2
security manager	9.0
contract security	4.2
other:	10.3
please specify _____	
military service	
noncommissioned service	6.4
commissioned officer	11.2
military police	8.0
military intelligence	8.1
other:	10.9
please specify _____	
law enforcement	
police officer/deputy	8.1
investigator	7.3
supervisor/commanding officer	8.7
chief of police/sheriff	6.5
federal agent	11.3
other:	6.4
please specify _____	

Organization Information

59. Please rank (according to dollar volume) the three primary areas of your organization's business. (highest = 1)

No. Respondents
Primary Business Area at this organization at this location
aerospace 25

No. Respondents	your organization	at this location
Primary Business Area		
armed forces	8	
auto/tooling/metal working	11	
banking/finance	68	
consumer products manufacturing	55	
education /fine arts	18	
electrical/electronics	33	
forest/wood products		
government-federal	14	
research and development	14	
health services	53	
industrial products manufacturing	33	
insurance	14	
metals manufacturing/metal products	18	
mining/petroleum/chemicals	38	
pharmaceuticals	9	
restaurant/lodging	29	
retailing	96	
textiles/rubber/plastic/glass products/pulp and paper products	13	
transportation	17	
utilities/communications	51	
other(s): please list	9	
Industrial - N.E.C.	18	
Service - N.E.C.	8	
N/R	24	

N=676

60. What is the total number of security employees at this location for whom you are responsible? _____

61. How many supervisors of security services does your organization employ at this location? _____

62. What are the gross annual sales of your firm - company wide?

% 1 37 less than \$5 million

2 19 \$6 million to \$25 million
 3 12 \$26 million to \$50 million
 4 10 \$51 million to \$100 million
 5 10 \$101 million to \$300 million
 6 5 \$301 million to \$600 million
 7 3 \$601 million to \$999 million
 8 3 \$1 billion to \$5 billion
 9 1 greater than \$5 billion
 10 not applicable (e.g., government, education, hospitals, banks, etc.)

63. What is the approximate value of assets protected by the security operations of your organization-entire organization? \$ _____

64. What is the approximate value of assets protected by the security operations under your responsibility? \$ _____

65. What is the approximate overall security budget of your organization-entire organization? \$ _____

66. What is the approximate annual security budget for the operations under your responsibility? \$ _____

67. What has been the annual amount of change in your security budget in the last five years?

change	%	Increased	change per year
1 89	increased	(4) 6	1 1% to 4%
2 5	decreased	25	2 5% to 9%
3 6	about the same	28	1 10% to 14%
		26	4 15% or greater

68. Please write the title or position of the person who approves your security budget.

title or position _____

69. Approximately what percentage of your annual security budget is spent for outside or contractual security services or products such as alarms and other security equipment, contract guards and investigators, security consultants, armored car service, etc.?

% 1 39 less than 10% 5 12 51% to 70%
 2 18 11% to 20% 6 9 71% to 90%
 3 10 21% to 30% 7 4 more than 90%
 4 9 31% to 50%

70. How many outside or contractual security firms are utilized in your security operations?

% 1 23 none 4 5 7 to 10 firms
 2 49 1 to 3 firms 5 4 11 to 15 firms
 3 14 4 to 6 firms 6 6 greater than 15 firms

71. What is the approximate annual salary (excluding profit-sharing, bonuses, fringe benefits, etc.) of the senior security manager/executive at this location?

% 1 2 less than \$15,000
 2 5 \$15,000 to \$19,999
 3 12 \$20,000 to \$24,999
 4 18 \$25,000 to \$29,999
 5 18 \$30,000 to \$34,999
 6 11 \$35,000 to \$39,999
 7 11 \$40,000 to \$44,999
 8 12 \$45,000 to \$54,999
 9 5 \$55,000 to \$64,999
 10 2 greater than \$65,000

Your responses will remain confidential and cannot be identified by your company/organization name. Your city, county, state, and zip code are essential to tabulate responses by population size and geographic region.

city _____

county _____

state _____ zip code _____

Questionnaire completed by: _____

Please enter position or title only

THANK YOU FOR YOUR COOPERATION.

APPENDIX A - 4
CONTRACTUAL SECURITY
MANAGER SURVEY DATA

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

Research Staff
Hallcrest Systems, Inc.

7316 Hooking Road, McLean, Virginia 22101

National Institute of Justice
U.S. Department of Justice

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Champaign, Illinois

Thomas W. Wathen
President
California Plant Protection, Inc.
Van Nuys, California

Jerry V. Wilson
Vice President, Security
Peoples Drug Stores, Inc.
Alexandria, Virginia

Dear Security Manager:

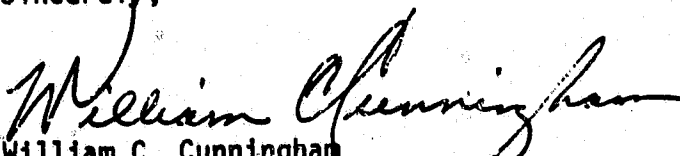
We are requesting your assistance in completing a questionnaire as part of a national study of the nature and extent of private security and law enforcement resources and operating relationships. Law enforcement officials in your region recently completed a similar questionnaire.

As a provider of security services and/or products, your firm makes an important contribution in assisting businesses and citizens to protect their property and lives. This project will identify ways that private and public resources can more effectively cooperate in preventing and controlling crime in our nation's communities.

Please complete the enclosed questionnaire as soon as possible and return it to us before June 26, 1981, in the postage-paid envelope provided for your convenience.

Thank you for your willingness to participate in this project. The identity of your firm and your responses will remain confidential.

Sincerely,


William C. Cunningham
Project Director

WCC/ck
Enclosures

DEADLINE FOR REPLIES
EXTENDED TO 7/14/81

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

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Alexandria, Virginia

Contractual Security Manager Survey

This questionnaire seeks *your opinions and attitudes* as a manager or owner of a business providing private security services. *Your responses are confidential; they cannot be identified by company name.*

Questions using boxes for answers should be marked with a check mark (✓) or an (X). Only a few written answers are required.

Please complete and return by **JUNE 26, 1981** in the postage-paid envelope provided for your convenience.

Private Security Operations and Activities

1. What share of your firm's current business volume is provided to the following client areas?

	%	\$ volume of business			
		large 1	medium 2	low 3	none 4
armed forces	1	3	17	79	
banking/finance	7	14	37	42	
construction	7	23	42	28	
educational institutions	4	14	35	48	
hospital/health care	3	12	35	50	
transportation facilities (airports, trucking firms, etc.)	4	16	39	41	
government facilities (nonmilitary)	2	8	26	63	
manufacturing facilities	27	31	22	21	
public housing	3	7	17	73	
residential	30	17	20	33	
restaurant/lodging	6	23	39	32	
retail stores	23	28	27	22	
shopping centers	10	20	30	40	
utilities	4	10	25	62	
other(s):	10	8	6	76	
please list _____					

2. Please check any of the following client areas where your services have increased significantly in the past five years. %

2 armed forces	31	manufacturing facilities	
17 banking/finance	5	public housing	
20 construction	43	residential	
10 educational institutions	14	restaurant/lodging	
11 hospital/health care	31	retail stores	
10 transportation facilities	14	shopping centers	
6 government facilities (nonmilitary)	7	utilities	
10 other(s): please list _____			

criminal incident	large 1	medium 2	low 3	none 4
robbery	38	28	20	15
cargo theft	13	22	27	39
check fraud	2	5	16	77
commercial bribery	1	3	10	86
computer-related crimes	1	4	16	80
credit card fraud	1	3	12	84
drug abuse	5	9	21	65
embezzlement	4	8	15	73
extortion	1	4	14	81
industrial espionage	4	13	22	59
insurance fraud	6	8	15	72
pilferage/employee theft	32	28	20	21
receiving stolen property	6	9	19	67
securities theft/fraud	3	6	14	77
shoplifting	15	18	26	41
terrorism/bombings	3	10	17	70
vandalism	40	30	14	16

3. How would you rate the importance to your typical clients of the following activities performed for them?

	highest priority 1	medium priority 2	lowest priority 3	4	5	6 does not apply
crime prevention	56	13	14	3	3	11
investigation of criminal incidents	10	6	17	10	15	42
arrest/prosecution of suspects	13	7	15	11	15	39
protection of lives/property	68	13	6	2	1	10
maintaining order	17	11	18	6	6	42
traffic control	3	3	12	10	16	56
unauthorized access control	35	15	18	8	4	21
employee identification	14	10	20	11	11	34
information security	11	7	16	13	13	40
crime reporting	15	10	17	9	12	38
fire prevention	42	12	16	5	6	19
accident prevention (industrial)	8	6	12	8	13	53
loss prevention	51	15	15	4	2	13

4. How much of your firm's current business volume is directed toward the following criminal incidents?

criminal incident	large 1	medium 2	low 3	none 4
arson	12	15	31	43
bankruptcy fraud	2	3	13	83
burglary	64	16	10	10

5. Would your firm be willing to consider transfer of the following activities from law enforcement to your security personnel for criminal incidents occurring on property being protected by your firm?

	yes 1	no 2	maybe 3
initial response to burglar alarms	47	32	21
preliminary investigation	51	32	17
completion of incident reports when victim declines prosecution or is reporting for insurance purposes only	51	34	15
completion of misdemeanor incident reports	44	39	17
completion of supplemental case reports	38	41	21
transporting "citizen arrests"	20	62	18
other; please explain	25	61	13

6. How would you rate the *overall importance* of the following factors influencing your clients to request your services?

%	very important				
	1	2	3	4	5
quality of service	87	6	6	1	
cost of service	40	18	34	6	2
change in contract service firms	8	11	33	20	28
expansion of client facilities	15	13	36	17	19
actual property crime victim	35	21	28	9	7
actual violent crime victim	27	13	26	18	15
general fear of property crime in their area	43	23	26	4	5
general fear of violent crime in their area	34	20	27	10	9
inability of police to affect crime rate	33	18	29	11	9
rapid rise in crime rate	43	21	23	8	4
value of assets to protect	53	23	19	3	2
amount of cash handled	27	17	30	15	12

7. In general, how would you rate your firm's contribution to crime prevention and control for the typical clients you serve?

%	effective			
	1	2	3	4
overall contribution	71	22		6
reduction in volume of crime	48	36	5	12
reduction in direct dollar crime loss	52	35	3	10
number of criminal suspects apprehended	20	40	18	22
maintenance of order	32	29	10	29

8. How do you think the law enforcement agencies in your area would rate the contributions of area private security firms to crime prevention and control?

%	effective			
	1	2	3	4
overall contribution	17	58	16	9
reduction in volume of crime	10	54	28	8
reduction in direct dollar crime loss	14	57	19	11
number of criminal suspects apprehended	7	39	36	18
maintenance of order	9	38	28	25

9. How would you rate the performance of private security firms in your geographic area on the following items?

%	performance					
	1	2	3	4	5	6
quality of personnel	3	5	39	25	22	6
pre-employment background checks	3	7	19	19	40	15
training received	2	4	18	23	42	11
supervision	4	4	27	29	23	12
personal appearance in uniform	3	7	36	24	22	8
reasonable use of force	3	7	23	14	14	39
proper use of weapons	6	6	21	12	17	38
familiarity with legal powers	2	4	16	18	33	28
reporting criminal incidents	8	9	29	16	13	28
responding to alarms	9	13	32	15	12	19

10. How do you think law enforcement agencies in your area would rate the performance of private security on the following items?

%	performance					
	1	2	3	4	5	6
quality of personnel	2	3	22	22	39	13
pre-employment background checks	2	3	17	15	43	21
training received	2	2	13	18	49	17
supervision	3	2	19	23	35	19
personal appearance in uniform	4	5	23	24	28	17
reasonable use of force	3	3	15	15	28	37
proper use of weapons	3	3	13	13	36	33
familiarity with legal powers	2	2	10	12	46	30
reporting criminal incidents	5	6	22	16	24	27
responding to alarms	6	7	25	15	24	24

Private Security and Law Enforcement Relationships

11. How would you rate your firm's relationships with area law enforcement personnel?

%	relationships					
	1	2	3	4	5	6
	45	22	7	7	3	1

12. How do you think law enforcement agencies in your area would rate the importance of the following functions and activities to their operations?

%	importance				
	1	2	3	4	5
crime prevention	36	23	30	6	6
investigation of criminal incidents	23	29	28	9	12
arrest/prosecution of criminal suspects	38	25	19	8	10
protection of lives and property	52	23	19	3	4
maintaining public order	31	27	27	7	9
traffic enforcement	19	20	35	11	16
traffic control	14	17	36	14	19
general assistance to the public	14	21	40	16	10
community relations	19	22	33	15	12

13. What priority of response do you think law enforcement agencies in your area assign to the following calls for service?

%	priority				
	1	2	3	4	5
assault and battery	29	31	33	4	3
burglary in progress	55	28	12	2	2
burglar alarm activated	12	26	35	15	12
domestic disturbance	6	15	39	25	15
traffic accidents	16	24	32	17	11
robbery in progress	79	16	4	1	1
armed robbery	77	15	6	1	
shoplifting	3	4	30	35	28
auto theft	3	10	35	32	21
employee theft	1	3	19	33	44
police officer in trouble	98	2			
security guard in trouble	24	35	26	9	6

14. How often have any of the following resources been made available by your firm to assist law enforcement in the investigation of crimes?

%	frequency				
	1	2	3	4	5
personnel alarm "runners"	16	11	9	20	45
guards	12	15	11	22	41
investigators	11	17	13	21	38

	%	frequency				
		1	2	3	4	5
investigative accountants	1	4	8	31	55	
undercover operatives	5	13	15	25	44	
polygraph/deception detection	5	8	8	26	53	
questioned document examiner	1	4	7	30	60	
equipment vehicles	5	10	10	34	41	
armored vehicles	1	1	3	33	63	
aircraft			2	34	64	
data processing		1	3	32	64	
cctv/video	2	10	11	29	47	
photographic	4	9	10	31	46	
surveillance	6	14	15	27	39	
financial reward money	1	5	7	38	50	
ransom money			1	44	55	
undercover operation funds		1	4	42	52	
buy money for stolen goods		3	4	42	52	
overtime payments for their agency personnel	1	2	3	42	52	
Information concerning:						
Internal company investigations	6	18	15	25	30	
Criminal Intelligence	6	15	15	27	37	
business operations/procedures	4	15	20	27	35	
other:	2	1	1	9		

15. How frequently do security personnel in your firm have contact with the following public law enforcement personnel?

	%	frequency				
		1	2	3	4	5
your employees						
patrol officers	31	20	9	25	15	
detectives/investigators	7	20	17	40	18	
supervisors	10	15	13	39	23	
managers	8	12	15	38	27	
supervisors/managers						
patrol officers	17	18	14	33	18	
detectives/investigators	8	19	18	36	19	
supervisors	11	17	16	35	22	
managers	8	15	17	35	25	

16. How frequently does your firm have access to the following types of information from criminal justice agencies?

	%	daily 1	weekly 2	monthly 3	seldom 4	never 5
arrest verification	12	10	8	27	44	
conviction verification	11	9	8	26	46	
driver license check	10	9	9	25	47	
vehicle check	12	9	8	22	49	
criminal case information	6	5	6	30	55	

17. When handling or investigating a criminal incident for your clients, which of the following statements reflect(s) the degree of cooperation you receive from law enforcement agencies in your area? (check those that apply)

- 7 don't cooperate
- 33 cooperate reluctantly
- 34 cooperate fully
- 4 interfere with your investigation
- 15 withhold needed information
- 11 other: please specify _____

18. Has your firm developed cooperative programs or procedures with law enforcement agencies in the following areas? (check those that apply)

- 4 hazardous materials movement
- 6 precious metals movement
- 17 VIP/executive protection
- 7 disaster management
- 9 traffic control
- 12 crowd control
- 6 terrorism counter measures
- 12 economic crime investigation (fraud, embezzlement, industrial espionage, etc.)
- 47 no
- 7 other: please specify _____

19. Do crime prevention activities of local law enforcement agencies affect your business? (check those that apply)

- 40 no adverse impact

- 51 increase general security awareness of community
- 10 security surveys compete with us
- 28 security surveys create a demand for our services

20. Are there any specific measures you would recommend to improve private security in your community?

59% Response

21. Are there any specific measures you would recommend to improve the working relationships of law enforcement and private security?

58% Response

22. Are there any specific measures you would recommend to make more effective use of law enforcement and private security resources to prevent and control crime?

47% Response

23. Has your firm reviewed the 1976 standards and goals of the Private Security Task Force to the National Advisory Committee on Criminal Justice Standards and Goals?

133 yes 267 no

24. Are you aware of the Model Private Security Licensing and Regulatory Statute developed by the Private Security Advisory Council to the Law Enforcement Assistance Administration in 1976?

139 yes 261 no

Law Enforcement Officer Employment in Private Security

25. Are off-duty law enforcement officers employed by your firm?

23yes 77no (if no, skip to Question #28)

26. If yes to Question #25, check the following capacities in which off-duty law enforcement officers are employed by your firm. (check those that apply)

%		1	2	3	4	5
9	using law enforcement uniform	40	13	2	1	47
40	uniformed security guard	26	11	7	2	54
47	plainclothes security	10	14	14	4	59
56	investigators	32	15	4	2	48
9	traffic control	8	8	12	6	66
20	sporting/special events	6	7	14	8	65
40	VIP/executive protection	10	10	13	6	61
15	security supervisor/manager	8	9	13	8	62
18	other(s): please specify _____	8	13	14	6	59

27. How does your firm obtain the services of off-duty law enforcement officers? (check those that apply)

- 88 hire and pay officer/deputy directly
- 7 contract through law enforcement agency
- 5 contract through police union/association
- other: please specify _____

28. Do businesses or other private security firms in your community hire off-duty law enforcement officers for security functions?

	%	yes 1	no 2	don't know 3
businesses	76	3	21	
private security firms	45	13	42	

29. Do you think the employment of off-duty law enforcement officers by business and private security firms in your community has increased, decreased, or remained the same during the past five years?

	%	increased 1	about the same 2	decreased 3	don't know 4
businesses	51	23	4	23	
private security firms	26	25	6	43	

30. Do law enforcement officers in your community perform security functions while on off-duty or on overtime pay status in their departments?

	%	yes 1	no 2	don't know 3
using law enforcement agency uniform/equipment	53	10	38	
plainclothes detail	42	7	51	

31. If yes to Question #30, how frequently do they perform security functions in the following areas?

	%	fre- quently 1	occa- sionally 2	seldom 3	never 4	don't know 5
retail store	37	13	2	1	47	
bank/financial institution	26	11	7	2	54	
office building	10	14	14	4	59	
shopping mall	32	15	4	2	48	
public housing	8	8	12	6	66	
residential area	6	7	14	8	65	
hospital	10	10	13	6	61	
college campus	8	9	13	8	62	
Industrial facility	8	13	14	6	59	
sporting/special events	42	10	1	47		
tavern/night club	20	12	6	6	56	
highway construction	14	6	11	7	63	

32. In any of the above areas in Question #31, do law enforcement agencies in your community compete directly with you or other private security firms on requests for bids on security services?

140 yes 223no 337 don't know.

33. Do you feel that off-duty employment in private security is a conflict of interest with the duties of a law enforcement officer?

when the officer/deputy is:	%	yes 1	no 2
hired and paid directly by business	56	44	
hired and paid directly by private security firm	39	62	
hired and paid through law enforcement agency	66	34	
hired through police union/association	70	30	
contracted by individual officers/deputies	66	34	
other:	66	34	

34. In general, how do you feel about off-duty law enforcement officers using public agency uniforms and equipment to perform private security functions?

	%	strongly agree 1	agree 2	disagree 3	disagree 4	disagree 5
should be an available option for additional protection	14	4	15	5	62	

	%	strongly agree	agree	disagree	strongly disagree	
		1	2	3	4	5
unfair competition with private security firms		50	5	19	7	19
misuse of public resources and tax dollars		54	4	16	5	21

Private Security Legislation

35. Do any of your security personnel have deputized police powers in the performance of their duties for a client?

%¹ 14yes (go to Question #38) %² 86no

36. If no to Question #35, would you like them to have these powers?

%¹ 38yes %² 62no

37. If yes to Question #36, why would you like these powers?

30% Response

38. Is there any legislation regulating private security in your area? (check those that apply)

% 36 city ordinance
 19 county ordinance
 59 state statute
 9 no laws
 14 don't know } skip to Question #43

39. Are any aspects of your business covered by this legislation?

%¹ 93yes %² 7no

40. Are proprietary (in-house) security personnel covered by this legislation?

%¹ 39yes %² 39no %³ 22 don't know

41. How do you feel about the overall effectiveness of this regulatory legislation in assuring good private security employees and business practices in your area?

%¹ 34 effective %² 51 not effective %³ 15 no opinion

42. How stringent are the regulations and requirements of this legislation regarding your personnel and business practices?

%¹ 10 too stringent %² 41 adequate %³ 39 too lax

%⁴ 11 no opinion

43. Do you feel there is a need for legislation regulating private security firms in your area?

	% yes	% no
	1	2
city ordinance	37	63
county ordinance	35	65
state statute	84	16

44. Should law enforcement agencies have the power to suspend or revoke private security licenses and certificates?

	% yes	% no
	1	2
managers and owners	33	67
employees	37	63

45. Do you think the following business practices should be required of private security?

	contract security		proprietary security	
	% yes	% no	% yes	% no
	1	2	1	2
employee criminal record and fingerprint checks	98	2	93	7
badges, uniforms, equipment clearly distinguishable from law enforcement	87	13	85	15
minimum levels of training for all security personnel	95	5	91	9
minimum levels of training for armed security personnel	97	3	96	4

Personnel

46. Please check the types of pre-employment screening of your employees utilized by your firm. (check those that apply)

- % 94 application
- 95 general interviewing
- 59 detailed background investigation
- 25 written examination
- 73 criminal history check
- 58 fingerprint check
- 80 general reference check
- 13 psychological testing
- 24 polygraph/deception detection
- 5 other(s): please list _____

47. What is the *minimum* level of training received by each private security employee in the following categories?

	Hours of Training								
	%	0	1	2	3	4	5	6	8+
		0	1-4	5-8	9-16	17-24	25-40	40+	
classroom training prior to job assignment									
uniformed personnel		38	21	12	7	9	14		
armed personnel		9	19	19	10	16	27		
other personnel		17	17	14	8	15	28		
supervisors		3	9	7	8	10	63		
on the job training-annually									
uniformed personnel		14	19	16	9	14	29		
armed personnel		8	14	18	12	13	34		
other personnel		10	12	13	10	11	44		
supervisors		5	7	8	9	10	61		

48. How many hours of firearms training for armed personnel include discussion of legal and policy restraints in carrying firearms?

Median 8.0

¹ specify number of hours _____ ² not applicable

49. What approximate percentage of your security personnel carry a firearm while on duty?

%¹ 45 none %² 7 31% to 50%
² 22 1% to 10% %³ 2 51% to 70%
³ 7 11% to 20% %⁴ 6 71% to 90%
⁴ 5 21% to 30% %⁵ 7 greater than 90%

50. How does your firm feel about your security personnel carrying firearms? (check those that apply)

- % 45 usually not needed
- 29 only on client's request
- 23 generally discourage client requests
- 5 on employee's request
- 22 too many legal/insurance problems
- 13 other: please specify _____

51. Has your firm experienced a change in client requests for armed security personnel in the past five years?

change

%¹ 46 increased

² 22 decreased
³ 36 about the same

	%	change per year	Increase	Decrease
			(6)	(3)
1	1%	to 10%	13	7
2	11%	to 25%	13	4
3	26%	to 50%	8	3
4	greater than 50%		6	1

52. What is the approximate range of the average hourly wage paid to your uniformed security guards?

%¹ 30 \$3.35 to \$4.00/hr. %² 1 \$8.00 to \$9.00/hr.
² 23 \$4.00 to \$5.00/hr. %³ 7 \$9.00 to \$10.00/hr.
³ 7 \$5.00 to \$6.00/hr. %⁴ 1 greater than \$10.00/hr.
⁴ 4 \$6.00 to \$7.00/hr. %⁵ 9 not applicable
⁵ 2 \$7.00 to \$8.00/hr.

53. What is the approximate range of the average hourly wage paid to other security personnel of your firm (nonsupervisory)?

%¹ 31 \$4.00 to \$5.00/hr. %² 4 \$9.00 to \$10.00/hr.
² 23 \$5.00 to \$6.00/hr. %³ 2 \$10.00 to \$11.00/hr.
³ 17 \$6.00 to \$7.00/hr. %⁴ 1 \$11.00 to \$12.00/hr.
⁴ 12 \$7.00 to \$8.00/hr. %⁵ 1 \$12.00 to \$13.00/hr.
⁵ 6 \$8.00 to \$9.00/hr. %⁶ 4 greater than \$13.00/hr.

54. For each of the following areas, please list the appropriate years of experience of the local manager of your firm at this location.

	Mean Years of Experience
Those Responding	
private security related alarm installer	8.5
armored car/courier operative	8.3
electronics	10.1
engineering	11.0
private investigator	11.5
security guard	7.1
security supervisor	8.4
security manager	10.5
other(s):	9.9
please specify _____	

military service	
noncommissioned service	<u>8.3</u>
commissioned officer	<u>9.8</u>
military police	<u>5.2</u>
military intelligence	<u>6.8</u>
other:	<u>3.6</u>
please specify _____	
law enforcement	
police officer/deputy	<u>8.4</u>
investigator	<u>7.3</u>
supervisor/commanding officer	<u>7.5</u>
chief of police/sheriff	<u>10.0</u>
federal agent	<u>9.2</u>
other:	<u>4.4</u>
please specify _____	

Company Information

55. Please check each service offered by your firm and the primary service provided (i.e., greatest dollar volume of business).

offered services (check all that apply)	No. Firms primary service (check one only)
armored car/courier	1 14
burglar/fire alarms (local)	2 96
central station alarms	3 84
Alarms-NEC	21
detection of deception (polygraph/PSE)	4 5
guard and patrol service	5 174
Guards/Invest.-NEC	14
guard dogs	6 4
security consultant	7 9
security control equipment	8 11
Security Systems-NEC	14
private detective or investigator	9 56
Full Service Firms-NEC	10 14
other(s): please list _____	29
<u>Misc/NEC</u>	
N=545	

56. Is your firm a publicly-held corporation?

% 1 12 yes (go to Question #58) 2 88 no

57. If no to Question #56, does the owner, a director, or a principal stockholder of your firm perform any of the following activities for the firm? (check those that apply)

- % 52 supervisor
- 69 manager
- 61 sales
- 33 investigations
- 24 equipment installation/service
- 61 consulting services

58. Is the office in this location a subsidiary, branch, or regional office of a parent corporation?

	yes	no
subsidary company %	12	88
regional office	20	80
branch office	16	84

59. If yes to Question #58, to what extent is your parent firm engaged in private security products and services?

	extensive	moderate	low
%	62	7	16

60. If yes to Questions #58 and #59, what are the gross annual sales of your parent firm in private security products and services?

- % 1 32 less than \$500,000
- 2 13 \$500,000 to \$999,999
- 3 20 \$1 million to \$5 million
- 4 5 \$6 million to \$10 million
- 5 4 \$11 million to \$25 million
- 6 5 \$26 million to \$50 million
- 7 4 \$51 million to \$100 million
- 8 8 \$101 million to \$300 million
- 9 7 \$301 million to \$600 million
- 10 1 greater than \$600 million

61. What is the total number of employees in your firm at this location or area office who provide security services to clients?

- 1 full-time security employees Median 10.2
- 2 part-time security employees Median 2.3

62. How many full-time supervisors of security services does your firm employ at this location?

Median 2.2

63. What are the gross annual sales of your firm at this location?

- % 1 14 less than \$50,000
- 2 13 \$50,000 to \$99,000
- 3 18 \$100,000 to \$249,000
- 4 17 \$250,000 to \$499,000
- 5 15 \$500,000 to \$999,000
- 6 19 \$1,000,000 to \$4,999,000
- 7 3 \$5,000,000 to \$10,000,000
- 8 1 greater than \$10,000,000

64. What has been the approximate annual amount of change in your sales of security services/products in the last five years?

change	Increase	change per year
1 88 increased	(4)	1 1% to 4%
2 3 decreased	12	2 5% to 9%
3 9 about the same	16	3 10% to 14%
	52	4 15% or greater

65. What is the annual payroll of your firm at this location?

- % 1 17 less than \$25,000

- 2 12 \$25,000 to \$49,000
- 3 17 \$50,000 to \$99,000
- 4 19 \$100,000 to \$249,000
- 5 13 \$250,000 to \$499,000
- 6 7 \$500,000 to \$749,000
- 7 5 \$750,000 to \$999,000
- 8 11 \$1,000,000 to \$4,999,000
- 9 5 \$5,000,000 to \$9,999,000
- 10 2 greater than \$10,000,000

66. What is the approximate annual salary (excluding profit-sharing, bonuses, fringe benefits, etc.) of the senior security manager/executive at this location?

- % 1 15 less than \$15,000
- 2 15 \$15,000 to \$19,999
- 3 17 \$20,000 to \$24,999
- 4 17 \$25,000 to \$29,999
- 5 12 \$30,000 to \$34,999
- 6 5 \$35,000 to \$39,999
- 7 5 \$40,000 to \$44,999
- 8 6 \$45,000 to \$54,999
- 9 4 \$55,000 to \$64,999
- 10 6 greater than \$65,000

Your responses will remain confidential and cannot be identified by your company name. Your city, county, state, and zip code are essential to tabulate responses by population size and geographic region.

City _____ County _____ State _____ Zip Code _____

Questionnaire completed by: _____
Please enter your position/title only

THANK YOU FOR YOUR COOPERATION.

APPENDIX A - 5
NATIONAL AND REGIONAL
SECURITY FIRM
EXECUTIVE SURVEY DATA

Hallcrest Systems, Incorporated

7316 Hooking Road • McLean, Virginia 22101
Telephones: (703) 442-0157 and (703) 893-5753

October 21, 1981

Dear

As you may know, our firm is conducting a national study of private security and law enforcement relationships under a grant from the National Institute of Justice. Because we need your help in this project, we ask you to take a few minutes to complete the attached questionnaire--or to have one of your senior executives complete the survey.


The primary focus of this project will be the development of strategies to improve the interrelationships among law enforcement agencies and private security operations.

Earlier in the project, hundreds of contractual security branch managers, and owners of smaller security companies throughout the country completed an extensive survey. Now, we need the perspective of senior executives from the major national and large regional security companies. That is my reason for asking for your cooperation in completing--or arranging for response to--the enclosed survey before November 13th.

Under separate cover, we would appreciate receiving your 1980 annual report, marketing brochures, and your comments on any issues or aspects of this study. Obviously, your responses to this survey will be treated confidentially and will not be identified by company name.

Publication of the results of this entire research effort is anticipated by the Summer of 1982. We thank you for your cooperation in this survey effort.

Sincerely,


William C. Cunningham
President

WCC/ck
Attachment

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

Research Staff
Hallcrest Systems, Inc.
 7316 Hooking Road, McLean, Virginia 22101

National Institute of Justice
U.S. Department of Justice

NATIONAL ADVISORY PANEL

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- Albert Hataband**
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- Donald L. Janis, Esq.**
Executive Vice President
Burns International Security Services, Inc.
Briarcliff Manor, New York
- William D. Kelleher**
Chamber of Commerce of the United States
Washington, D.C.
- Arthur A. Kingsbury**
Associate Dean
Macomb County Community College
Mt. Clemens, Michigan
- Chief William F. Quinn**
President
International Association of Chiefs of Police
Newton, Massachusetts
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Armonk, New York
- George A. Smith, III**
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Dallas, Texas
- Louis A. Tyska**
President
American Society for Industrial Security
Waterbury, Connecticut
- Clifford W. Van Meter**
Director, Police Training Institute
University of Illinois
Champaign, Illinois
- Thomas W. Wathen**
President
California Plant Protection, Inc.
Van Nuys, California
- Jerry V. Wilson**
Vice President, Security
Peoples Drug Stores, Inc.
Alexandria, Virginia

GUARD AND PATROL SERVICE COMPANIES

MAJOR SECURITY COMPANY SURVEY

This questionnaire seeks your opinions and attitudes as a senior executive of a major security company. Your responses will be treated confidentially; they cannot be identified by company name. Please complete and return by November 13, 1981, in the postage-paid envelope provided for your convenience. Your response is important to this national research effort!

PART I: THE ROLE OF PRIVATE SECURITY

1. Please circle whether you agree or disagree with the following statements on the role of private security services in relation to law enforcement services.

%	Strongly Agree	Agree	Disagree
Private security services are similar in many respects to law enforcement services	1	2	5
Private security services fill a vacuum or void caused by increased crime and decreased law enforcement resources	23%	39%	38%
Private security services protect interests in property and assets that otherwise would go unprotected	42%	58%	

Major Security Company Survey

2. In the past several years many law enforcement agencies have experienced a decrease in sworn police personnel and defeat of special tax levies for additional personnel. Please rate the following as contributing factors.

	Very Significant	Significant	Not Significant
dissatisfaction with police performance	1 28%	3 25%	4 50%
lack of confidence in police	1 28%	3 23%	4 46%
public apathy toward crime	1 29%	3 18%	4 46%
high property tax rates	1 92%	2 38%	4 5%
general economic climate	1 54%	2 39%	3 8%
increased use of private protection	1 8%	2 15%	4 31%

3. The following is a list of activities which some law enforcement executives identified in our national survey that "potentially might be more cost-effectively performed by contracting with private security firms." Please check those activities that your firm is currently performing, would have no interest in performing, or view as potential growth areas for your company.

Activities	% Currently Performing	No Interest In	Potential Growth Area
traffic control	36	36	27
parking enforcement	67		33
parking lot patrol	92		8
school crossing guards	27	18	55
public parks patrol		10	90
animal control	9	55	36
alarm response	33	58	8
bank deposit escorts/delivery	50	25	25
city/county code violations	9	36	55
funeral escorts	9	27	64
court security	17	17	67
prisoner transport	9	46	46
housing project patrol	50	25	25
non-injury accident investigations		36	64
custody of hospital-confined prisoners		55	45

Major Security Company Survey

4. Excluding the activities listed in question #3, are there other activities which are typically performed by governments (federal, state or local) that you feel might be more cost-effectively performed by private security firms?

% 50 yes 50 no

If yes, please list such activities.

Military installations crime prevention services jail administration
government facilities traffic enforcement alarm response
arenas/stadium/civic center toll collection

5. How often are personnel in your company deputized or granted special police powers in performing services for your clients?

Frequently Occasionally Seldom Never
 % 1 2 18 3 64 4 18

6. Would you like your personnel to have special police powers?

Yes No
 All Clients _____ 100%
 Selected Clients 67 33

7. If yes to question #6, please indicate for which situations or clients and why such powers would be helpful:

<u>Situations:</u>	<u>Clients:</u>
<u>traffic direction</u>	<u>shopping centers</u>
<u>high risk of loss</u>	<u>sports/civic complex</u>
<u>high security measures</u>	<u>court security</u>
<u>remote locations</u>	<u>financial institutions</u>
	<u>nuclear facilities</u>

PART II: GROWTH OF PRIVATE SECURITY

8. Please circle the anticipated growth in business volume for your company in the next five years for the following client areas:

%	Large	Medium	Low	None	Don't Know
armed forces	1	2 17%	3 67%	4	5 17%
banking/finance	1 17%	2 50%	3 25%	4 8%	5
construction	1 17%	2 50%	3 42%	4	5
educational institutions	1 17%	2 67%	3 17%	4	5
hospital/health care	1 25%	2 67%	3 8%	4	5
transportation facilities (airports, trucking firms etc.)	1 33%	2 42%	3 25%	4	5

Major Security Company Survey

8. (continued)

	Large	Medium	Low	None	Don't Know
government facilities (non-military)	1 25%	2 50%	3 25%	4	5
manufacturing facilities	1 75%	2 25%	3	4	5
public housing	1	2 17%	3 67%	4 17%	5
residential	1 25%	2 25%	3 17%	4 33%	5
restaurant/lodging	1	2 25%	3 58%	4 17%	5
retail stores	1	2 42%	3 58%	4	5
shopping centers	1	2 27%	3 73%	4	5
utilities	1 58%	2 42%	3	4	5
warehousing/distribution	1 42%	2 50%	3 8%	4	5
other(s): (specify and circle growth level)	1	2	3	4	5
	1	2	3	4	5

9. In general, how do you view the demand for the following residential security services in the next five years?

	Large	Medium	Low	None	Don't Know
<u>Private Patrol Service</u>					
armed %	1 25%	2 33%	3 33%	4	5 8%
unarmed	1 17%	2 67%	3 8%	4	5
<u>Alarms</u>					
central station	1 42%	2 33%	3 8%	4	5 17%
local	1 25%	2 42%	3 17%	4	5 17%
retail sales	1 33%	2 25%	3 25%	4	5 17%

10. Which of the following will account for the greatest source of your growth in the next five years. (Please rank order: 1 = highest to 4 = lowest)

Rank Order 3.2 proprietary or corporate security changing to contract service
2.8 increase in demand by existing contract users
1.2 change of contract firms by existing contract users
2.9 new, first-time users of contract security

11. In the next five years, do you think there will be an increasing market share for the small, local security firm?

% 75 yes 25 no

Major Security Company Survey

12. Based upon your experience, please rank the following reasons for the failure of small security firms. (1 = highest, 6 = lowest)

<u>Rank Order</u>	<u>1.6</u> lack of financing/ capitalization	<u>5.1</u> inadequate security experience
	<u>4.0</u> inadequate marketing skills	<u>3.8</u> poor contract performance and service
	<u>2.2</u> lack of business experience	<u>4.4</u> poor quality of personnel

PART III: PERSONNEL

13. What is the minimum level of formal, classroom training received prior to job assignment for each private security employee in the following categories?

	<u>Hours of Pre-Assignment Training</u>
uniformed personnel	Median <u>4.0</u>
armed personnel	<u>12.0</u>
supervisors	<u>35.0</u>

14. What approximate percentage of your security personnel carry a firearm while on duty? 8.2%

15. How do you feel about your security personnel carrying firearms? (check those that apply)

<u>83</u> usually not needed	<u> </u> on employee's request
<u>50</u> only on client's request	<u>42</u> too many legal/insurance problems
<u>83</u> generally discourage client requests	<u>25</u> other: please specify - where absolutely essential for <u>job performance; when required by law or federal contract.</u>

Major Security Company Survey

16. Please rate the importance of each of the following factors in determining the level of personnel selected for a specific client and assignment.

%	Very <u>Important</u>		Important		Not <u>Important</u>	
	1	2	3	4	5	6
experience of person	1 8%	2 42%	3 33%	4 47%	5	
education of person	1	2 25%	3 58%	4 47%	5	
training of person	1 50%	2 8%	3 42%	4	5	
amount of discretion exercised	1 25%	2 58%	3 17%	4	5	
amount of authority exercised	1 25%	2 42%	3 33%	4	5	
nature of job assignment	1 50%	2 42%	3 8%	4	5	
willingness of client to pay	1 92%	2	3 8%	4	5	

17. How would you rate the overall importance of the following factors influencing client selection of your firm?

	Very <u>Important</u>		Important		Not <u>Important</u>	
	1	2	3	4	5	6
quality of personnel offered	1 42%	2 25%	3 33%	4	5	
quality of product offered	1 42%	2 25%	3 33%	4	5	
quality of service	1 75%	2 25%	3	4	5	
cost of service	1 33%	2 50%	3 17%	4	5	
lowest bid offered	1 8%	2 42%	3 33%	4 8%	5 8%	

18. Do "low balling" bid practices keep contract prices at artificially low rates?

% 100 yes no

19. How extensive are "low balling" bid practices among security firms?

%	<u>extensive</u>		<u>moderate</u>		<u>low</u>	
	1	2	3	4	5	6
large national firms	1 17%	2 25%	3 33%	4 17%	5 8%	
regional firms (several states)	1 17%	2 25%	3 50%	4 8%	5	
large local/statewide firms	1 8%	2 42%	3 42%	4 8%	5	
small local firms	1 67%	2 25%	3 8%	4	5	

20. What is your average annual turnover rate for entry level security positions during the past five years?

115 %

21. Please describe any specific measures undertaken by your firm to minimize employee turnover.

<u>Higher pay</u>	<u>training</u>	<u>premium pay jobs</u>
<u>increased benefits</u>	<u>supervision</u>	<u>specific job assignments</u>
<u>screening practices</u>	<u>recognition awards</u>	<u>promotional oppoutunities</u>

Major Security Company Survey

PART IV: LICENSING AND REGULATION

22. At what level would your firm support licensing and regulation of private security?

%	(check appropriate responses)	
	<u>Contractual Security</u>	<u>Proprietary Security</u>
	<u>-</u>	<u>-</u>
no regulation	<u>-</u>	<u>-</u>
local (municipal/county) ordinance	<u>-</u>	<u>-</u>
state statute	<u>17</u>	<u>17</u>
state statute, pre-empting/excluding local ordinance	<u>92</u>	<u>83</u>

Comments: _____

23. What kinds of legislative provisions are necessary to assure the consumer of competent security services and personnel? (circle appropriate responses)

	Strongly Agree					Agree					Disagree				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
No legislation is needed				10%											
Personnel															
criminal records check needed	100%														
minimum training for unarmed personnel needed	45%	18%	9%	18%	9%										
minimum training for armed personnel needed	91%	9%													
Firms															
minimum experience (managers/owners) needed	36%	18%	27%	18%	5%										
minimum training (managers/owners) needed	20%	20%	60%	4%	5%										

Comments: competition/free enterprise controls quality; useless unless enforcement; firms must assume training responsibility.

24. Do you favor the same minimum standards of state level licensing in all states?

75	8	17
yes	no	no opinion

Major Security Company Survey

25. Do you favor security industry representation on state licensing boards/ agencies to participate in administrative penalties for violations and to hear and rule on appeals?

92		8
yes	no	no opinion

26. Is there a need to establish license and regulatory reciprocity among states for private security firm operations?

92	8	
yes	no	no opinion

27. How adequate is the current level of resources in most state licensing agencies to handle the volume of licensing applications?

Very Adequate	Adequate	4	Not Adequate
1 82%	3 8%		5

28. How important to your operations are the issuance of temporary licenses or registrations for new personnel while awaiting application processing for state licensing agencies?

Very Important	Important	4	Not Important
1	3		5

PART V: LAW ENFORCEMENT RELATIONSHIPS

29. Please list in rank order the three most frequent problem areas in your firm's relationships with federal, state and/or local law enforcement agencies.

- Most frequently mentioned!
1. Police with guard company licenses
 2. Job competition

30. ^{3.} Would your company favor any of the following measures to control "falsing" of alarm systems?

	Yes	No	Maybe	No Opinion
Citation issued to subscriber with small fine (e.g., \$15-\$25)	8	33	17	42
Graduated subscriber fines for successive falsing	25	25	8	42
License suspension for firms with excessive client falsing	33	8	17	42
Fines for firms with excessive client falsing	25	3	25	42
Police non-response to alarms with excessive falsing	8	25	25	42
State certification of alarm installers	33	8	17	42

Major Security Company Survey

31. To what extent do you feel that the following factors contribute to the false alarm problem?

	Extensive		Moderate		Low	
improper installation	1	29%	2	29%	3	43%
faulty equipment	1	29%	2	14%	3	29%
subscriber error	1	43%	2	29%	3	29%

32. Do you have any specific recommendations for control of the "false alarm" problem?

Ordinances fostering cooperation among user, company, police; improved
"error free" system features; local alarm/police study committee; better client
education; installer licensing; company/client fines.

33. How extensive is off-duty law enforcement moonlighting in private security?

	Extensive		Moderate		Low	
	1	50%	2	8%	3	33%
			4		5	8%

34. Are there any specific measures you would recommend to improve the working relationships of law enforcement and private security?

Joint associations/seminars; cross training of personnel; statutes on police
moonlighting/ownership of firms; education/understanding of private security role;
radio communication link with police headquarters.

35. Are there any specific measures you would recommend to make more effective use of law enforcement and private security resources to prevent and control crime?

Better communication/cooperation; education on roles; information exchange at
lowest levels of operations; communication links in high crime areas; deputize
residential security patrol; contract non-police duties to private security; inform
police of locations of security services; operations; police/criminal history record
access.

Major Security Company Survey

PART VI: COMPANY INFORMATION

This information is needed only to tabulate responses by type and general size of security firm.

36. What is the approximate total number of employees in your firm that provide security services to clients?

	U.S.	Foreign	TOTALS
Full-time	36,900	6,540	
Part-time	12,100	6,220	

37. In how many states does your company do business? median 12 states, range 5-50

38. Please indicate, for each security service, the approximate percentage each contributes to company revenues for security products/services.

Service Areas	Percent of Total Revenue
alarms	<u>2.7</u>
armored car/courier	<u>.1</u>
detection of deception (polygraph/PSE)	<u>.3</u>
guards/patrol service	<u>90.5</u>
investigations	<u>.25</u>
security equipment	<u>.5</u>
specialized security services (VIP protection, security systems design, etc.)	<u>3.4</u>
Total:	<u>100%</u>

39. What is the general range of your annual sales in security products and services?

N =	<u>1</u> less than \$10 million	<u>1</u> \$51 million to \$100 million
	<u>5</u> \$11 million to \$25 million	<u>1</u> \$101 million to \$200 million
	<u>3</u> \$26 million to \$50 million	<u>1</u> greater than \$200 million

40. What has been the approximate annual amount of change in your sales of security services/products in the last five years?

	Change	Change per year
N =	<u>11</u> increased	<u>2</u> 1% to 4%
	<u>-</u> decreased	<u>-</u> 5% to 9%
	<u>1</u> about the same	<u>-</u> 10% to 14%
		<u>9</u> 15% or greater

Questionnaire completed by: _____
 (Please enter your position/title only.)

Thank You For Your Cooperation

APPENDIX A - 6

STATE LICENSING AND
REGULATORY AGENCY QUESTIONNAIRE

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

**Research Staff
Hallcrest Systems, Inc.**

7316 Hooking Road, McLean, Virginia 22101

**National Institute of Justice
U.S. Department of Justice**

September 10, 1981

Dear Agency Administrator:

We are requesting your cooperation in completing the enclosed survey being distributed to all state agencies which administer licensing and regulation of private security. This survey is part of a national study being conducted for the National Institute of Justice, U.S. Department of Justice.

This non-profit research grant is examining operating relationships between law enforcement and private security. A national level report on the project will be available in the second quarter of 1982.

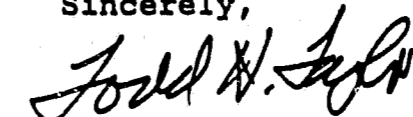
We are particularly interested in any of your written comments and suggestions concerning the need, effectiveness, and the future direction for licensing and regulation of private security. Your responses will be treated confidentially and will not be disclosed by agency or name.

Please provide a copy of your current legislation and licensing fee schedule along with the completed questionnaire. Please respond by October 5, 1981.
Mail to: Hallcrest Systems, Inc.

P.O. Box 13026
Salem, Oregon 97309

Thank you in advance for your cooperation.

Sincerely,



Todd H. Taylor
Deputy Project Director

THT/jt

Enclosure

NATIONAL ADVISORY PANEL

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Peoples Drug Stores, Inc.
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PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

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7316 Hooking Road, McLean, Virginia 22101

National Institute of Justice
U.S. Department of Justice

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**PRIVATE SECURITY
LICENSING AGENCY SURVEY**

State _____
Agency Name _____
Administrator Name _____
Title _____
Address _____
(city) (state) (zip)
Telephone _____
(area code)

SECTION I: SCOPE OF OPERATIONS

1. What is your current annual budget for private security licensing and regulation?
\$ _____

2. What has been the annual amount of change in your budget in the last five years?

<u>Change</u>	<u>Change per year</u>
<input type="checkbox"/> increased	<input type="checkbox"/> 1% to 4%
<input type="checkbox"/> decreased	<input type="checkbox"/> 5% to 9%
<input type="checkbox"/> about the same	<input type="checkbox"/> 10% to 14%
	<input type="checkbox"/> 15% or greater

3. How much of your budget is derived from licensing and registration fees?

<input type="checkbox"/> 0%	<input type="checkbox"/> 51-75%
<input type="checkbox"/> 1-25%	<input type="checkbox"/> 76-100%
<input type="checkbox"/> 26-50%	<input type="checkbox"/> All

4. How many persons are employed on your staff for private security licensing?

total employees _____
total investigators _____

Licensing Agency Survey

5. What percentage of your staff time is involved in the following tasks?

- _____ criminal record checks
- _____ background/reference verification
- _____ other license processing tasks
- _____ investigation of complaints
- _____ inspections/audits of licensees

100% TOTAL

6. In what functional area or operating level of state government do you feel private security licensing and regulation activities would be most effective? (e.g. agency, department)

7. Please rate the adequacy of your current level of resources:

	Very Adequate	Adequate	Improvement Needed		
criminal record check response time	1	2	3	4	5
interagency cooperation	1	2	3	4	5
law enforcement agency cooperation	1	2	3	4	5
staff levels	1	2	3	4	5
investigator levels	1	2	3	4	5
records system	1	2	3	4	5
other _____	1	2	3	4	5

8. How do you feel about the overall effectiveness of your current legislation in assuring good private security employees and practices in your state?

<u>very effective</u>	<u>effective</u>	<u>not effective</u>		
1	2	3	4	5

9. How stringent are the regulations and requirements of this legislation regarding private security personnel and business practices?

<u>stringent</u>	<u>adequate</u>	<u>lax</u>		
1	2	3	4	5

Licensing Agency Survey

10. What is needed to assure adequate requirements and effectiveness in regulation of private security?

11. Are there any specific areas of private security currently not covered by legislation which you would like to see regulated?

yes no

If yes, please explain: _____

12. What has been the reaction of private security businesses, your agency/board or legislators to any additional provisions to your current legislation or administrative regulations which you may have proposed?

13. Does private security generally support your agency and licensing legislation?

	<u>very</u> <u>supportive</u>		<u>supportive</u>		<u>do</u> <u>not support</u>
security firms	1	2	3	4	5
in-house security	1	2	3	4	5

Please comment on any resistance by private security encountered:

14. Does your organization license or regulate businesses that are not in private security?

yes no

If yes, please explain: _____

Licensing Agency Survey

15. Approximately how many local or county ordinances regulate private security in your state?

<u>Type of Ordinance</u>	<u>Local</u>	<u>County</u>
Business License only	_____	_____
False Alarms	_____	_____
Regulatory Provisions	_____	_____
Other _____	_____	_____

16. Do you feel there is a need for county or local regulation of private security?

	<u>Yes</u>	<u>No</u>
local	_____	_____
county	_____	_____

If no, which of the following reasons are applicable?

- duplication of effort with state legislation
- excessive regulation of private security businesses
- conflicting requirements/provisions throughout state
- additional expense for private security businesses
- other, please explain: _____

17. Should law enforcement agencies have the power to suspend or revoke private security licenses and certificates?

	<u>Yes</u>	<u>No</u>
managers and owners	_____	_____
employees	_____	_____

18. Have any law enforcement sources alleged organized crime involvement in private security firms in your state?

yes no

If yes, how extensive do you feel it is?

<u>High</u>		<u>Moderate</u>		<u>Low</u>
1	2	3	4	5

Licensing Agency Survey

SECTION II: PERSONNEL AND FIRMS REGULATED

19. How many personnel are licensed or registered by your agency to perform private security activities in your state? (use N/R for not regulated)

Contract	1981	1980	(if available)
			1975
guards	_____	_____	_____
armed guards	_____	_____	_____
armored car/armed couriers	_____	_____	_____
alarm runners	_____	_____	_____
alarm installers	_____	_____	_____
detectives/private investigators	_____	_____	_____
armed detectives/private investigators	_____	_____	_____
detection of deception examiners	_____	_____	_____
other _____	_____	_____	_____
TOTAL personnel licensed	_____	_____	_____

Proprietary	1981	1980	(if available)
			1975
guards	_____	_____	_____
armed guards	_____	_____	_____
alarm runners	_____	_____	_____
detectives/investigators	_____	_____	_____
armed detectives/investigators	_____	_____	_____
detection of deception examiners	_____	_____	_____
other _____	_____	_____	_____
TOTAL personnel licensed	_____	_____	_____

20. How many firms are licensed to perform private security activities? (use N/R for not regulated)

	1981	1980	(if available)
			1975
private investigator (only)	_____	_____	_____
guard and patrol service	_____	_____	_____
burglar alarm (local)	_____	_____	_____
burglar alarm (central station)	_____	_____	_____
other _____	_____	_____	_____
TOTAL firms licensed	_____	_____	_____

Licensing Agency Survey

21. What do you think the ratio is for part-time to full-time security guards?

- ___ 1 to 1
- ___ 2 to 1
- ___ 3 to 1
- ___ 4 to 1
- ___ 5 to 1
- ___ 6 to 1
- ___ other _____

22. If your state does not license unarmed guards, what do you think the ratio is for unarmed to armed guards in your state?

- ___ 1 to 1
- ___ 2 to 1
- ___ 3 to 1
- ___ 4 to 1
- ___ 5 to 1
- ___ 6 to 1
- ___ other _____

23. Does your agency regulate part-time security personnel?

___ yes ___ no

24. How effective is your level of enforcement in gaining compliance with licensing and regulatory provisions?

- | | | | | |
|------------------|---|-------------|---|-------------|
| <u>excellent</u> | | <u>good</u> | | <u>poor</u> |
| 1 | 2 | 3 | 4 | 5 |

25. Do you think there are very many regulated classes of individuals or firms who operate without being licensed?

- | | | | | |
|-------------|---|------------|---|-------------|
| <u>many</u> | | <u>few</u> | | <u>none</u> |
| 1 | 2 | 3 | 4 | 5 |

26. Do you feel there has been a trend toward use of contract security personnel to replace in-house security personnel?

___ yes ___ no ___ don't know

27. Approximately how many local, county and state law enforcement officers are in your state?

28. What do you think the ratio is for in-house and contract security personnel to law enforcement personnel in your state?

- ___ 1 to 1
- ___ 2 to 1
- ___ 3 to 1
- ___ 4 to 1
- ___ 5 to 1
- ___ 6 to 1
- ___ other _____

Licensing Agency Survey

29. What is the average processing time required for registration and licenses? (please check)

	<u>Processing Time</u>				
	<u>1-2 wks</u>	<u>3-4 wks</u>	<u>5-6 wks</u>	<u>7-8 wks</u>	<u>8 wks +</u>
guards	_____	_____	_____	_____	_____
armed guards	_____	_____	_____	_____	_____
investigators	_____	_____	_____	_____	_____
armed investigators	_____	_____	_____	_____	_____
security firms	_____	_____	_____	_____	_____

30. What is the current monthly volume of applications being received by your agency?

	<u>NEW</u>	<u>RENEWALS</u>
individuals	_____	_____
security firms	_____	_____

31. Can regulated classes of security employees operate under a temporary license or permit?

yes no

If yes, for what period of time? _____ weeks

32. Do you agree with the practice of employee temporary licenses or permits pending application processing and approval?

	<u>strongly agree</u>	<u>agree</u>	<u>disagree</u>
unarmed personnel	1	2	3
armed personnel	1	2	3

33. How long could an applicant operate or be employed in private security while awaiting licensing application approval?

	<u>Weeks</u>
Unarmed personnel	_____
Armed personnel	_____
Security firms	_____

Licensing Agency Survey

34. What percentage of total applications are annually denied by your agency?

	<u>Grounds for Denial</u>	
	<u>All Reasons</u>	<u>Criminal Records</u>
unarmed personnel	_____	_____
armed personnel	_____	_____
security firms	_____	_____

35. How many complaints are received against private security personnel and firms?

	<u>(if available)</u>		
	<u>1981</u>	<u>1980</u>	<u>1975</u>
complaints received	_____	_____	_____
complaints investigated	_____	_____	_____
charges filed	_____	_____	_____
suspensions	_____	_____	_____
revocations	_____	_____	_____
finances	_____	_____	_____

36. Please list in order of frequency the most frequent types of complaints received.

1. _____
2. _____
3. _____
4. _____
5. _____

37. What is the most frequent source of complaints against security personnel and firms? (please rank 1 to 4 in order of frequency)

- other private security licensees/firms _____
- law enforcement agencies _____
- consumers/users _____
- your agency/board _____

38. What percentage of complaints are resolved informally without formal charges being filed?

_____ %

39. What is the average time for resolution of formal charges through your statutorially mandated administrative procedures?

Licensing Agency Survey

40. How dependent are your administrative procedures on external state agencies to resolve formal charges?

<u>highly dependent</u>		<u>moderately dependent</u>		<u>not dependent</u>
1	2	3	4	5

41. Are weapons discharges by private security personnel required to be reported to your agency?

yes no

If yes, provide additional information as available for 1980:

incidents reported
 persons injured/wounded
 persons killed

If no, would you favor weapons discharge reporting in your state?

<u>Strongly Agree</u>		<u>Agree</u>		<u>Disagree</u>
1	2	3	4	5

42. How would you rate your agency operating relationships with the following groups? (please circle)

	<u>excellent</u>	<u>good</u>	<u>poor</u>	<u>don't know</u>
law enforcement	1 2	3 4	5 6	
in-house security	1 2	3 4	5 6	
security firms	1 2	3 4	5 6	

43. How would you rate the performance of in-house private security operations in your state on the following items? (please circle)

	<u>excellent</u>	<u>good</u>	<u>poor</u>	<u>don't know</u>
quality of personnel	1 2	3 4	5 6	
pre-employment background checks	1 2	3 4	5 6	
training received	1 2	3 4	5 6	
supervision	1 2	3 4	5 6	
personal appearance in uniform	1 2	3 4	5 6	
reasonable use of force	1 2	3 4	5 6	
proper use of weapons	1 2	3 4	5 6	
familiarity with legal powers	1 2	3 4	5 6	
reporting criminal incidents	1 2	3 4	5 6	
responding to alarms	1 2	3 4	5 6	

Licensing Agency Survey

44. How would you rate the performance of contractual private security firms in your state on the following items? (please circle)

	<u>excellent</u>	<u>good</u>	<u>poor</u>	<u>don't know</u>
quality of personnel	1 2	3 4	5 6	
pre-employment background checks	1 2	3 4	5 6	
training received	1 2	3 4	5 6	
supervision	1 2	3 4	5 6	
personal appearance in uniform	1 2	3 4	5 6	
reasonable use of force	1 2	3 4	5 6	
proper use of weapons	1 2	3 4	5 6	
familiarity with legal powers	1 2	3 4	5 6	
reporting criminal incidents	1 2	3 4	5 6	
responding to alarms	1 2	3 4	5 6	

SECTION III: LAW ENFORCEMENT OFFICER EMPLOYMENT IN PRIVATE SECURITY

45. Do law enforcement officers in your state perform security functions while on off-duty or on overtime pay status in their departments? (please circle)

	<u>yes</u>	<u>no</u>	<u>don't know</u>
using law enforcement agency uniform/equipment	1	2	3
plainclothes detail	1	2	3

46. Do businesses or private security firms in your state hire off-duty law enforcement officers for security functions?

	<u>yes</u>	<u>no</u>	<u>don't know</u>
businesses	1	2	3
private security firms	1	2	3

47. Do you think the employment of off-duty law enforcement officers by business and private security firms in the state has increased, decreased, or remained the same during the past five years? (please circle)

	<u>increased</u>	<u>about the same</u>	<u>decreased</u>	<u>don't know</u>
business	1	2	3	4
private security firms	1	2	3	4

Licensing Agency Survey

48. In general, how do you feel about off-duty law enforcement officers using public agency uniforms and equipment to perform private security functions? (please circle)

	<u>strongly agree</u>	<u>agree</u>	<u>dis-agree</u>	<u>dis-agree</u>	<u>dis-agree</u>
should be an available option for additional protection	1	2	3	4	5
unfair competition with private security firms	1	2	3	4	5
misuse of public resources and tax dollars	1	2	3	4	5

49. Do you feel that off-duty employment in private security is a conflict of interest with the duties of a law enforcement officer? (please circle)

	<u>Yes</u>	<u>No</u>
hired and paid directly by business	1	2
hired and paid directly by private security firm	1	2
hired and paid through law enforcement agency	1	2
hired through police union/association.	1	2
contracted by individual officers/deputies	1	2
other: please specify	1	2

50. Are law enforcement officers required to be licensed when employed by businesses or firms to perform private security functions?

___ yes ___ no

If yes, please explain: _____

51. Please list in order of frequency the most frequent types of complaints received concerning law enforcement officer employment in private security.

1. _____
2. _____
3. _____
4. _____
5. _____

APPENDIX B

FIELD STUDY SITE SURVEYS

APPENDIX B
FIELD STUDY SITE SURVEYS

- APPENDIX B-1 Survey Methodology
- APPENDIX B-2 Law Enforcement Employee Survey Data
- APPENDIX B-3 Proprietary Security Employee Survey Data
- APPENDIX B-4 Contractual Security Employee Survey Data

APPENDIX B - 1
SURVEY METHODOLOGY

APPENDIX B

SURVEY METHODOLOGY FOR FIELD STUDY SITES

The four national surveys described in Appendix A examined expectations and perceptions of roles and obtained descriptive information on interaction between private security and law enforcement, but they did not afford an opportunity to look at the dynamics of daily interaction--how the job of protecting a community gets done among proprietary, contractual, and law enforcement operational personnel. The primary objective of the site work and surveys was to substantiate and elucidate the findings and major public policy issues emanating from the national surveys by exploring the dynamics of present and future scenarios of police-security interaction among proprietary and contractual security and law enforcement personnel--their operations, trends, opinions and attitudes. Interest, for example, was expressed in the national surveys for transfer of certain police activities and contracting of others to private security, but what are the opinions of line or operational personnel?

One of the major thrusts of the Rand study on private security (1971) was the need for extensive licensing and regulation and mandated training of private security due to the lack of knowledge of private security personnel on legal powers and potential for abuse. Rand surveyed 275 proprietary and contract security employees. Shearing and Stenning (1981), five years later replicated some of the Rand employee

survey items in Canada and found the same lack of knowledge, but also found very little occasion for most security personnel to carry weapons or to detain, search or arrest. This latter study was a census of the approximately 10,000 contract security employees in Ontario, Canada. Both the proprietary and contractual Hallcrest questionnaires replicated some of the key survey items in each of these prior research efforts, e.g., detection, arrest, use of force, and resolution of security incidents. The added dimensions of the law enforcement officer survey allowed comparison of police and private security perceptions of interaction and roles.

Comparison of key items on the national survey instruments and a pre-test of the law enforcement site survey provided the parameters for estimating sampling variance and error in drawing the sample size. Sample estimates for each population group were drawn using a 90% confidence interval for statistical significance of expected data. Baltimore County, Maryland has 1,215 total police personnel and Multnomah County, Oregon has 220 total law enforcement personnel. The required sample for each group is 175 and 64 respectively. A cluster sample was taken in each agency. In Multnomah County all officers reporting for duty on two different shifts were given a questionnaire to complete at roll call. Similarly, officers in Baltimore on the day shift at several precincts completed a questionnaire. This resulted in a sample of 130 officers in Baltimore County and 64 officers in Multnomah County, for a

total sample of 194 officers (119 patrol officers, 37 supervisors, 38 detectives). Except for the questions on transfer and contracting out of police activities to private security, there was a large consensus among law enforcement officers on most survey items at both sites and in combined tabulations. The combined responses of both sites are displayed in Appendix B-2.

The Rand security employee survey apparently achieved a high degree of cooperation from only four proprietary and eight contractual security firms (and also a guard union) in obtaining 275 questionnaires. In our site plan we hoped to obtain a representative sample of proprietary security operations and employees from as many different business types as possible. The population of firms judged most likely to have proprietary security forces for industrial firms were subsidiary companies, facilities or divisions of large national or multinational firms, firms headquartered in the site area, or unique manufacturing, retailing, financial, and health care entities in the local economy. Commercial and institutional facilities with greater than 350 employees were thought most likely to have their own security operations. In each site we anticipated taking a 10% to 20% sample of these firms. Applying the 90% confidence interval to the Bureau of Labor Statistics data for proprietary guards at each site required samples of approximately 180 employees at each site. The contractual security population in each county was defined by

the U.S. Bureau of Census 1979 County Business Patterns listing of guard, investigative and central station alarm firm employees. The number of current contract security firms was calculated from Yellow Page telephone directory listings. For contract firms we also anticipated taking a 10% to 20% sample of firms in each site. Sampling criteria at the 90% confidence interval required a sample of about 200 contractual employees at each site.

Given the exploratory or descriptive nature of the research effort, it became as important to get access to key individuals and firms for various viewpoints and issues as it was to achieve a representative sample of proprietary and contract security employees. The Advisory Panels at each site were used to expedite company access and information, and to provide credibility for the research team. Since participation in the employee surveys was voluntary, the actual sample yield would be dependent on the amount of cooperation received from contractual and proprietary security managers and their employees in completing a long questionnaire. Given the sensitive nature of this type of survey, we had to forego the use of strict rules of sampling technique and use a more fortuitous method. Security managers were asked to randomly distribute questionnaires to workers in a variety of work sites. A large proportion of supervisory responses in both contractual and proprietary surveys at each site suggests a certain amount of respondents were "handpicked" who might give responses favorable to their employers. However, the nature of some

replies and comments (e.g. admitting no training or little supervision) indicates that selective distribution of the surveys did not discourage candid responses. Approximately 10 to 15 questionnaires were distributed to organizations at each site, for a combined total of 689 questionnaires at 58 firms.

The combined survey returns from both sites was 78 contract employees and 110 proprietary employees, for a response rate of 27%. The low absolute number of survey returns was due in part to (1) the length of the survey (over 75 items), (2) requirements by some employers that the survey be completed on the employee's own time, (3) some employees may have been reluctant to express views unfavorable to their employers, and, (4) some employers, upon review of the questionnaire, did not allow employees to participate. However, over ten different organization types for proprietary security employees (Table B-1) and a variety of client locations (Table B-2) for contractual security employees were represented in the site survey returns. The sample was insufficient for statistical testing and projection to the population of proprietary and contractual security employees, but the quality of data was very good. A high degree of consensus was achieved on many survey item responses, and the contract employee data were very consistent with the findings of the Shearing and Stenning survey of 10,000 Canadian security employees. Response agreement was in the 80th and 90th percentiles for a broad cross-section of security employers on key items such as use of force, detention, and interaction with

police. Many responses were also amazingly candid, for example, admitting no training or little supervision.

Table B-1 displays the distribution of proprietary returns for organization type and classification of security employee. "Security agent" is a title used in retail security for store detectives and other plainclothes security workers. One manufacturing facility in Baltimore County has a security department that effectively functions as an organized police department, even though its officers only have special police officer status like many other proprietary security employees in Baltimore County. Including these security officers with guards, guards with primary responsibility for alarm response, and uniform supervisory personnel, the sample is comprised of 70% guard or security officer personnel. Table B-2 displays the distribution of contractual security employee returns for type of client location and employee classification.

The combined data from the two field study sites, supplemented with 133 structured site interviews of supervisory and operational security and law enforcement personnel, provide information on security and law enforcement employees never before collected on a comparative bases in such areas as: personnel characteristics, training, legal powers, supervision, uniforms and equipment, role and functions, interaction with each other, and interaction with the public. As exploratory research, we feel this small but in-depth sample makes a

TABLE B-1

DISTRIBUTION OF PROPRIETARY SECURITY EMPLOYEE SURVEY
RESPONSES FOR BUSINESS TYPE AND POSITION

Organization Type	N=	Position	N=
Banking/Finance	16	Guard	43
School/College	3	Supervisor	24
Hospital/Health Care	17	Investigator	14
Manufacturing	33	Security Agent	11
Retail	26	Special Police	9
Utility	8	Alarm Response	7
Warehouse	2		
Other (mall, office bldg, public bldg)	5		N= 110
N= 110			

TABLE B-2

DISTRIBUTION OF CONTRACTUAL SECURITY EMPLOYEE SURVEY
RESPONSES FOR CLIENT LOCATION AND POSITION

Client Location (Guards)	N=	Position	N=
Banking/Finance	6	Guard	51
Construction	2	Guard Supervisor	10
Hospital Health/Care	4	Alarm Runner	14
Transportation	1	Investigator	1
Public Building	3	Armed Courier	2
Manufacturing	17		
Apartment Complex	1		N= 78
Hotel	1		
Shopping Center/Mall	1		
Utility	3		
Warehouse	3		
Office Building	3		
Miscellaneous	16		
N= 61			

significant contribution to an understanding of private security functions, personnel and their relationships with the police.

APPENDIX B - 2

LAW ENFORCEMENT

EMPLOYEE SURVEY DATA

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

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National Institute of Justice
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- Jerry V. Wilson
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LAW ENFORCEMENT OFFICER SURVEY

This survey is being conducted by Hallcrest Systems, Inc., a research and management consulting firm, as part of a national study being sponsored by the National Institute of Justice. We are looking for ways to improve the relationship and effectiveness of law enforcement and private security in crime prevention and control.

This questionnaire seeks your personal experiences, opinions and attitudes concerning private security personnel and operations in your community. Please do not discuss or compare answers with other officers while completing the questions. Your answers will remain confidential - they cannot be identified by name or department.

Mail the completed questionnaire directly to us in the postage paid envelope to insure your questionnaire remains anonymous.

Please use a check mark for the answer of your choice. Your written comments are important too.

Thank you for your cooperation.

1. AGE

%	<u> </u> under 20	<u>18</u> 36 to 40
	<u>13</u> 21 to 25	<u>15</u> 41 to 50
	<u>24</u> 26 to 30	<u>3</u> 51 to 60
	<u>27</u> 31 to 35	<u> </u> 61+

2. SEX

%	<u>94</u> Male	<u>6</u> Female
---	----------------	-----------------

3. How long have you been employed by your department?

%	<u> </u> under 6 months	<u>12</u> 3 to 5 years
	<u>4</u> 6 months to 1 year	<u>27</u> 6 to 10 years
	<u>10</u> 1 to 2 years	<u>46</u> over 10 years

4. How would you classify your position?

N=	<u>119</u> patrol officer	<u>38</u> detective/investigator
	<u>37</u> supervisor	<u> </u> other, please specify

5. How many other jobs have you had prior to law enforcement employment?

6. Do you have any prior police, military or security experience before joining this department?

	<u>Years</u>
City department	_____
County department	_____
State police	_____
Military	_____
Military police	_____
Private security	_____

7. What is your monthly salary?

\$ _____ per month

8. What fringe benefits are provided? (check all that apply)

<input checked="" type="checkbox"/> medical insurance	<input checked="" type="checkbox"/> court pay
<input checked="" type="checkbox"/> sick pay	<input checked="" type="checkbox"/> vacation pay
<input checked="" type="checkbox"/> holiday pay	<input checked="" type="checkbox"/> life insurance
<input checked="" type="checkbox"/> merit pay	<input checked="" type="checkbox"/> disability
<input checked="" type="checkbox"/> overtime pay	<input checked="" type="checkbox"/> pension plan

9. Overall, how well do you like police work?

	very satisfied	satisfied	not satisfied	no opinion
	1	2	3	4
%	33	31	24	5
			4	6

10. Do you hold a job outside the department? (Baltimore Cty)

(a) % 36 yes 64 no

(b) If yes, what kind of employment situation do you have?

%	<u>23</u> self-employed	<u>45</u> small firm
	<u>6</u> work for a friend	<u>26</u> major employer in the area

11. Do you perform any off-duty or extra duty work in private security functions at businesses, industry or institutions? (Baltimore County)

%	Yes	No
using your department uniform	—	100
using your department equipment	—	100
for an in-house security force	24	76
for a contract security firm	2	98

If no, skip to question number 17.

12. If yes, how many hours do you work in an average week in private security?

hours	Patrol	Supervisor	Detective	(Baltimore Cty)
	12.5	11.6	10.0	(mean)

13. If yes, in what kind of environment do you work? (check all that apply)

%		%	
3	industrial facility	34	shopping mall
—	bank/finance	—	sporting/special events
3	hospital, school	—	VIP/executive protection
41	retail store	—	investigations
—	construction	—	tavern/night club
—		19	other: specify type of location _____

14. Do you work primarily in the same place? (Baltimore County)

%	yes	no, varies
94	yes	2 no, varies
—	no, whatever opening/assignment is available	

15. Do you work with security employees in this environment? (Baltimore Cty)

%	Yes	No
	53	47
	6	94

16. How long have you been performing off-duty security work? (Baltimore Cty)

Mean	years	months
Patrol	2.8 yrs	Supervisor 6.9 yrs
Detective	3.8 yrs	

17. Approximately what percentage of sworn personnel in your department do you estimate perform private security functions during off-duty hours? (Baltimore Cty)

%		%	
4	1 to 10%	13	51 to 60%
12	11 to 20%	4	61 to 70%
22	21 to 30%	2	71 to 80%
16	31 to 40%	3	more than 80%
20	41 to 50%	—	none

18. Do you feel that off-duty employment in private security is a conflict of interest with the duties of a law enforcement officer?

	Yes	No
when the officer/deputy is:		
hired and paid directly by business	29	—
hired and paid directly by private security firm	29	—
hired and paid through law enforcement agency	28	—
hired through police union/association	34	—
contracted by individual officers/deputies	31	—
other, please specify _____	—	—

19. In general, how do you feel about off-duty law enforcement officers using public agency uniforms and equipment to perform private security functions?

	%	strongly agree	agree	disagree
should be an available option for additional protection	1 13%	2 8%	3 17%	4 9% 5 53%
unfair competition with private security firms	1 14%	2 3%	3 19%	4 14% 5 50%
misuse of public resources and tax dollars	1 31%	2 6%	3 10%	4 10% 5 42%

20. How frequently do you have contact with private security personnel?

%	Daily	Weekly	Monthly	Seldom	Never
contract guards	10	34	12	37	8
alarm runners	10	28	19	31	12
private investigators	2	2	7	62	26
in-house security guards	7	21	19	31	22
supervisors	4	10	10	45	31
managers	5	10	8	44	32

21. Please list the five most frequent places/locations where you have contact with private security personnel.

1. Retail (49%)
2. Manufacturing
3. Motel/Hotel/Restaurant
4. Bank/Financial
5. Residential (apartment/housing complex; residential patrol)

22. Please list the five most frequent incidents or situations where you have contact with private security personnel.

1. Shoplifting
2. Alarms
3. Theft
4. B&E/Burglary
5. Order maintenance (disturbance, disorderlies, disputes)

23. In general, are you satisfied with your involvement in problems referred to your department by security personnel? Would you prefer them to handle their own problems or call the police more often?

- %
- 20 satisfied with the way things are handled
 - 22 would like less involvement
 - 1 would like more involvement
 - 57 depends on situation/incident
 - 10 depends on individual security personnel involved
 - 10 depends upon security company involved

24. How would you rate your personal relationships with area private security personnel?

	%		excellent		good		poor		don't know			
contract security	1	3%	2	5%	3	45%	4	17%	5	7%	6	26%
in-house security	1	6%	2	10%	3	45%	4	9%	5	5%	6	24%
private investigators	1	3%	2	4%	3	25%	4	12%	5	15%	6	41%
alarm companies	1	6%	2	8%	3	43%	4	10%	5	12%	6	22%

25. Please circle whether you agree or disagree with the following statements on the role of private security services in relation to law enforcement services.

	%		Strongly Agree		Agree		Disagree			
private security services are similar in many respects to law enforcement services	1	2%	2	4%	3	24%	4	33%	5	38%
private security services fill a vacuum or void caused by increased crime and decreased law enforcement resources	1	4%	2	10%	3	50%	4	24%	5	12%
private security services protect interests in property and assets that otherwise would go unprotected.	1	18%	2	24%	3	35%	4	18%	5	5%
private security services try to compete with law enforcement services	1	4%	2	14%	3	21%	4	35%	5	26%

26. Would you favor transferring initial response on activated burglar alarms to private security personnel of the security company protecting the premises?

Balt. 52% yes Mult 89% no

27. Would you favor transferring the following activities to private security personnel for criminal incidents occurring on property being protected by them?

	Yes	No	Maybe	No Opinion
* preliminary investigation	<u>20</u>	<u>51</u>	<u>20</u>	<u>10</u>
completion of incident reports when victim declines prosecution or is reporting only for insurance purposes	<u>72</u>	<u>20</u>	<u>5</u>	<u>3</u>
* completion of misdemeanor incident reports	<u>35</u>	<u>43</u>	<u>17</u>	<u>5</u>
* completion of supplemental case reports	<u>27</u>	<u>47</u>	<u>20</u>	<u>6</u>
transporting "citizen arrests"	<u>28</u>	<u>57</u>	<u>9</u>	<u>6</u>
other, please explain	—	—	—	—

*other activities Baltimore County yes/maybe responses support transfer

28. Would you favor contracting with private security firms to perform any of the following police activities?

Activities	Yes	No	Maybe	No Opinion
traffic control	<u>33</u>	<u>58</u>	<u>8</u>	<u>1</u>
parking enforcement	<u>46</u>	<u>41</u>	<u>12</u>	<u>1</u>
+ parking lot patrol	<u>66</u>	<u>17</u>	<u>12</u>	<u>6</u>
+ school crossing guards	<u>70</u>	<u>19</u>	<u>8</u>	<u>4</u>
public parks patrol	<u>53</u>	<u>37</u>	<u>8</u>	<u>2</u>
animal control	<u>64</u>	<u>25</u>	<u>7</u>	<u>4</u>
+ bank deposit escorts/delivery	<u>76</u>	<u>12</u>	<u>7</u>	<u>5</u>
* city/county code violations	<u>23</u>	<u>67</u>	<u>6</u>	<u>4</u>
+ funeral escorts	<u>69</u>	<u>18</u>	<u>7</u>	<u>6</u>
court security	<u>44</u>	<u>47</u>	<u>5</u>	<u>5</u>
* prisoner transport	<u>22</u>	<u>68</u>	<u>5</u>	<u>5</u>
+ housing project patrol	<u>64</u>	<u>22</u>	<u>4</u>	<u>9</u>
non-injury accident investigations	<u>39</u>	<u>51</u>	<u>6</u>	<u>5</u>
custody of hospital-confined prisoners	<u>50</u>	<u>40</u>	<u>7</u>	<u>3</u>

* only activities Baltimore County yes/maybe responses did not support transfer

+ only activities Multnomah County yes/maybe responses support transfer

CONTINUED

11 OF 15

29. How would you rate the importance to your agency of the following functions and activities of law enforcement?

%	highest priority		medium priority		lowest priority	
	1	2	3	4	5	6
crime prevention	1 45%	2 31%	3 19%	4 3%	5 2%	
investigation of criminal incidents	1 47%	2 35%	3 13%	4 2%	5 3%	
arrest/prosecution of criminal suspects	1 53%	2 30%	3 13%	4 4%	5 2%	
protection of lives and property	1 73%	2 18%	3 6%	4 2%	5 2%	
maintaining public order	1 46%	2 37%	3 15%	4 2%	5 1%	
traffic enforcement	1 20%	2 30%	3 43%	4 7%	5 1%	
traffic control	1 13%	2 23%	3 46%	4 13%	5 6%	
general assistance to the public	1 28%	2 32%	3 33%	4 7%	5 1%	
community relations	1 38%	2 29%	3 21%	4 7%	5 5%	

30. Based upon private security activities in your area, how do you think private security would rate the importance of the following functions and activities to their operations?

%	highest priority	medium priority	lowest priority	don't know
	1	2	3	4
crime prevention	1 36%	2 31%	3 13%	4 20%
investigation of criminal incidents	1 8%	2 26%	3 45%	4 22%
arrest/prosecution of suspects	1 20%	2 32%	3 30%	4 19%
protection of lives/property	1 28%	2 36%	3 19%	4 18%
maintaining order	1 15%	2 34%	3 27%	4 24%
traffic control	1 6%	2 21%	3 44%	4 29%
unauthorized access control	1 32%	2 25%	3 16%	4 27%
employee identification	1 30%	2 32%	3 20%	4 29%
information security	1 19%	2 32%	3 20%	4 29%
crime reporting	1 12%	2 39%	3 21%	4 27%
fire prevention	1 17%	2 30%	3 23%	4 31%
accident prevention (industrial)	1 43%	2 20%	3 32%	4 36%
loss prevention	1 40%	2 27%	3 11%	4 23%

31. In general, how would you rate the contribution of private security to crime prevention and control in your area?

%	very effective	somewhat effective	not effective	don't know
	1	2	3	4
overall contribution	1 2%	2 50%	3 32%	4 16%
reduction in volume of crime	1 2%	2 36%	3 45%	4 17%
reduction in direct dollar crime loss	1 5%	2 48%	3 28%	4 19%
number of criminal suspects apprehended	1 3%	2 39%	3 41%	4 17%
maintenance of order	1 2%	2 35%	3 47%	4 16%

32. How would you rate the performance of private security in your area in the following areas?

%	very good	good	poor	don't know
	1	2	3	4
quality of personnel	1 1%	2 36%	3 51%	4 12%
pre-employment background checks	1 1%	2 11%	3 54%	4 35%
training received	1 1%	2 6%	3 63%	4 31%
supervision	1 1%	2 21%	3 49%	4 29%
personal appearance in uniform	1 2%	2 43%	3 43%	4 12%
reasonable use of force	1 1%	2 35%	3 30%	4 34%
proper use of weapons	1 1%	2 23%	3 37%	4 40%
familiarity with legal powers	1 1%	2 2%	3 3%	4 4%
reporting criminal incidents	1 4%	2 47%	3 33%	4 16%
responding to alarms	1 3%	2 35%	3 43%	4 19%

33. In general, do you think the use of private security in your community has increased or decreased in the last five years?

%	increased	decreased	about the same	don't know
	1	2	3	4
	55	2	26	16

34. Have you ever personally seen or been involved in a situation where a private security employee exceeded his/her authority in handling an incident?

% 4 yes, only once 39 yes, a few times
8 yes, many times 49 no

If yes, describe one such incident you have seen: 35% response

Most frequent: improper custody arrest; excessive physical force; traffic arrest;

improper stop/interrogation/search.

Firearms incidents (discharge or pointing) = 14% incidents described

35. Do you think wearing a police-type uniform on duty increases the effectiveness of security guards when dealing with:

	%	Yes	No
the police		<u>63</u>	
the general public		<u>76</u>	
company employees		<u>59</u>	
offenders		<u>61</u>	

36. Do you think contract security companies purport to offer to their prospective clients services or protection equal to the police?

% 25 yes 45 no 30 not sure

37. In most instances, do you think it is necessary for security personnel to carry any of the following equipment?

%	<u>70</u> baton or nightstick	<u>81</u> handcuffs
	<u>23</u> firearm	<u>28</u> weighted flashlight
	<u>37</u> chemical spray	<u>74</u> badge
	<u>37</u> sap or blackjack	<u>7</u> none necessary

38. Is there a need for licensing and regulation of private security in your area?

	%	Yes	No
city ordinance		<u>79</u>	<u>21</u>
county ordinance		<u>86</u>	<u>14</u>
state statute		<u>90</u>	<u>10</u>

39. Should uniformed private security personnel be required to have badges, uniforms and equipment which can be clearly distinguished from public law enforcement?

% 96 yes no

40. Should minimum levels of training be required for private security personnel?

% 94 yes 3 no 3 no opinion

41. Should minimum levels of firearms training be required for armed private security personnel?

% 98 yes 1 no 1 no opinion

42. Prior to employment, should criminal record and fingerprint checks be required for private security personnel?

% 99 yes no 1 no opinion

43. Should minimum levels of experience and/or training be required for managers of private security firms?

% 96 yes 1 no 3 no opinion

44. Would you favor any of the following measures to control "falsing" of alarm systems?

	%	Yes	No	Maybe	No Opinion
Citation issued to subscriber with small fine (e.g., \$15-\$25)		<u>69</u>	<u>11</u>	<u>11</u>	<u>9</u>
Graduated subscriber fines for successive falsing		<u>79</u>	<u>5</u>	<u>6</u>	<u>10</u>
License suspension for firms with excessive client falsing		<u>63</u>	<u>12</u>	<u>15</u>	<u>10</u>
Fines for firms with excessive client falsing		<u>72</u>	<u>6</u>	<u>11</u>	<u>11</u>
Police non-response to alarms with excessive falsing		<u>45</u>	<u>32</u>	<u>12</u>	<u>11</u>
State certification of alarm installers		<u>72</u>	<u>7</u>	<u>8</u>	<u>13</u>

45. To what extent do you feel that the following factors contribute to the false alarm problem?

	%	extensive	moderate	low
improper installation	1 15%	2 23%	3 39%	4 13% 5 10%
faulty equipment	1 30%	2 29%	3 36%	4 3% 5 3%
subscriber error	1 62%	2 24%	3 13%	4 1% 5

46. Do you have any specific recommendations for control of the "false alarm" problem?

RANK ORDER	<u>1. Fines (subscriber)</u>	<u>5. Fines (alarm co.)</u>
	<u>2. Subscriber training</u>	<u>6. Remove alarm</u>
	<u>3. Police non-response</u>	<u>7. Installer training</u>
	<u>4. Required maintenance/inspections</u>	<u>8. Shift response to private security</u>

47. How many hours of training have you completed?

Hours

84% \bar{x} 500 recruit
 mode 40 in-service
 mode 8 (annually)
 _____ firearms
 (annually)
 _____ other
 (annually)

48. How much education have you completed?

	Balt	Mult		Balt	Mult	
%	_____	_____	high school or GED	15	<u>7</u>	Associate Degree
	33	_____	some college courses	11	<u>54</u>	Bachelor Degree
	29	<u>15</u>	one to two years college		<u>25</u>	higher degree

49. Have you considered any of the following employment opportunities in private security as career alternatives to police work?

%	<u>Yes</u>	<u>No</u>
forming a guard company	<u>7</u>	_____
becoming a private investigator	<u>18</u>	_____
forming an alarm company	<u>2</u>	_____
security investigator	<u>16</u>	_____
security director	<u>19</u>	_____
other security work, please specify:		

50. What recommendations do you have for improving relationships between law enforcement and private security personnel?

51. Is your law enforcement agency?

County _____
 or
 Municipal _____

APPENDIX B - 3
 PROPRIETARY SECURITY
 EMPLOYEE SURVEY DATA

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

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Thomas W. Wathen
President
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Van Nuys, California

Jerry V. Wilson
Vice President, Security
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Alexandria, Virginia

IN-HOUSE SECURITY EMPLOYEE SURVEY

This survey is being conducted by Hallcrest Systems, Inc., a research and management consulting firm, as part of a national study being sponsored by the National Institute of Justice. We are looking for ways to improve the relationship and effectiveness of law enforcement and private security in crime prevention and control.

This questionnaire recognizes the importance of your contribution to protection and loss prevention services in your company and community. We are interested in your opinions and attitudes. Do not use company manuals or discuss your answers with other employees while completing the questions. Your answers will not be shown to your employer or other employees.

Mail the completed questionnaire directly to us in the postage paid envelope. This way your answers cannot be identified by company or personal name.

Please use a check mark for the answer of your choice. Your written comments are important too.

Thank you for your help.

1. AGE			
%	under 20	8	36 to 40
	21 21 to 25	16	41 to 50
	16 26 to 30	21	51 to 60
	16 31 to 35	3	61+
2. SEX			
%	76 Male	24	Female

3. What is the primary business of your employer where you are presently assigned?

- | | | |
|---|-----------------------------------|---------------------------------|
| % | <u>15</u> banking/finance | ___ public housing |
| | ___ construction | ___ property owners association |
| | <u>3</u> school or college | ___ apartment complex |
| | <u>15</u> hospital/health care | ___ hotel |
| | ___ transportation | <u>24</u> retail store |
| | ___ public building/facility | ___ shopping center/mall |
| | <u>30</u> manufacturing facility | <u>7</u> utility company |
| | | <u>2</u> warehouse/storage |
| | <u>4</u> other, please list _____ | |

4. How would you classify your primary job function? (check one only)

- | | | |
|---|---|-------------------------|
| % | <u>41</u> Guard | <u>6</u> Alarm Response |
| | <u>13</u> Investigator | ___ Locksmith |
| | <u>22</u> Security supervisor | |
| | ___ Other, please specify <u>10%</u> Security Agent/ <u>8%</u> Special Police Dept. | |

5. Is this a full-time or part-time job?

- | | | |
|---|---------------------|--------------------|
| % | <u>97</u> full-time | <u>3</u> part-time |
|---|---------------------|--------------------|

6. How long have you been employed by your present employer?

- | | | |
|---|-----------------------------|-------------------------|
| % | <u>2</u> less than 1 month | <u>22</u> 3 to 5 years |
| | <u>3</u> 1 to 6 months | <u>21</u> 6 to 10 years |
| | <u>8</u> 6 months to 1 year | <u>20</u> over 10 years |
| | <u>24</u> 1 to 2 years | |

7. Approximately how long have you been doing security work for this firm or other firms?

- | | | |
|---|-----------------------------|-------------------------|
| % | ___ less than 1 month | <u>19</u> 3 to 5 years |
| | <u>1</u> 1 to 6 months | <u>25</u> 6 to 10 years |
| | <u>4</u> 6 months to 1 year | <u>20</u> over 10 years |
| | <u>18</u> 1 to 2 years | |

8. Have you ever been employed by a contract security firm?

- (a) % 29 yes 71 no
- (b) If yes, how many security companies have you worked for in the past five years? (please circle)

%	1	2	3	4	5	6	7	8	9	10
	64	29	4	4						

9. Not counting your job with this company, how many other jobs have you had in the past five years. (please circle)

Full-time	0	1	2	3	4	5	6	7	8	9
Part-time	0	1	2	3	4	5	6	7	8	9
	(50)	30	16	4)						
	(77)	14	8)							

10. Are you looking for another job to replace this one?

% 44 yes 56 no

11. If yes, is it doing security work?

% 32 yes 68 no

12. If yes, with whom are you looking for security employment?

	Yes	No
in-house security guard force	<u>15%</u>	—
contract security guard firm	<u>0%</u>	—

13. If no, how long do you plan to stay with your present employer?

	Yes	No
% <u>—</u> less than 1 month	<u>46</u> until retirement	
<u>—</u> 1 to 6 months	<u>27</u> until better job comes along	
<u>7</u> 6 months to 1 year	<u>—</u> until laid off	
<u>8</u> several years	<u>13</u> don't know	

14. How much are you paid for this job?

\$7.67 per hour
(average)

15. For the work that you are asked to do on this job, do you feel your pay is:

	Yes	No
% <u>49</u> about right	<u>10</u> lower than other firms	
<u>22</u> too low	<u>20</u> higher than other firms	

16. What fringe benefits are provided on your job?

	Yes	No
% <u>100</u> free uniforms (guards)	<u>84</u> vacation pay	
<u>82</u> medical insurance	<u>66</u> life insurance	
<u>77</u> sick pay	<u>30</u> profit sharing plan	
<u>86</u> holiday pay	<u>71</u> pension plan	
<u>23</u> bonus/merit pay	— none	
<u>16</u> other, please specify _____		

17. If you hold another job, how much are you paid on that job?

11% response \$ _____ per hour

18. What were your reasons for taking a security job? (check all that apply)

% <u>40</u> I like any kind of police work
<u>25</u> I like the responsibility of protecting things
<u>8</u> Couldn't obtain police employment
<u>9</u> I was unemployed and couldn't find anything else
<u>—</u> Not qualified for anything else
<u>1</u> This is a second job and I need the money
<u>6</u> I'm earning money for school
<u>38</u> Good working conditions
<u>25</u> Good working hours
<u>36</u> Job pays well
<u>48</u> I thought it would be interesting work
<u>13</u> Other, please specify _____

19. Which of the following describe your job? (check all that apply)

% <u>65</u> interesting	<u>15</u> dangerous
<u>25</u> stimulating	<u>52</u> challenging
<u>24</u> boring	<u>71</u> responsible
<u>59</u> important	<u>17</u> tiring

20. How much education have you completed?

% <u>5</u> less than high school	<u>20</u> one to two years college
<u>36</u> high school or GED	<u>14</u> Associate Degree
<u>14</u> some college courses	<u>18</u> Bachelor or higher degree

21. Overall, how well do you like security work?

very satisfied	satisfied	not satisfied	no opinion
1	2	3	4
5	6	7	8
% 32	16	36	7
			7
			2

23. How would you rate the importance of the following activities performed by you for your company?

	highest priority	medium priority	lowest priority	does not apply
crime prevention	1 54%	2 23%	3 11%	4 7%
investigation of crimes	1 39%	2 28%	3 10%	4 11%
arrest/prosecution of suspects	1 40%	2 22%	3 16%	4 8%
protection of lives/property	1 65%	2 17%	3 17%	4 1%
maintaining order	1 39%	2 15%	3 25%	4 10%
traffic control	1 20%	2 5%	3 22%	4 9%
unauthorized access control	1 56%	2 14%	3 14%	4 6%
employee identification	1 44%	2 20%	3 20%	4 5%

(23. continued)

	highest priority		medium priority		lowest priority		does not apply
information security	1 31%	2 23%	3 24%	4 7%	5 6%	6 10%	
crime reporting	1 36%	2 25%	3 25%	4 12%	5 1%	6 1%	
fire prevention	1 51%	2 14%	3 18%	4 2%	5 7%	6 7%	
accident prevention (industrial)	1 29%	2 22%	3 17%	4 9%	5 7%	6 17%	
loss prevention	1 55%	2 27%	3 9%	4 6%	5 2%	6 1%	

24. Which of the following security tasks are part of your job, and how often do you perform them on your particular assignment?
NOTE: Guards only, please answer.

	frequently	occasionally	never
Patrol Work			
patrol on foot	87	7	6
patrol by car	22	48	30
patrol with dog	8	6	86
patrol exterior	70	21	9
patrol interior	72	19	9
patrol parking lot	45	40	15
punch clock stations	45	11	44
check locks, gates	68	18	14
check security of information	55	38	8
check fire hazards	62	30	7
check equipment	51	40	9
respond to alarms	57	40	3
Stationary Guard Work			
screen and escort visitors	51	32	17
give information	76	19	4
answer telephone	77	15	7
search employees for theft	40	29	30
surveillance	45	35	20
handle shipping and receiving	22	42	36
monitor T.V. console	57	19	25
non-security tasks	13	72	15
Other			
give first aid	13	59	28
give evidence in court	17	55	28
handle valuables	57	39	4
act as body guard	15	41	45
train/supervise	34	43	22
special events	20	58	22
write reports	76	24	-

25. Are there contract security company employees at your company who perform similar activities?

% 31 yes 69 no

(b) If yes, how would you rate their performance at these tasks?

	excellent	good	poor	no opinion
	1	2	3	4
%	3	6	48	16
	5	6	19	6

26. What kind of security problems have you dealt with on this assignment, and how often have they been encountered?

NOTE: Guards only, please answer.

	frequently	occasionally	never
unlocked doors, etc. (carelessness)	46	49	5
trespass	21	75	4
fire hazards (burners left on, cigarettes burning etc.)	19	64	17
drunks	40	49	11
vandalism	20	62	18
disturbances	20	70	9
fire alarms	14	75	11
break and enter	6	61	33
burglar alarms	25	52	23
theft (non-employee)	25	52	22
shoplifting	27	34	39
theft (employee)	27	62	11
fire	11	60	30
breaches of company regulations (i.e., drugs, firearms, etc.)	13	63	24
common assault	7	49	44
juvenile drugs	5	30	65
assault causing bodily harm	3	43	54
assault on you	2	39	59
other, please specify			

27. Which of these tasks are part of your job as an investigator, and how often are they performed? NOTE: Investigators only, please answer.

	frequently	occasionally	never
interview witnesses	47	53	-
question suspects	45	55	-
internal investigations (employee)	54	38	8
external investigations (non-employee)	33	45	22
present evidence and exhibits in court	37	58	5
write reports for litigation	45	43	13
supervise other security personnel	52	35	13
conduct surveillance	45	50	5
VIP/executive protection	14	45	41
undercover work	37	31	31
security procedures audits	33	30	37

28. Which of the following types of investigations have you carried out in the last six months? NOTE: Investigators only, please answer.

	frequently	occasionally	never
insurance claims	<u>4</u>	<u>10</u>	<u>86</u>
workmen's compensation claims	<u>4</u>	<u>6</u>	<u>90</u>
safety violations	<u>17</u>	<u>46</u>	<u>37</u>
pre-employment checks (personal background)	<u>6</u>	<u>26</u>	<u>68</u>
other personal background checks	<u>6</u>	<u>24</u>	<u>77</u>
embezzlement	<u>10</u>	<u>23</u>	<u>67</u>
computer crime	<u>2</u>	<u>20</u>	<u>78</u>
cargo theft	<u>6</u>	<u>31</u>	<u>63</u>
drug abuse	<u>10</u>	<u>20</u>	<u>70</u>
integrity checks (cashiers)	<u>15</u>	<u>37</u>	<u>48</u>
shoplifting	<u>32</u>	<u>21</u>	<u>46</u>
fraud (check/credit card)	<u>38</u>	<u>25</u>	<u>38</u>
employee theft	<u>53</u>	<u>41</u>	<u>5</u>
vandalism	<u>19</u>	<u>58</u>	<u>23</u>
terrorism	<u> </u>	<u>12</u>	<u>88</u>

29. Have you ever found it necessary to detain someone while you worked as a guard/investigator at any job?

% 84 yes 16 no
 not applicable

30. Which of the following methods did you use the last time you detained someone?

% 41 told them to stay 1 used verbal threats
13 used physical force 44 arrested

31. When you have to detain someone against his will, do you tell the person that he is under arrest?

% 38 yes 16 no
46 depends on the circumstances

32. On this assignment, have you ever needed to use force?

	Yes	No
in self-defense	<u>54</u>	<u>46</u>
to evict a trespasser (drunk, etc.)	<u>39</u>	<u>61</u>
to deal with vandalism	<u>18</u>	<u>82</u>
to prevent an assault	<u>39</u>	<u>61</u>
to carry out a lawful search	<u>37</u>	<u>63</u>
to detain someone	<u>47</u>	<u>53</u>
to arrest someone	<u>56</u>	<u>44</u>

33. Are you expected to detain persons you suspect of committing a crime?

% 55 yes 34 no
 do not know 11 no response

33. Were you told to do this by:

% 40 your company policy 21 your supervisor
39 both

34. Are you expected to arrest persons you find committing a crime?

(a) % 65 yes 7 no
2 do not know 24 no response
3 not applicable

(b) Were you told to do this by:

% 65 your company 34 your supervisor
1 other guards

35. Are you expected to search persons you suspect of having committed a crime?

% 46 yes 36 no
5 do not know 10 no response
4 not applicable

(b) Were you told to do this by:

% 65 your company 35 your supervisor

36. Are you expected to use physical force in order to:

	Yes	No
% protect yourself	<u>96</u>	<u>4</u>
protect company property	<u>43</u>	<u>57</u>
detain someone	<u>40</u>	<u>60</u>
arrest someone	<u>51</u>	<u>49</u>
search someone	<u> </u>	<u> </u>
other (please specify)	<u> </u>	<u> </u>

(b) Who expects you to use this physical force?

Company policy 44% Manager/Supervisor 16% Self 40%

37. Rank in order of importance the factors which influence the way in which you handle security problems. (1 = most important)

% 1.8 Your company instructions
1.5 Type/seriousness of problem
2.6 Your supervisor
 No response
 Other, please specify

38. Have you found it necessary to call the police?

% 16 no 75 yes
9 no response

39. For what types of incidents do you call the police?

1. Theft	5. Assault	Disturbance
2. Trespassing	Arrest	6. Burglary/B&E
3. Vandalism	Drug Related	7. Drunk/disorderly
4. Auto Accident	Shoplifting	8. Miscellaneous

40. Which law enforcement agency do you call?

- City
- County
- Both
- Depends on jurisdiction

41. Do you prefer one law enforcement agency over another?

% 10 yes 90 no

If yes, why? _____

42. How often do you have contact with law enforcement officers?

	Daily	Weekly	Monthly	Seldom	Never
% patrol officers	<u>26</u>	<u>34</u>	<u>13</u>	<u>24</u>	<u>3</u>
detectives/investigators	<u>18</u>	<u>5</u>	<u>11</u>	<u>52</u>	<u>15</u>
supervisors	<u>24</u>	<u>5</u>	<u>9</u>	<u>38</u>	<u>23</u>
managers	<u>16</u>	<u>7</u>	<u>5</u>	<u>33</u>	<u>38</u>

43. How would you rate your relationships with area law enforcement personnel?

% City	excellent		good		poor		don't know	
	1	2	3	4	5	6	7	
City	1 43%	2 17%	3 21%	4 1%	5	6 20%	7	
County	1 38%	2 15%	3 19%	4 1%	5	6 27%	7	

44. In general, do you think the public police are satisfied with their involvement in problems referred to them by security personnel? Would they prefer you to handle your own problems or to call the police more often?

% 58 satisfied with the way things are handled
9 would like less involvement
3 would like more involvement
30 depends on individual policeman
6 no response

45. In general, how would you describe police response to your requests for assistance?

59 respond promptly 32 depends on the situation
3 respond slowly 6 have never called police
2 no response

46. In your experience, have you found that the police support your decisions in the handling of security problems?

% 75 support decisions 1 do not support decisions
13 no response 11 sometimes support decisions

47. Describe your opinion of the attitude of most policemen toward company security personnel: (check all that apply)

% 18 they are indifferent 23 we perform a valuable service
6 they are condescending 69 attitude depends on the individual
1 they are hostile
4 no response

48. In general, how would you rate your contribution to crime prevention and control?

	very effective	somewhat effective	not effective	don't know
overall contribution %	1 43	2 53	3	4 4
reduction in volume of crime	1 29	2 54	3 4	4 13
reduction in direct dollar crime loss	1 30	2 52	3 6	4 12
number of criminal suspect apprehended	1 20	2 45	3 12	4 23
maintenance of order	1 36	2 53	3 3	4 7

49. How do you think the law enforcement agencies in your area would rate the contributions of private security to crime prevention and control?

	very effective	somewhat effective	not effective	don't know
overall contribution	1 26	2 51	3 7	4 16
reduction in volume of crime	1 20	2 48	3 7	4 25
reduction in direct dollar crime loss	1 18	2 55	3 7	4 21
number of criminal suspect apprehended	1 21	2 39	3 11	4 29
maintenance of order	1 25	2 43	3 7	4 24

50. Describe your opinion of the attitude of the general public toward security personnel: (check all that apply)

% 32 they are indifferent 27 we perform a valuable service
8 they are condescending 71 attitude depends on the individual
13 they are hostile
2 no response

51. How much initial training did you receive in your present job?
(If none, please enter a zero)

	<u>Hours</u>	<u>Minutes</u>
• classroom or office (prior to assignment)	<u>60%</u> - 24 hrs.	_____
• on the job	<u>54%</u> - 80 hrs.	_____

52. What methods of training were used?

%	<u>72</u> manuals	<u>55</u> lectures
	<u>23</u> flip charts	<u>34</u> slides
	<u>48</u> films	<u>28</u> firearms range

53. What subject areas were covered during this training?

%	<u>89</u> company policies
	<u>90</u> company security regulations
	<u>76</u> fire protection and prevention
	<u>69</u> first aid
	<u>83</u> legal powers; arrest, search, seizure
	<u>75</u> investigation and detection procedures
	<u>13</u> firearms (classroom)
	<u>21</u> firearms (firing range)
	<u>61</u> building safety
	<u>51</u> crisis-handling
	<u>45</u> crowd control
	<u>64</u> equipment use
	<u>82</u> report writing
	_____ other (please specify) _____

54. Who gave you most of your training for security work?

%	<u>47</u> fellow workers in my company
	<u>41</u> supervisors
	<u>18</u> previous security employer
	<u>38</u> law enforcement experience
	<u>13</u> military police experience

55. What is your opinion of the training you received for security work?

%	<u>70</u> adequate	<u>26</u> not enough
	_____ no response	<u>4</u> material covered was not relevant to my duties and job

56. Have you been given an opportunity to take any further training while you have been working for your company?

%	<u>24</u> no	<u>3</u> yes, but I didn't take it
	<u>58</u> yes, at the company	<u>24</u> yes, at a community college

57. Have you carried a gun while working on this or any other contract security assignment?

%	<u>56</u> no	<u>41</u> yes
	<u>3</u> no response	

58. If yes, how much firearms training did you receive from your company?

Average -16.4 hours
Median -12.0

59. Was it necessary for you personally to hold a carrying permit?

<u>x</u>	no Multnomah County	<u>x</u>	yes Baltimore County
_____	no, the company held it		

60. Describe the training you received in how to use a gun:

%	_____ no training	<u>36</u> trained by public police
	<u>36</u> trained by military	_____ trained by community college
	<u>45</u> trained by company	<u>20</u> self-taught (hunting or personal experience)
	<u>11</u> other,	
	please specify <u>Prior law enforcement training</u>	

61. How would you evaluate this firearms training?

%	<u>48</u> very good	<u>36</u> adequate
	<u>16</u> not enough	

62. Do you carry a firearm on this particular security assignment?

%	<u>69</u> no	<u>31</u> yes
---	--------------	---------------

63. Have you ever found it necessary to use a gun on any security assignment?

%	_____ no	<u>x</u>	yes	16% (all respondents)
				39% (armed respondents)

64. Do you think it is necessary to carry a firearm on this particular security assignment in order to do it properly?

%	<u>67</u> no	<u>33</u> yes
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65. Do you carry any of the following equipment on your job?

%	<u>13</u> baton or "night stick"	<u>53</u> handcuffs
	<u>15</u> chemical spray	<u>12</u> weighted flashlight
	<u>17</u> sap or black jack	<u>34</u> none

66. What type of uniform do you wear on your assignment?

%	<u>36</u> police-type	<u>51</u> plainclothes
	<u>28</u> blazer and slacks/skirt	<u>1</u> other, please specify _____

67. Do you think wearing a police-type uniform on duty increases your effectiveness as a security guard when dealing with:

% (uniformed respondents)	<u>Yes</u>	<u>No</u>
the police	<u>55</u>	<u>45</u>
the general public	<u>51</u>	<u>49</u>
company employees	<u>54</u>	<u>46</u>
offenders	<u>52</u>	<u>48</u>

68. As part of your uniform do you wear or carry:

% 50 name plate ___ metal badge
 ___ identification card ___ cloth badge

69. Does your uniform clearly identify you as a security officer?

% 63 yes 37 no
 ___ not sure

70. Which of the following statements best describes your legal powers?

% 34 the same as a public policeman's powers
 38 the same as a private citizen's powers
 30 authority of the company as a property owner
 8 greater than private citizen's if on duty in uniform

71. How frequently do you see or talk to your company supervisor on this assignment?

% 44 several times each shift
 13 once per shift
 9 once or twice a week
 25 when necessary
 ___ never

72. Is there a written job description prepared for your present assignment?

% 84 yes, provided by my 16 no, learned on the job
 company
 ___ none needed

73. What recommendations do you have for improving relationships between private security and law enforcement personnel?

APPENDIX B - 4
CONTRACTUAL SECURITY
EMPLOYEE SURVEY DATA

PRIVATE SECURITY and LAW ENFORCEMENT RESEARCH PROJECT of the

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Mail the completed questionnaire directly to us in the postage paid envelope. This way your answers cannot be identified by company or personal name.

Please use a check mark for the answer of your choice. Your written comments are important too.

Thank you for your help.

1. **AGE**

%	<u>5</u> under 20	<u>8</u> 36 to 40
	<u>19</u> 21 to 25	<u>21</u> 41 to 50
	<u>21</u> 26 to 30	<u>12</u> 51 to 60
	<u>13</u> 31 to 35	<u>8</u> 61+

2. **SEX**

%	<u>88</u> Male	<u>12</u> Female
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3. Which kind of security firm are you employed by?

%	<u>89</u> Guard and Investigations	<u> </u> Alarm (Local)
	<u> </u> Private Investigations	<u> </u> Security Equipment
	<u>11</u> Central Station Alarm	<u> </u> Armored Car

4. How would you classify your primary job function? (check one only)

%	<u>67</u> Guard	<u>18</u> Alarm Response
	<u>1</u> Investigator	<u> </u> Locksmith
	<u> </u> Alarm Installer/Service	<u>1</u> Armored Car/Armed Courier
	<u>13</u> Other, please specify _____	

5. Is this a full-time or part-time job?

%	<u>91</u> full-time	<u>9</u> part-time
---	---------------------	--------------------

6. How long have you been employed by your present employer?

%	<u> </u> less than 1 month	<u>13</u> 3 to 5 years
	<u>18</u> 1 to 6 months	<u>5</u> 6 to 10 years
	<u>21</u> 6 months to 1 year	<u>12</u> over 10 years
	<u>32</u> 1 to 2 years	

7. Approximately how long have you been doing security work for this firm or other firms?

%	<u> </u> less than 1 month	<u>19</u> 3 to 5 years
	<u>10</u> 1 to 6 months	<u>10</u> 6 to 10 years
	<u>12</u> 6 months to 1 year	<u>17</u> over 10 years
	<u>31</u> 1 to 2 years	

8. How many security companies have you worked for in the past five years? (please circle)

	0	1	2	3	4	5	6	7	8	9
%	10	58	21	9	3					

9. Not counting your job with this company, how many other jobs have you had in the past five years. (please circle)

Full-time	1	2	3	4	5	6	7	8	9
%	47	27	17	6	5	1	1	8	9
Part-time	1	2	3	4	5	6	7	8	9
%	17	44	31	3		3			3

10. Are you looking for another job to replace this one?

%	<u>32</u> Yes	<u>68</u> No
---	---------------	--------------

11. If yes, is it doing security work?
 % 48 Yes 52 No
12. If yes, is it with another contract security firm?
58 Yes 42 No
13. If no, how long do you plan to stay with your present employer?
 % less than 1 month 30 until retirement
9 1 to 6 months 27 until better job comes along
1 6 months to 1 year 5 until laid off
11 several years 19 don't know
14. How much are you paid for this job?
 \$ _____ per hour
- | | |
|------------|----------------|
| | <u>Average</u> |
| Guards | \$4.35 |
| Alarm | \$7.07 |
| Supervisor | \$6.93 |
15. For the work that you are asked to do on this job, do you feel your pay is:
 % 23 about right 8 lower than other firms
53 too low 16 higher than other firms
16. What fringe benefits are provided?
 % 71 free uniforms 85 vacation pay
65 medical insurance 46 life insurance
24 sick pay 27 profit sharing plan
66 holiday pay 18 pension plan
24 bonus/merit pay 3 none
8 other, please specify _____
17. If you hold another job, how much are you paid on that job?
 19% Response \$ per hour
18. What were your reasons for taking a security job? (check all that apply)
 % 31 I like any kind of police work
31 I like the responsibility of protecting things
7 Couldn't obtain police employment
28 I was unemployed and couldn't find anything else
4 Not qualified for anything else
14 This is a second job and I need the money
10 I'm earning money for school
22 Good working conditions
21 Good working hours
18 Job pays well
41 I thought it would be interesting work
 Other, please specify _____

19. Which of the following describe your job? (check all that apply)
 % 65 interesting 24 dangerous
19 stimulating 36 challenging
22 boring 68 responsible
55 important 15 tiring
20. How much education have you completed?
 % 10 less than high school 23 one to two years college
42 high school or GED 6 Associate Degree
22 some college courses 9 Bachelor or higher degree
21. Overall, how well do you like security work?

	very satisfied		satisfied		not satisfied		no opinion
	1	2	3	4	5	6	
%	30	18	32	10	5	5	
22. Overall, how do you like your job with this firm?

	very satisfied		satisfied		not satisfied		no opinion
	1	2	3	4	5	6	
%	33	13	30	10	13	1	
23. Are you assigned to a certain client company by your security firm?
 % 77 yes (guards) no
 no, my assignment varies
24. What kind of client company are you presently assigned to by your security firm? (guards)
 % armed forces public housing
10 banking/finance residential
3 construction 2 apartment complex
 school or college restaurant
7 hospital/health care 2 hotel
2 transportation (airport, trucking) retail store
5 public building/facility 2 shopping center/mall
28 manufacturing facility 5 utility company
5 warehouse/storage
31 other, please list _____
 and multiple assignments

25. How would you rate the importance of the following activities performed by you for the client company you are presently assigned to by your security firm?

	highest priority		medium priority			lowest priority			does not apply		
crime prevention	1	75	2	9	3	5	4	5	2	6	10
investigation of crimes	1	30	2	11	3	19	4	9	5	6	25
arrest/prosecution of suspects	1	21	2	14	3	17	4	5	5	17	26
protection of lives/property	1	74	2	16	3	6	4	5	2	6	2
maintaining order	1	29	2	21	3	20	4	5	5	9	16
traffic control	1	26	2	10	3	10	4	5	5	12	36
unauthorized access control	1	66	2	14	3	9	4	3	5	3	5
employee identification	1	54	2	12	3	12	4	7	5	3	12
information security	1	35	2	15	3	15	4	7	5	7	22
crime reporting	1	53	2	20	3	15	4	17	5		10
fire prevention	1	72	2	18	3	8	4	2	5		2
accident prevention (industrial)	1	43	2	19	3	11	4	2	5		26
loss prevention	1	71	2	10	3	5	4	3	5		11

26. Which of the following security tasks are part of your job, and how often do you perform them on this particular assignment?
NOTE: Guards only, please answer.

	frequently	occasionally	never
<u>Patrol Work</u>			
patrol on foot	67	20	8
patrol by car	20	33	48
patrol with dog	2		98
patrol exterior	69	23	8
patrol interior	63	23	15
patrol parking lot	55	29	16
punch clock stations	36	30	34
check locks, gates	60	27	13
check security of information	35	33	31
check fire hazards	72	33	19
check equipment	43	34	23
respond to alarms	40	28	32
<u>Stationary Guard Work</u>			
screen and escort visitors	52	30	17
give information	58	32	10
answer telephone	52	33	15
search employees for theft	12	29	59
airport pre-boarding	3		97
handle shipping and receiving	11	46	43
monitor T.V. console	23	14	64
non-security tasks	14	30	56

Other

	frequently	occasionally	never
give first aid	4	47	49
give evidence in court	4	16	80
handle valuables	7	51	37
act as body guard	9	40	52
train/supervise	39	39	22
special events	16	45	39
write reports	75	25	

27. What kind of security problems have you dealt with on this assignment, and how often have they been encountered?
NOTE: Guards only, please answer.

	frequently	occasionally	never
unlocked doors, etc. (carelessness)	39	47	14
trespass	19	59	32
fire hazards (burners left on, cigarettes burning, etc.)	14	54	32
drunks	13	46	41
vandalism	10	46	44
disturbances	5	52	43
fire alarms	2	36	61
break and enter	2	24	73
burglar alarms	11	38	51
theft (non-employee)		38	63
shoplifting	5	30	65
theft (employee)	2	35	63
fire	2	36	61
breaches of company regulations (i.e., drugs, firearms, etc.)	4	27	69
common assault	2	20	78
juvenile drugs		13	87
assault causing bodily harm		19	79
assault on you		11	89
other (please specify)			

28. Which of these tasks are part of your job as an investigator, and how often are they performed? NOTE: Investigators only, please answer.

	frequently	occasionally	never
<u>Insufficient Sample</u>			
interview witnesses			
question suspects			
serve subpoena /writs			
service documents (for lawyers)			
present evidence and exhibits in court			
write reports for litigation			
supervise other security personnel			
conduct surveillance			
VIP/executive protection			
undercover work			

29. Which of the following types of investigations have you carried out in the last month? NOTE: Investigators only, please answer.

	frequently	occasionally	never
<u>Insufficient Sample</u>			
insurance claims	—	—	—
workmen's compensation claims	—	—	—
pre-employment checks (personal background)	—	—	—
other personal background checks	—	—	—
marital and related problems	—	—	—
missing persons	—	—	—
criminal defense work	—	—	—
(% total workload _____)			
integrity checks (cashiers)	—	—	—
shoplifting	—	—	—
fraud	—	—	—
employee theft	—	—	—
vandalism	—	—	—

30. Have you ever found it necessary to detain someone while you worked as a guard/investigator at any job?

% <u>Guards</u>	<u>50</u> Yes	<u>48</u> No	<u>Alarm</u>
	<u>2</u> Not applicable		87% - yes
			13% - no

31. Which of the following methods did you use the last time you detained someone?

%	<u>76</u> told them to stay	<u>2</u> used verbal threats
	<u>4</u> used physical force	<u>18</u> arrested

32. When you have to detain someone against his will, do you tell the person that he is under arrest?

%	<u>3</u> Yes	<u>56</u> No
	<u>39</u> Depends on the circumstances	

33. On this assignment, have you ever needed to use force:

	<u>Alarm</u>		<u>Guard</u>	
	Yes	No	Yes	No
in self-defense	53	47	13	87
to evict a trespasser (drunk, etc.)	21	79	15	85
to deal with vandalism	44	56	10	90
to prevent an assault	27	73	8	92
to carry out a lawful search	31	69	6	94
to detain someone	50	50	12	88
to arrest someone	46	64	4	96

34. Are you expected to detain persons you suspect of committing a crime?

(a)	<u>50</u> Yes	<u>36</u> No
%	<u>4</u> Do not know	<u>10</u> No response

34. Were you told to do this by:

(b)	<u>45</u> Your company	<u>16</u> Client
%	<u>39</u> Both	

35. Are you expected to arrest persons you find committing a crime?

(a)	<u>26</u> Yes	<u>50</u> No
%	<u>4</u> Do not know	<u>10</u> No response
	<u>10</u> Not applicable	

(b) Were you told to do this by:

%	<u>75</u> Your company	<u>21</u> Client
	<u>4</u> Other guards	

36. Are you expected to search persons you suspect of having committed a crime?

(a)	<u>21</u> Yes	<u>59</u> No
%	<u>3</u> Do not know	<u>12</u> No response
	<u>6</u> Not applicable	

(b) Were you told to do this by:

%	<u>71</u> Your company	<u>29</u> Client
---	------------------------	------------------

37. Are you expected to use physical force in order to:

	<u>Yes</u>	<u>No</u>
%		
protect yourself	<u>92</u>	<u>8</u>
protect company property	<u>28</u>	<u>72</u>
detain someone	<u>18</u>	<u>82</u>
arrest someone	<u>9</u>	<u>91</u>
search someone	<u>6</u>	<u>94</u>
other (please specify) _____		

(b) Who expects you to use this physical force? (Title/position)

<u>Manager/Supervisor</u>	<u>54%</u>	<u>Client</u>	<u>14%</u>	<u>Self</u>	<u>- 32%</u>
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38. Rank in order of importance the factors which influence the way in which you handle security problems: (1 = most important)

<u>1.8</u>	Your company instructions
<u>1.8</u>	Type/seriousness of problem
<u>2.0</u>	Client instructions
<u>3.2</u>	Other (please specify) _____
—	No response

39. In contract security work have you found it necessary to call the police?

% 27 No 73 Yes
 ___ No response

40. For what types of incidents do you call the police?

1. Burglary/B&E 5. Vandalism 8. Auto Accident
 2. Theft 6. Hold-up 9. Suspicious/Stolen Veh.
 3. Trespassing Assault Arrest
 4. Drunk/Disorderly 7. Burglar Alarm 10. Drugs

41. Which law enforcement agency do you call? Medical Emergency

___ City
 ___ County
 Both Depends on jurisdiction

42. Do you prefer one law enforcement agency over another?

% 16 Yes 84 No

If yes, why? _____

43. How often do you have contact with law enforcement officers?

% Guards only patrol officers	Daily	Weekly	Monthly	Seldom	Never
	<u>13</u>	<u>6</u>	<u>11</u>	<u>52</u>	<u>19</u>
detectives/investigators	<u>2</u>	<u>5</u>	<u>41</u>	<u>51</u>	
supervisors	<u>17</u>	<u>6</u>	<u>4</u>	<u>32</u>	<u>40</u>
managers	<u>9</u>	<u>7</u>	<u>4</u>	<u>33</u>	<u>48</u>

44. How would you rate your relationships with area law enforcement personnel?

	excellent	good	poor	Don't know
% City	1 42	2 15	3 20	4 4
County	1 34	2 11	3 24	4 6

45. In general, do you think the public police are satisfied with their involvement in problems referred to them by contract security? Would they prefer you to handle your own problems or to call the police more often?

% 33 satisfied with the way things are handled
13 would like less involvement
7 would like more involvement
29 depends on individual policeman
18 no response

46. In general, how would you describe police response to your requests for assistance?

% 35 respond promptly 36 depends on the situation
10 respond slowly 19 have never called police
 ___ no response

47. In your experience, have you found that the police support your decisions in the handling of security problems?

% 46 support decisions 3 do not support decisions
 ___ no response 29 sometimes support decisions

48. Describe your opinion of the attitude of most policemen toward contract security personnel: (check all that apply)

% 13 they are indifferent 22 we perform a valuable service
6 they are condescending 63 attitude depends on the individual
4 they are hostile 14 no response

49. In general, how would you rate your contribution to crime prevention and control for the typical clients you serve?

	very effective	somewhat effective	not effective	don't know
% overall contribution	1 71	2 22	3 1	4 6
reduction in volume of crime	1 49	2 35	3 3	4 12
reduction in direct dollar crime loss	1 46	2 31	3 3	4 20
number of criminal suspect apprehended	1 17	2 41	3 12	4 31
maintenance of order	1 46	2 34	3 6	4 14

50. How do you think the law enforcement agencies in your area would rate the contributions of area private security firms to crime prevention and control?

	very effective	somewhat effective	not effective	don't know
% overall contribution	1 20	2 57	3 2	4 22
reduction in volume of crime	1 13	2 59	3 7	4 21
reduction in direct dollar crime loss	1 27	2 42	3 6	4 24
number of criminal suspect apprehended	1 15	2 39	3 16	4 30
maintenance of order	1 23	2 40	3 8	4 28

51. Describe your opinion of the attitude of the general public toward contract security personnel: (check all that apply)

% 28 they are indifferent 26 we perform a valuable service
8 they are condescending 64 attitude depends on the individual
8 they are hostile no response

52. How much initial training did you receive in your present job? (If none, please enter a zero)

Guard only (those responding)	Hours	Minutes
• classroom or office (prior to assignment)	60% <u>8</u>	<u> </u>
• on the job	56% <u>16</u>	<u> </u>
by your employer	58% <u>16</u>	<u> </u>
by your client	<u> </u>	<u> </u>

53. What methods of training were used?

% 73 manuals 63 lectures
13 flip charts 45 slides
45 films 18 firearms range

54. What subject areas were covered during this training?

Alarm	Supervisor	Guard	Subject Area	Count
82	80	81	fire protection and prevention	
55	90	48	first aid	
55	90	74	legal powers: arrest, search, seizure	
64	20	62	investigation and detection procedures	
64	80	10	firearms (classroom)	
64	10	7	firearms (firing range)	
64	77	69	building safety	
27	60	55	crisis-handling	
18	77	41	crowd control	
82	80	48	equipment use	
73	100	79	report writing	
			other (please specify)	<u> </u>

55. Who gave you most of your training for security work?

% 47 fellow workers in my company
53 supervisors
13 client firm where I'm assigned
9 previous security employer
15 law enforcement experience
17 military police experience

56. What is your opinion of the training you received for security work?

% 65 adequate 31 not enough
 no response 3 material covered was not relevant to my duties and job

57. Have you been given an opportunity to take any further training while you have been working for your company?

% 53 no 4 yes, but I didn't take it
41 yes, at the company 5 yes, at a community college

58. Have you carried a gun while working on this or any other contract security assignment?

% 60 No 40 Yes
 No response
Guard 23
Supervisor 60
Alarm 86

59. If yes, how much firearms training did you receive from your company?

Average 12.7 hours
Median 8.0

60. Was it necessary for you personally to hold a carrying permit?

% 3 No 91 Yes
6 No, the company held it

61. Describe the training you received in how to use a gun:

% 3 no training 23 trained by public police
65 trained by military trained by community college
56 trained by company 39 self-taught (hunting or personal experience)
13 other, please specify

62. How would you evaluate this firearms training?

% 43 very good 25 adequate
32 not enough

63. Do you carry a firearm on this particular security assignment?

% 73 No 27 Yes
Guard 8
Supervisor 40
Alarm 86

64. Have you every found it necessary to use a gun on any security assignment?

% 83 No 17 Yes
Guard & Supervisor 11
Alarm 75

65. Do you think it is necessary to carry a firearm on this particular security assignment in order to do it properly?

% 69 No 31 Yes
Guard & Supervisor 19
Alarm 86

66. Do you carry any of the following equipment on your job?

% 12 baton or "night stick" 18 handcuffs
6 chemical spray 22 weighted flashlight
1 sap or black jack 60 none

67. What kind of uniform do you wear on your assignment?

% 64 police type 17 plainclothes
24 blazer and slacks/skirt 6 other, please specify _____

68. Do you think wearing a police-type uniform on duty increases your effectiveness as a security guard when dealing with:

	<u>Yes</u>	<u>No</u>
% the police	<u>59</u>	<u>41</u>
the general public	<u>83</u>	<u>17</u>
offenders	<u>74</u>	<u>26</u>

69. As part of your uniform do you wear or carry:

% 42 name plate 72 metal badge
45 identification card 33 cloth badge

70. Does your uniform clearly identify you as a security officer?

86 Yes 14 No
___ Not sure

71. Which of the following statements best describes your legal powers?

% 1 the same as a public policeman's powers
64 the same as a private citizen's powers
36 the same as those of the owner of the property while I am on duty
13 greater than private citizen's if on duty in uniform

72. On your present job assignment, who supervises your work?

% 49 company supervisor 37 supervised by both
14 client's supervisor ___ no supervision

73. How frequently do you see or talk to your company supervisor on this assignment?

% 32 several times each shift
12 once per shift
24 once or twice a week
38 when necessary
___ never

74. Is there a written job description prepared for your present assignment?

73 yes, provided by my company 8 no, learned on the job
33 yes, provided by client 4 none needed

75. What recommendations do you have for improving relationships between private security and law enforcement personnel?

A P P E N D I X C

T H E E C O N O M I C O U T L O O K F O R T H E

U . S . P R I V A T E S E C U R I T Y I N D U S T R Y

A P P E N D I X C

T H E E C O N O M I C O U T L O O K F O R T H E

U . S . P R I V A T E S E C U R I T Y I N D U S T R Y

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APPENDIX C
THE ECONOMIC OUTLOOK FOR THE
U.S. PRIVATE SECURITY INDUSTRY

1.0 METHODOLOGICAL APPROACH

1.1 The Problem Of Security Industry Definitions

By its very nature the private security industry in the U.S. is ill-defined. In reality a number of distinct components comprise what may be termed "private security." In the broadest terms, the industry can be subdivided into two classifications: services (human resources) and technology (physical security products). Guard, watchman, detective, investigative, personal protective services, armored car and courier, and alarm monitoring services fall into the "services" category. Installation of security equipment and local alarms, specialized services (e.g., polygraph exams and countersurveillance), and security management consulting and training services cannot be captured through Standard Industrial Classifications. Local alarm company revenues for installation and service are simply classified as specialty electrical contracting businesses for SIC reporting purposes. Nevertheless, the classification, definition, and obtaining of past measures of industry size, growth, and trends are somewhat "cleaner" in the security services area than the technology or product sector.

Several examples will illustrate the definitional problems in the technology classification. A portion of interior and

exterior commercial/industrial lighting systems are certainly installed for security and protective purposes. Yet, no clear-cut industry data are available which classify shipments or sales for security versus illumination for general plant, office, or merchandising needs. Indeed, lights left on in offices, stores, and plants after regular working hours are usually security-related but are not considered security during regular working hours. Another example is provided by closed circuit television (CCTV) systems. CCTV is a widely used security detection and surveillance measure in many office buildings, retail stores, industrial plants and financial institutions. Growth in CCTV systems has been significant, but again no classification of industry data separates purchases by purpose such as security versus educational, production monitoring, or other uses.

1.2 An Overview Of Past Research

Private security usage and its growth has been recognized in several reports by various market research organizations, notably Predicasts (Cleveland, OH), Theta Technology Corporation (Wethersfield, CT), Frost & Sullivan, Inc. (New York), and Business Communications Co. (Stamford, CT). Since these efforts were made for varying purposes (e.g., corporate acquisition and investment considerations), there are few comparable statistics concerning the state of the industry, the distribution of sales among the product classifications, and the growth prospects within the broader classifications.

The grouping of security product types within categories is inconsistent among the various reports, thus making it difficult to estimate size and growth by category. In addition, the U.S. Department of Commerce's Standard Industrial Classifications (SIC) have not been utilized, although offering an accepted standard in estimating and forecasting market size of industrial and consumer goods. The absence of citations and source references is another serious analytical and credibility problem. Verifying both the size and growth of the industry and its segments without access to data bases and references is very difficult and in many cases is misleading.

Several estimates of market size and potential appear to be either a summing up of the sales of individual companies or a manipulation of corporate officials' estimates of their market share. For example, a marketing executive stating that his company has a one-third market share on sales of \$20 million is in essence saying that the total market is \$60 million. Corroborating figures and the methods of obtaining the market estimates, unfortunately, are not provided. In fact, in several instances there is considerable disparity in available SIC data for actual shipments and market sizes suggested in the literature. This deviation occurs in alarm systems and other key categories.

Growth rates are inconsistent in some studies when examined on a year-to-year basis, while no explanation or rationale is offered for the variance. Extrapolation of past data in most cases would yield a constant rate of growth, yet,

the variation in reported rates imply another form of extrapolation which is neither given nor discussed. Causal factors, often an aid in determining growth, are not associated with the data in any defined form.

1.3 Methodology

The previous section illustrated the principal problems to be encountered by any effort to track the size and growth of the private security industry. A systematic economic review of this ill-defined industry was conducted by undertaking the eight-step sequence of activities described below:

Step 1 Develop a classification scheme of the major components of the private security industry using existing market research reports, funded studies, and expert interviews.

Step 2 Obtain standardized definitions of each category to facilitate retrieval and analysis of secondary data. The primary definitional scheme is based on U.S. Department of Commerce's Standard Industrial Classification System (SIC). Previous studies are used for "looser" categories where no distinct SIC code exists, e.g., electronic article surveillance systems.

Step 3 Define key measures of economic activity for each category for which secondary data is available. Information sources are Bureau of Labor Statistics, Commerce Department, and U.S. Census Bureau. Service category measures are revenues, payroll and employment on an annual basis; and product category measures are value of shipments and number of firms.

Step 4 Obtain baseline data for each category on the economic activity measures. Information sources include:

- U.S. Census of Manufacturers, (1967, 1972, 1977);
- Department of Commerce Annual Survey of Manufacturers (1972-1978);
- Department of Commerce Current Industrial Reports (selected years);
- U.S. Census of Selected Service Industries (selected years);
- U.S. Census of County Business Patterns (selected years);
- Bureau of Labor Statistics Occupational Outlook; (selected years)
- Predicast's Basebook;
- and selected reports of market research firms (Predicasts, Frost & Sullivan, Business Communications Company.)

Step 5 Develop growth projections for each category on the economic activity measures. Projections are in real dollar and current dollar terms to 1985 based on: statistical trend extension (least squares method); consensus of government, trade, funded studies, and market research reports.

Step 6 Assess critical macro and microeconomic forces associated with past and future growth trends - e.g., competitive forces, economics of scale, new markets, regulation, socioeconomic forces (crime, unemployment). Information sources include: market research reports, trade publications, business and general press, and funded studies and reports and Hallcrest national surveys.

Step 7 Summarize the current structure of each industry/category in terms of known firms, relative size, degree of concentration, and share of market. Information sources include: market research reports, F & S Index to Predicasts, Security/Fire

Manufacturer's Directory, Moody's Industrial Manual, Dun and Bradstreet's Million Dollar Directory, annual reports, and Hallcrest national surveys.

Step 8 Analyze key markets for each category: list and assess principal types of general end-use categories (i.e., residential, industrial, commercial) and specific end uses (e.g., banking, nuclear power plants); and rank end uses by relative size and growth. Information sources include: market research reports, trade publications, business and general press, funded studies and reports, and Hallcrest national surveys.

1.4 The Classification Scheme

Each of the major market research reports (Predicasts, Frost and Sullivan, and Business Opportunity Reports) and the Security/Fire Manufacturers Directory¹ was reviewed to assess the classification schemes utilized in tracking the growth of the industry. The overall categories used in the Frost and Sullivan Report and the Business Opportunity Report were found unacceptable because they were too narrow - i.e., they failed to address sufficiently the scope of the total private security industry. Additionally, the classification schemes or categories used in these reports also do not correspond clearly with the SIC codes.

It should be noted that the objectives of these market research reports are not to provide a scholarly assessment of the overall scope, complexity, and future direction of the total private security industry. The reports are sold to individuals and organizations primarily interested in market opportunity assessment for investment or acquisition within one or several security categories. The reports are often

more generic in their description and analysis of a security category than is the SIC system. Although the SIC system produces a consistent reporting of historical industry demand, it is by no means error free. An example is the use of a seven-digit end-user classification for Original Equipment Manufacturers (OEM's) of alarm systems. In completion of the Census report form, firms are given total discretion as to whether they believe that the alarms and components will be used for local, central station, or direct connect applications. Subtle shifts such as local alarm companies moving into the central station field may not be reflected, nor is the fact that wholesale alarm supply to local and central station firms is a significant factor in distribution channels for alarm components.

The categories with their respective SIC codes and descriptions are displayed in Table C-1. Detailed descriptions of each category are provided in the appropriate sections of this chapter. Fire detection and control equipment is included since it is such an integral part of the asset protection and loss prevention role of private security. To reiterate earlier comments, this classification scheme represents those goods and services that could be primarily tracked with SIC codes. Accordingly, it should not be considered a complete taxonomy of protective services, since many specialized security services which have been growing rapidly in the past

TABLE C-1
PRIVATE SECURITY INDUSTRY
Classification Schedule

CATEGORY	COMMERCE DEPT/CENSUS TITLE	SIC CODE(S)
A. <u>Protective Services</u>	Detective & Protective Services	7393
1. <u>Guard and Investigative Services</u>	Detective Agencies and Guard Services	7393 10
2. <u>Armored Car and Courier Services</u>		7393 20
3. <u>Central Station Alarm Services</u>	Burglar & Fire Alarm Systems	7393 30
B. <u>Deterrent</u>		
1. <u>Fixed Security Equipment</u>	Safes and Vaults Safes and Chests: Fire-resistive Burglary-resistive Safe Deposit Boxes All other security equipment, in-bank security lockers, night depositories, sec. equip. for drive-in windows, signaling and alarm equip. when sold with bank equip. and other interior equip. for safes and chests	34991 34991 15 34991 21 34991 41 34991 98 34991 00
2. <u>Locking Devices</u>	Builders' Hardware Padlocks Pin Tumbler NonPin Tumbler Combination	3494 3494 12 3494 13 3494 14

TABLE C-1 Contd.

CATEGORY	COMMERCE DEPT/CENSUS TITLE	SIC CODE(S)
	Door locks, locksets, and lock trim Cylindrical and Tubular Mortise Tubular and Mortise dead locks Electronically or electrically operated locks	3494 16 3494 17 3494 18 3494 19
	Key Blanks Window hardware, including locks Cabinet locks Rim locks and other locking N.E.C.	3494 24 3494 34 3494 62 3494 91
3. <u>Electronic Access Control</u> (card, key, pushbutton, and misc. systems)		(no separate SIC Codes exist)
4. <u>Security Lighting</u>		(no separate SIC Codes exist)
5. <u>Computer Security</u>		(no separate SIC Codes exist)
6. <u>Security Fencing</u>		(no separate SIC Codes exist)
C. <u>Monitoring and Detection Equipment</u>		
1. <u>Intrusion Alarm Systems</u>	Alarm Systems Intrusion detection: Local Central Station Direct Connect Holdup Systems (Commercial and Industrial)	36623 48 36623 49 36623 50 36623 51
2. <u>Detection and Surveillance Equipment</u>		(no separate SIC Codes exist)

TABLE C-1 Contd.

CATEGORY	COMMERCE DEPT/CENSUS TITLE	SIC CODE(S)
3. <u>Closed Circuit Television</u>	Closed circuit television systems and equipment, excluding broadcast and consumer products, including specially designed cameras, monitors, video recorders, receivers, scan converters, and control consoles	36622 41
4. <u>Antishoplifting Devices</u>	detection mirrors electronic article surveillance	(no separate SIC Codes exist)
D. <u>Fire Detection Control Equipment</u>		
1. <u>Fire Extinguishers</u>	Chemical fire extinguishing equipment and parts: Hand portable extinguishers: carbon dioxide dry chemical pressurized water halogenated agents other portable extinguishers including foam Other chemical fire extinguishers equipment and parts: two-wheeled fire engines fixed systems, excluding water sprinkler systems parts and attachments for chemical fire extinguishing equipment Chemical fire extinguishing equipment and parts, n.s.k.	39991 39991 13 39991 17 39991 18 39991 31 39991 39 39991 51 39991 61 39991 17 39991 00
2. <u>Automatic Sprinkler Systems</u>	Automatic fire sprinkler equipment	35699 61
3. <u>Smoke Detectors and Fire Alarms</u>	Fire detection and prevention Smoke and heat detection alarms: Ionization chamber type Other, including photocell type Central Station Direct connect	 36623 53 36623 54 36623 56 36623 57

few years are not included. The overall categories and chapter sections are outlined below:

3.0 Protective Services

- 3.1. Guard and Investigative
- 3.2. Armored Car and Courier
- 3.3. Central Station Alarm Monitoring

4.0 Monitoring and Detection Equipment

- 4.1. Electronic Alarm Systems
- 4.2. Closed Circuit Television
- 4.3. Electronic Article Surveillance

5.0 Deterrent Equipment

- 5.1. Fixed Security Equipment
- 5.2. Locking Devices
- 5.3. Electronic Access Control
- 5.4. Security Lighting
- 5.5. Computer Security
- 5.6. Security Fencing

6.0 Fire Detection and Control Equipment

- 6.1. Smoke Detectors and Fire Detection Alarm System
- 6.2. Automatic Sprinkler Systems and Other Fire Control Equipment

2.0 A SUMMARY: PROTECTIVE SERVICES AND SECURITY PRODUCTS

2.1 Overview of a Growth Industry

An overview is provided in Table C-2 of the most recently available historical revenue/value of shipments data. Using trendline projections (least squares method), the grand total for protective services and products is estimated at \$14.9 billion in 1985 for the listed categories of security products and services. Rapid changes in microprocessor, alarm, audio and video technologies to a large degree will shape the future

TABLE C-2

PROTECTIVE SERVICES AND PRODUCTS

HALLCREST PROJECTION OF REVENUES AND VALUE OF SHIPMENTS TO 1985
(\$ millions)

REVENUES	Estimated 1980	Projected 1985
<u>Protective Services</u>		
Guard & Investigations	\$2945.0	\$4712.0
Central Station Alarm Monitoring	700.0	1225.0
Armored Car	390.0	487.5
Protective Services TOTAL		\$6424.5
<u>VALUE OF SHIPMENTS</u>		
<u>Deterrent Equipment</u>		
Fixed Security Equipment (safes, vaults, cabinets, etc)	\$ 105.2	\$ 316.1
Locking Devices	574.5 ¹	1160.7
Electronic Access Control ³	19.3	31.4
Security Lighting	358.0	530.0
Data Encryption Devices	10.0	20.1
Security Fencing	2359.0	3729.0
Deterrent Equipment TOTAL		\$5787.3
<u>Monitoring and Detection Equipment</u>		
<u>Intrusion Alarm Systems</u>		
Local and Proprietary	\$ 199.2	\$ 303.4
Central Station	90.3	134.4
Direct Connect	63.9	87.5
Hold-up Systems	4.6	1.2
Intrusion Alarm TOTAL		\$ 526.5
Closed Circuit T.V.	\$ 60.6	\$ 124.2
Electronic Article Surveillance ³	31.3	97.3
Monitoring and Detection TOTAL		\$ 748.0
<u>Fire Detection and Control Equipment</u>		
<u>Fire Alarm Systems</u>		
Local and Proprietary	\$ 65.0 ²	\$ 193.0
Central Station	72.6	105.5
Direct Connect	21.9	46.1
Fire Alarm Systems TOTAL		\$ 344.6
Fire Extinguishers	\$ 207.3 ¹	\$ 400.0
Smoke Detection	165.2	211.3
Automatic Sprinkler Systems	450.0 ²	1000.0
Fire Detection & Control Equipment TOTAL		\$1955.9
Protective Services and Products GRAND TOTAL		\$14,915.7

1 1977 data

2 1978 data

3 U.S. domestic shipments only

growth of different categories and end user markets. The principal information sources used in this analysis of the growth trends in the private security industry were key market research reports and standardized government documents. The principal measures of economic growth are revenues for the protective services category and value of shipments for the deterrent equipment, monitoring and detection equipment, and fire detection and control equipment categories. Value of shipments is the common economic value indicator used by government reports and provides the most consistent comparative database.

The primary purpose of the analysis is to obtain a current picture of the expenditures for private security goods and services and their probable near-term growth using trendline projections. The year 1985 was selected as a common base of comparison among available market research reports, even though some offered forecasts to 1990 and 1995. Comparison among reports was difficult due to such factors as: inconsistent grouping of products among the various reports, failure to use available Standard Industrial Classifications (SIC's), absence of citations and source references, and the application of inconsistent growth rates. Considerable skepticism should be attached to "projecting up" to even a 1985 total figure for the private security industry because of these methodological problems and also the absence of many protective services and products from our forecasted \$14.9

billion 1985 total (largely due to unavailable SIC's), such as:

- installation and service revenue of thousands of alarm companies;
- miles of wire used in hardwire alarm systems;
- custom-designed security equipment and services in proprietary intrusion detection, monitoring and access control systems;
- surveillance and countersurveillance equipment;
- personal protection devices (e.g., chemical and electronic repellants); and
- security consulting services, including risk assessment, security surveys, executive protection, computer security, fraud investigation, employee honesty testing, retail honesty shopping and other services which are not usually part of a "detective agency."

In general, the markups taken by wholesalers and retailers in the distribution channel for security product sales and services are not reflected in the totals, nor are the installation costs of either simple or complex security systems. Applying these markups at 40% to the shipment value of products in Table C-2 would add approximately \$3.5 billion to the total \$14.9 billion. If all security services and ancillary equipment and distribution channel markups were accounted for, we estimate that private protective service and products revenues could reasonably be expected to be in the \$15 to \$20 billion range by 1985.

The results of our research efforts have two observations that impact assumptions of security industry size and growth: 1) where SIC codes are available, trendline projections and

market research report projections have in many cases been in close agreement, definitional problems notwithstanding, and 2) a broad range of continually growing security products and services, both large and small in volume are not, and perhaps cannot, be tracked and validated through SIC reporting. Thus, there is no question that private security is a multi-billion dollar and continually growing industry, despite the methodological concerns with aggregate projections of security industry size by revenue and value of shipments to 1985, and with market research report projections to even year 1995 (Predicasts E69, \$53.4 billion).

2.2 Key Demand Forces

The key demand forces that accelerated growth in the late 1970's will continue to provide growth in the 1980's: the prevalence and fear of crime; declining public law enforcement resources; and private protective initiatives of individual citizens, neighborhoods, businesses, and institutions. Guard and investigative service revenues alone are estimated at \$12.2 billion in 1995 by Predicasts - close to Hallcrest's range for overall security industry projections to 1985! The single greatest demand factor influencing growth will be the ability of public resources 1) to recognize that a fundamental shift of protective resources from the public to the private sector has occurred, and 2) to forge new operational relationships and mechanisms for protection of communities. These

and mechanisms for protection of communities. These initiatives will affect relative rates of expenditures between public and private sectors, contractual and proprietary security, and technology and human services.

Another major demand factor will be rapid changes in technology and lower end user prices for many security products, thus making a broader range of protective devices available to the mass consumer market. Although forecast data is all but nonexistent at this time, robotics (or computer-controlled robotical devices), for example, may begin to make major market penetration for security monitoring and surveillance - replacing to some extent, human and lower levels of security technology now in frequent use. Another good example is the application of emerging thermal optics, laser, microwave and digital technologies to CCTV. These technologies potentially can overcome existing camera limitations associated with low light conditions and range of light intensity. Thermal optics is evolving to apply thermal imagery principles to differentiate temperature variations between objects, which would eliminate the need for light. Use of digital, optical fiber, and microwave transmission can also eliminate costly cable and improve system security over long distances.

2.3 Growth Trends by Category

Monitoring and detection equipment appear to be the strongest performing sector to 1985. Particularly high rates of growth are indicated for electronic article surveillance

systems, and closed circuit television (CCTV), while direct connect intrusion alarms to police departments will decline sharply. Some of the major forces supporting the growth of this category are: Computer-based systems integrating protection, energy, and facilities management; insurance incentives (premium reductions/discounts); high inventory shrinkage rates, increased residential security market penetration; increased use of computerized central monitoring services for local alarms; limited police response to alarm systems; and the general budgetary and manpower constraints on public law enforcement.

Deterrent equipment, like monitoring and detection equipment, will benefit in the shift from the human security services to electronic/automated security systems. Fixed security equipment, locking devices, and security lighting, indicate relatively lackluster growth rates, particularly when inflation rates are considered. Yet, the highest technology areas--electronic access control and data encryption units for computer security systems--promise to be extremely high potential growth areas. Electronic access control, especially, has been experiencing extremely favorable growth rates. Security fencing growth has been consistently strong over the past five years and should continue. Fixed security equipment, indicates relatively lackluster growth rates, particularly when inflation rates are considered.

Protective services growth lags the technology categories, in part because of technological displacement of guards.

Guard and investigative services will still continue to experience growth due to increased conversion from in-house to contract guards, declining public police resources, and the considerable potential for contracting out of some traditional law enforcement activities discussed in Chapters 5 and 9. The growth of central station alarm services will depend largely upon their ability to expand beyond a commercial business base and successfully penetrate the residential alarm market, more recently the stronghold of local alarm companies and wireless intrusion detection systems. Sluggish past growth rates and the increased use of electronic funds transfer will keep armored car service growth to a relatively small level.

All indications point to the fire detection and control category being outpaced by all the other categories. The boom is well over for residential smoke detectors. Good potential, however, still exists in local and proprietary alarms, central station alarm systems, and automatic sprinkler systems.

2.4 End User Market Summary

The current size and respective growth rates of residential, commercial, financial, industrial and transportation sectors vary considerably by security category. Table C-3 summarizes Predicasts estimates of the overall potential of the various security market segments to 1985.

TABLE C-3
PRIVATE SECURITY EXPENDITURES BY MARKET
(millions of dollars)

MARKET SEGMENT	1963	1967	1972	1978	1985
Private Security Spending	928	1449	2735	6490	14550
% Industrial & Transport	41.6	41.9	43.0	46.2	43.0
% Commercial & Financial	38.9	38.5	37.1	34.5	37.0
% Institutional	10.8	11.0	10.7	9.9	9.9
% Consumer	8.7	8.6	9.2	9.4	10.2
Industrial & Transport	386	607	1177	3000	6250
Commercial & Financial	361	558	1014	2240	5379
Institutional	100	160	292	640	1145
Consumer	81	124	252	610	1477

SOURCE: Private Security Industry, Report E55, (Predicasts: Cleveland, OH) 1979

Based on the Predicasts analysis, general consumer or residential markets will experience the largest growth rates to 1985. Fire control regulations, greater use of alarm systems and a greater awareness and concern on the part of the public for security appear to be the major supporting forces. Commercial and financial markets will also benefit from integrated security systems, higher incidence of retail business crime, electronic funds transfer and automated banking, insurance premium incentives, regulation, and increased sophistication of equipment. The industrial and transportation markets and institutional markets will be outpaced by the above segments according to the Predicasts forecasts.

2.5 Foreign Suppliers To The U.S. Market

A recent development has been the entry of foreign corporations into the U.S. market because of its significant size and growth. For example, many of the well-known Japanese consumer electronics firms are very established in the security closed circuit television (CCTV) market as well as other mass consumer markets--Canon, Hitachi, Mitsubishi Electronic, Panasonic, Sharp Electronics, Sony, Toshiba, Toyomenka. Table C-4 provides a selective overview of the many security product areas and range of foreign countries and corporations in the U.S. security market. Some of the firms are parent companies for American security products firms, e.g., the Hoermann Group (Swiss) owns Raytek (infrared detectors), Unican (Canada) acquired Ilco Corporation's Simplex Security Systems (locks). U.S. companies have also entered into joint ventures with foreign firms, e.g., TRW/Fujitsu, in automatic teller machines for banks. In addition, some foreign firms have acquired large U.S. security service firms, e.g., Mayne Nickless (Australia) in armored car (Loomis) and the Hawley Group (Britain) in alarms (Electro-Protective). While a number of firms are contributing to a broad range of U.S. security product consumption, import commodity codes exist only for smoke detectors and burglar and fire alarm systems. In 1980, U.S. imports of burglar and fire alarm equipment were \$14.3 million, while exports were \$50.2 million.²

TABLE C-4

SELECTED FOREIGN SUPPLIERS OF SECURITY PRODUCTS

FOREIGN CORPORATION	COUNTRY	SECURITY PRODUCT
Chubb Security	United Kingdom	Safes/Locks
Controlonics	Canada	Ultrasonics, photoelectric equipment
Fujicon Optical	Japan	CCTV
Ikegami Electronics	Japan	CCTV
Israel Aircraft Industries	Israel	Perimeter detection systems
Israel Safes Mfg. Co.	Israel	Safes
Kobishi	Japan	CCTV
Kumhira Safe Co.	Japan	Safes
MASTIFF Systems	United Kingdom	Access control system
Mitsubishi Gas Chemical Co.	Japan	Bullet-resistant glazing, other materials
Organizacion Rench SAIC	Argentina	Timelocks
OTA Electric	Japan	Infrared sensors
Peak Technologies	United Kingdom	Microwave, infrared sensors
E.A. Rosengrns	Sweden	Combination locks
Racal	United Kingdom	Electronics
Sanpo Lock	Japan	Combination, other locks
Security Lock & Safe	United Kingdom	Safes
Wartsila OY	Finland	Lock cylinders

SOURCE: Security Letter, 1981

3.0 PROTECTIVE SERVICES: GUARD AND INVESTIGATIVE, ARMORED CAR AND CENTRAL STATION ALARM SERVICES

3.1 Category Definition

The U.S. Department of Commerce Standard Industry Classification (SIC) 7393 includes contract (outside) guard and patrol service firms employing guards and watchmen, private investigative services, armored car firms, and central station alarm services. Publicly employed protective service workers (law enforcement officials, policemen, firemen, guards and watchmen) and the proprietary (in-house) protective service employees of business, industry, institutions, and other private sector entities are excluded from SIC Code 7393. Data in SIC 7393 are captured separately for detective agencies and guard services, armored car firms, and central station alarm companies.

As noted in the summary section, many other security services are not captured by these reporting categories: security consulting, security systems design, security surveys, specialized fraud and computer investigations, employee honesty testing, retail honesty shopping services, etc. These services are both preventive and investigative and frequently are not part of "detective agencies" (SIC 7393-10). Detection of deception testing (i.e., polygraph and psychological stress evaluators) is often a service performed by some guard service firms and some investigative firms, yet many specialists abound in this field where services cannot be distinctively captured by SIC reporting. Many of these "other services" are major growth areas even though the aggregate

revenues are not significant, e.g., executive protection and political risk assessment consulting. Similarly, the growth of these services cannot be tracked with SIC codes.

Central station alarm services earn significant revenues from monitoring intrusion detection and fire alarm systems. Yet, there are less than 500 central stations meeting the standards of Underwriters Laboratories and the National Fire Protection Association, and a total of less than 1300 central station firms are captured in SIC 7393-30 among our estimated 10,000 alarm companies in the U.S. The installation and service revenues of thousands of local alarm companies become "lost" in SIC's 1731 and 1799 as Specialty Trades Electrical Contracting. Additionally, there are over 2200 locksmiths and other firms secondarily engaged in alarm sales and service.³ Thus, summary data for SIC 7393 presented in this section do not comprise a comprehensive listing of protective service revenues, since many types of protective services other than guards, investigations, armored car and central station alarms are not captured.

3.2 Baseline Data

U.S. Census of Selected Service Industries are available for 1967, 1972, and 1977. The Census Bureau's County Business Patterns publication is also available on an annual basis. The measures of economic activity used for this industry are: number of firms, revenue, number of employees, and payroll. Baseline information is shown in Tables C-5 to C-8. The data

TABLE C-5

TRENDS IN GROWTH OF GUARD & INVESTIGATIVE SERVICES

SIC 7393-10	1963 ¹	1967 ¹	1972 ²	1977 ²	1978 ¹	1980 ¹
Firms(#)			3,490	5,173		
Revenue(\$000)	\$289,000	445,000	912,252	1,860,000	2,680,000 ¹	2,945,000
Employees(#)	67,000 ¹	92,000 ¹	176,315	245,071	280,000 ¹	
Annual Payroll(\$000)	194,000 ¹	311,000 ¹	669,064	--	1,875,000 ¹	

TABLE C-6

TRENDS IN GROWTH OF ARMORED CAR AND COURIER SERVICES

SIC 7393-20						
Firms(#)			1,019	705		
Revenue(\$000)	63,000	103,000	232,464	298,000	380,000	390,000
Employees(#)			21,260	16,468		
Annual Payroll(\$000)			142,021			

SOURCES:

1 Private Security Systems, Report E55, Predicasts, Inc., 1979

2 Census of Service Industries, U.S. Bureau of Census, 1972, 1977

TABLE C-7

TRENDS IN GROWTH OF CENTRAL STATION ALARM SERVICES

SIC 7393-30	1963 ¹	1967 ¹	1972 ²	1977 ²	1978 ¹	1980 ¹
Firms (#)			717	1,235		
Revenue (\$000)	80,000	115,000	274,785	457,000	460,000	700,000
Employees (#)			14,382	18,389		
Annual Payroll (\$000)			119,219			

SOURCES:

1 Private Security Systems, Report E55, Predicasts, Inc., 1979

2 Census of Service Industries, U.S. Bureau of Census, 1972, 1977

TABLE C-8

TRENDS IN GROWTH OF DETECTIVE AND PROTECTIVE SERVICES

Total SIC 7393		1963	1967	1972	1973	1974	1975	1976	1977	1978	1979 ¹	1980 ¹
Firms(#)				(5,226) ² 3,801	4,160	5,295	5,533	(7,113) ² 5,842	6,312	6,204	6,502	
Revenue (\$000)		432,000 ³	663,000 ³	1,419,501 ²		N/A		N/A	2,600,000 ²	2,680,000 ³	N/A	4,035,000
Employees ¹ (#)				(211,957) ² 182,303	202,255	249,663	253,125	248,000	(279,928) ² 268,084	287,380	310,333	
Annual Payroll (\$000)				(930,304) ² 669,064 ¹		1,225,273 ¹		1,398,612 ¹		1,875,000 ³	2,095,092 ¹	

C-26

SOURCES:

- 1 County Business Patterns, U.S. Bureau of Census (SIC 7393)
 2 Census of Service Industries, U.S. Bureau of Census, 1972, 1977
 3 Private Security Systems, Report E55, Predicasts, Inc. 1979

is compiled from three sources: Predicasts estimates in their E55 Report (1979); Census of Service Industries for 1967, 1972 and 1977; and County Business Patterns 1972 to 1979. Census of Service Industry data provide categorical breakdowns for protective services, but County Business Patterns records only aggregate data for SIC 7393. It is interesting to note that the number of firms is the one data element which is least available, thus adding to the difficulty of assessing true growth. Guard and investigative and central station revenues experienced strong average annual growth of 21% and 13.3%, respectively, between 1972 and 1977 using Census of Service Industries data. Armored car revenues grew at only a 5.6% rate per year during the same period.

3.3 Forecast to 1985

Predicasts, Inc. Private Security Systems Industry Study (E55) 1985 projections of the economic activity measures are shown in Table C-9.

Predicasts projects protective service revenue increases of over 15 percent per year to 1985 from 1978 baseline data. Table C-10 shows that these projections are reasonably consistent with past growth rates (1972-1977), as measured by Census Bureau (CSI) data. One notable exception is armored car services which grew only 5.6% for the entire period.

For guard and investigations, Predicasts E55, using a 1978 database, projected average annual increases of 16.1% in revenue and 4.3% in employees to 1985. In Table C-11, Predicasts E69, two years later, shows 1980 total guards (in-house

TABLE C-9
PREDICASTS 1985 PROJECTIONS

	Revenue (\$ million)	Employees	Annual Payroll (000)
Guard and Investigative	5,700	370,000	3,890
Armored Car	780	N/A	N/A
Central Station	970	N/A	N/A
	<hr/> 7,450		

SOURCE: Private Security Systems Report E55 Predicasts, 1979

TABLE C-10
AVERAGE ANNUAL PERCENT CHANGES

1972-1977 Actual and Predicast 1985' Projected

	Revenue		# Employees		Annual Payroll	
	1972-77	1985	1972-77	1985	1972-77	1985
Guard & Investigative	+21.0%	+16.1%	+7.8%	+4.6%	+36.0%	+15.4%
Armored Car	+5.6%	+16.1%				
Central Station	+13.3%	+15.8%				

and contract) as not having changed from their 1978 database. Contract guards are shown gaining 15,000 positions, ostensibly in conversion of in-house to contract guards. This achieves average annual increases of only 4.9% in revenue and 2.7% in employees--considerably less than the projections of their E55 report.

TABLE C-11

COMPARISON OF PREDICASTS PROJECTED RATES OF GROWTH
GUARD AND INVESTIGATIONS

	1978 Report E55	1980 Projected Report E55	1980 Actual Report E69
All Private Guards(000)	548	566 (+3.3%)	548 (-0-)
Contract Guards	280	305 (+9.2%)	295 (+5.4%)
Contract Revenues:\$ million)	\$2680	3542 (+16.1%)	2945 (+9.8%)

() = % change from 1978 database

In the two-year lapse between report publication, the growth rates were nearly cut in half. Yet, a 6.7% average annual employee increase is forecast to 1985, tapering off to 5.3% (1985 to 1990) and 4.2% (1990 to 1995) in the E69 report displayed in Table C-12. It is interesting to note that the five-year employee increases from 1980 to 1995 are somewhat arbitrarily rounded off at 105,000, 100,000 and 100,000.

TABLE C-12

PROTECTIVE SERVICE EMPLOYMENT (000 WORKERS)

	1967	1972	1977	1980	1985	1990	1995
Protective Service Workers	912	1144	1324	1396	1615	1820	1950
Guards, watchmen, etc.	329	412	490	548	665	775	875
Contract	92	176	240	295	395	500	605

SOURCE: Predicasts, Report E69

The above observations are frustrating to the researcher and illustrate the difficulty of accepting the estimates of even the leading market research reports. In one report, growth rates are projected which are reasonably tied to past actual growth, and two years later they are abandoned for lesser rates of growth without a sufficient discussion of key demand forces.

The Hallcrest survey of major national and regional guard companies shows most companies reporting annual rates of growth of 15% or greater from 1976-1981. In the Hallcrest national survey of local guard and patrol service offices, 45% of the respondents reported average annual revenue increases of 15% or greater, 17% reported increases of 10% to 14%. At the same time, the prominent industry firms of Pinkerton's, Burns, and Wackenhut recorded five-year average sales growth of 9.4%, 6.3% and 11.0%, respectively, on combined earnings of

\$763 million in 1981. A fifteen percent annual industry growth rate to 1985 can certainly be supported by these two 1976 to 1981 actual growth data sets, the 1972 to 1977 actual growth recorded by Census data, and the key markets and demand forces discussed below.

Annual growth of central station alarm services to 1985 also can be supported by past actual growth and key market and demand factors. In the Hallcrest national survey of central station area managers and owners, 55% reported average annual revenue increase of 15% or greater for 1976 to 1981, and 22% reported increases of 10% to 14%. While local alarm services will increase substantially in the residential market, the increased use of digital communicators from local alarm systems to a central station or remote location monitoring service will ensure the continued growth and competitive position of central station services. Our national survey data reflect central station alarm annual growth rates for area offices as growing more rapidly than local alarms.

As noted above, the Predicasts E55 armored car revenue projectons are unrealistic given past growth rates and the increased use of electronic funds transfer. Even a five percent annual growth rate (one-half of Predicasts estimate) would be a robust rate of growth for the armored car and courier industry. The Hallcrest national survey did not have a statistically adequate sample size for armored car firms, but less than half of the armored car firms reported annual growth at the Predicasts level.

Hallcrest projects the following growth for protective services to 1985:

TABLE C-13
HALLCREST GROWTH PROJECTIONS TO 1985
PROTECTIVE SERVICE REVENUES

Service	Revenue (\$ million)		Avg Annual % Change
	1980	1985	
Guard and Investigative	\$2945	\$4712.0	12.0%
Armored Car	390	487.5	5.0%
Central Station Alarm	700	1225.0	15.0%
	<u>\$4035</u>	<u>\$6424.5</u>	<u>11.8%</u>

3.4 Industry Structure

3.4.1 All Services by Size of Firm and Receipts

An indication of the relative size of firms providing the primary private security services is seen in Tables C-14 to C-18 which display the Census of Service Industries (CSI) 1977 data for SIC 7393. About 70% of protective service establishments have the legal form of a corporation, but that certainly does not imply large size in terms of employees or revenues. In most industries, usually up to a half-dozen firms will control the major market share. There are a few large security companies of national scope in security services and at least two Fortune 500 corporations diversified into security

TABLE C-14

DETECTIVE AGENCIES AND PROTECTIVE SERVICES IN THE U.S.

BY NUMBER OF ESTABLISHMENTS PER FIRM: 1977

Number of Units	Firms (#)	Establishments (#)	Receipts (\$1,000)	Payroll entire year (\$1,000)	Paid employees for week including March 12 (#)
TOTAL	5,711	7,113	2,615,492	1,597,957	279,928
Firms in business at end of year	5,711	7,113	2,589,634	1,582,657	274,949
Single units	5,531	5,531	1,062,092	659,368	123,398
Multiunits	180	1,582	1,527,542	923,289	151,551
2 establishments	82	164	97,393	60,860	9,506
3 establishments	33	99	69,343	46,720	7,279
4 to 5 establishments	30	136	91,715	64,579	12,722
6 to 10 establishments	16	124	64,103	45,441	7,955
11 or more establishments	19	1,059	1,204,988	705,689	114,089

SOURCE Census of Service Industries, U.S. Bureau of Census

TABLE C-15

DETECTIVE AGENCIES AND PROTECTIVE SERVICES IN THE U.S.

BY RECEIPT SIZE OF ESTABLISHMENT: 1977

Receipt Size of Establishments	Establishments (#)	Receipts (\$1,00)	Payroll entire year (\$1,00)	Paid employees for week including March 12 (#)
TOTAL, all establishments	7,113	2,615,492	1,597,957	279,928
Establishments operated entire year	6,021	2,520,494	1,542,599	268,097
With annual receipts of --				
\$1,000,000 or more	650	1,506,360	930,227	151,285
\$500,000 to \$999,000	585	410,255	261,206	47,315
\$300,000 to \$499,000	565	214,889	132,942	23,269
\$100,000 to \$299,000	1,506	268,880	156,683	31,396
\$50,000 to \$99,000	1,076	77,484	40,553	9,242
\$30,000 to \$49,000	666	25,956	13,041	3,177
\$20,000 to \$29,000	414	10,246	4,775	1,253
\$10,000 to \$19,000	355	5,216	2,529	855
Less than \$10,000	204	1,208	643	305
Establishments not operated entire year	1,092	94,998	55,358	11,831
in business at end of year	1,092	61,304	34,795	5,332
not in business at end of year	(524)	33,694	20,563	6,499

SOURCE Census of Selected Service Industries, U.S. Bureau of Census

TABLE C-16

DETECTIVE AGENCIES AND PROTECTIVE SERVICES IN THE U.S.

BY RECEIPT SIZE OF FIRM: 1977

Receipt Size of Firms	Firms (#)	Establishments (#)	Receipts (\$1,000)	Payroll entire year (\$1,000)	Paid employees for week including March 12 (#)
TOTAL	5,711	7,113	2,615,492	1,597,957	279,928
Firms with annual receipts of --					
\$50,000,000 or more	7	743	917,293	564,008	96,302
\$20,000,000 to \$49,000,000	9	239	279,106	139,600	17,501
\$10,000,000 to \$19,000,000	5	68	64,363	39,610	6,155
\$5,000,000 to \$9,999,000	18	63	112,791	82,933	12,245
\$1,000,000 to \$4,999,000	260	463	502,587	331,043	57,052
\$500,000 to \$999,000	314	383	218,547	139,987	26,967
\$300,000 to \$499,000	386	414	147,423	92,835	17,249
\$100,000 to \$299,000	1,292	1,315	233,374	136,181	28,072
\$50,000 to \$99,000	1,059	1,060	81,630	42,628	9,970
\$20,000 to \$49,000	1,272	1,276	45,580	22,596	5,965
\$10,000 to \$19,000	540	540	9,261	4,615	1,563
Less than \$10,000	549	549	3,537	1,921	927

SOURCE Census of Service Industries, U.S. Bureau of Census

C-35

TABLE C-17

DETECTIVE AGENCIES AND PROTECTIVE SERVICES IN THE U.S.

BY EMPLOYMENT SIZE OF ESTABLISHMENTS: 1977

Employment Size of Establishments	Establishments (#)	Receipts (\$1,000)	Payroll entire year (\$1,000)	Paid employees for week including March 12 (#)
TOTAL	7,113	2,615,492	1,597,957	279,928
Establishments operated entire year	6,021	2,520,494	1,542,599	268,097
no employees	84	3,089	841	(X)
1 employee	522	13,237	3,400	522
2 employees	443	16,357	5,757	886
3 or 4 employees	642	35,584	14,498	2,220
5 or 6 employees	474	36,179	16,478	2,581
7 to 9 employees	509	54,690	25,286	4,050
10 to 14 employees	632	97,974	47,337	7,453
15 to 19 employees	360	76,218	38,439	6,042
20 to 49 employees	1,119	426,952	225,550	35,121
50 to 99 employees	563	419,570	248,738	39,524
100 or more employees	673	1,340,637	916,275	169,698
Establishments not operated entire year	1,092	94,998	55,358	11,831
in business at end of year	1,092	61,304	34,795	5,332
not in business at end of year	(524)	33,694	20,563	6,499

SOURCE Census of Service Industries, U.S. Bureau of Census

TABLE C-18

DETECTIVE AGENCIES AND PROTECTIVE SERVICES IN THE U.S.

BY EMPLOYMENT SIZE OF FIRMS: 1977

Employment Size of Firms	Firms (#)	Establishments (#)	Receipts (\$1,000)	Payroll entire year (\$1,000)	Paid employees for week including March 12 (#)
TOTAL	5,711	7,113	2,615,492	1,597,957	279,928
Less than 5 employees	2,406	2,408	99,344	41,734	4,239
5 to 9 employees	908	909	78,382	36,557	6,675
10 to 19 employees	839	854	121,076	64,191	12,426
20 to 49 employees	830	876	235,785	140,334	27,618
50 to 99 employees	362	433	200,402	131,693	25,292
100 to 249 employees	248	335	304,803	209,252	38,744
250 to 499 employees	63	137	157,448	107,855	20,985
500 to 749 employees	23	121	147,344	81,310	13,017
750 to 999 employees	11	59	83,491	56,024	9,371
1,000 or more employees	21	981	1,187,417	729,007	121,561

SOURCE Census of Service Industries, U.S. Bureau of Census

services or products, but, for the most part, security services are provided by a large number of locally-owned or operated companies. In Table C-14 the number of employees and revenues is broken down by single and multiple unit establishments. While nine out of ten firms are single unit establishments, there are less than 200 firms with more than one location--these firms account for about 60 percent of all receipts and employees. Regional or national firms can be identified as those operating more than five locations. According to this 1977 CSI data, there were only 35 of these large firms in the U.S. and 19 firms accounted for about 15% of all establishments.

Tables C-15 and C-16 display the 1977 CSI data on size of company receipts by establishment and firms. The median class range of receipts for all security services is \$100,000 to \$300,000 by establishments, but the upper limit of the median class for firms is only \$99,000. About one out of ten establishments (650) earned revenues of greater than \$1 million in 1977. Over 3100 firms earned less than \$100,000 in 1977. For firms that earned more than \$1 million, 90% of them earned between \$1 to \$5 million, with about 40 firms having revenues of greater than \$5 million. Sixteen firms grossing between \$20 and \$50+ million accounted for 40% of all receipts. Tables C-17 and C-18 portray security service establishments and firms on the basis of employee size. From these tables it is clear that the industry is dominated in number of firms by the small size firm. While there are 21 firms with 1000 or

more employees grossing between \$10 to \$50+ million, firms with fewer than five employees account for about 40% of all firms and firms with fewer than ten employees account for 60% of all firms in 1977.

In the 1981 Hallcrest survey of contract security companies, firm owners or managers were asked to list annual revenue, payroll, numbers of employees and supervisors, and the salary of the senior manager. On a comparative basis with Census data, Hallcrest data represent establishments at the local level--i.e., individual companies or the branch or regional locations of a large firm. The sample distribution of revenue and employment size indicates that both the small local firm and major regional and national security firms were well represented. A composite picture or business profile of various categories of security service companies is displayed in Table C-19.

It is interesting to note the differences in size of firms among the different categories for the median values displayed. The categories represent respondent class identification of their primary business type on the basis of revenue, regardless of the range of services provided. In some cases where more than one primary business category was checked, new aggregate categories were created for data tabulation and analysis; e.g., most guard and patrol services provide investigative services, but where both categories were checked the category of Guards and Investigators was used. (A further breakdown of the Hallcrest national survey data is in Tables

TABLE C-19

BUSINESS PROFILES OF CONTRACT SECURITY COMPANIES (MEDIAN VALUES)

Primary Business Type	(N=)	Annual Sales	EMPLOYEES		Senior Manager Salary
			Full Time	Part Time	
Alarms/Equipment					
Central Station	84	\$ 712,500	15.2	.4	\$33,500
Local Alarm	96	205,000	3.0	.7	24,500
Alarms	21	375,000	7.3	.4	26,500
Security Control Equipment	11	375,000	5.7	.2	25,000
Security Systems	14	275,000	5.5	.3	26,250
	<u>226</u>				
Guards/Investigators					
Guard and Patrol	174	1,275,000	74.8	20.4	29,000
Guards/Investigators	14	335,000	11.5	10.2	22,500
Private Investigators	56	155,000	2.7	.8	31,250
Full Service Firms	14	468,750	26.5	11.0	27,500
	<u>258</u>				
Armored Car	14	3,500,000	30.0	12.5	33,750
Other					
Polygraph/Deception Detection	5	75,000	1.3	4.0	25,000
Security Consultant	9	105,000	3.0	.3	23,750
Guard Dogs	4	275,000	5.0	1.7	20,000
Miscellaneous/Unclassified ¹	29				
	<u>47</u>				
TOTAL SAMPLE	545 Firms				

¹ Type of business not identified or did not complete these survey items.

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981

C-20 to C-22 by type and size of security service.) The 1981 national survey data indicated, similar to Census data, that industry structure of security services is dominated by small firms.

3.4.2 Guard and Investigative Services

The respondents to the Hallcrest national survey of local managers and owners of guard firms were divided almost evenly, with a one-third distribution among the size of firms: less than 25 employees, 25 to 100 employees and greater than 100 employees. Median value personnel and annual revenues by firm size are displayed in Table C-20. We believe that larger firms and offices were over represented in our survey responses even though the sample selection was done on a stratified random basis--i.e., smaller firms were just as likely to have received a survey. Conversations with guard industry executives and large insurance underwriting companies for guard firms indicate that the industry is dominated in numbers of firms by the small guard firms. As guard service firms become larger, they tend to expand their services beyond guard and patrol service to such services as investigation, bodyguards, and occasionally they offer alarm and armored car services. In some cases these multi-service firms began as private detective agencies which then supplied guards for selected clients. Overall, the most prevalent local guard service firm is, in fact, a guard and patrol service with few

TABLE C-20
 GUARD AND PATROL SERVICE
 BUSINESS PROFILE BY SIZE OF FIRM (MEDIAN VALUE)

Operating Characteristic	FIRM SIZE (TOTAL EMPLOYEES)		
	less than 25	25-100	more than 100
Personnel			
Full-time	8.3	63.0	200.0
Part-time	7.8	21.0	49.6
Supervisors	1.9	4.2	7.7
Gross Annual Sales	\$ 175,000	\$703,000	\$3,000,000
Annual Payroll	85,000	550,000	2,700,000
Senior Manager Salary	21,500	30,500	33,000
Gross Annual Sales			
less than \$50,000	18%	-	-
\$50,000 to \$99,000	18%	9%	-
\$100,000 to \$249,000	35%	9%	2%
\$250,000 to \$499,000	20%	25%	6%
\$500,000 to \$999,000	8%	39%	8%
\$1,000,000 to \$4,999,000	2%	18%	68%
greater than \$5,000,000	-	-	15%
TOTAL	100%	100%	100%
Average Annual Sales Increase (5yrs)			
less than 10%	18%	21%	28%
10 to 14%	14%	16%	18%
15% or greater	42%	38%	50%
TOTAL	74%	75%	96%

N = 202

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981

employees and with local annual revenues of \$50,000 to \$200,000.

Considerable attention has been focused in the commercially available market research reports on the large national firms and regional firms. The following is a listing of the top 11 national companies and their 1982 revenues as reported to Security Letter Source Book:⁴

Company	1982 Reported Revenues
Pinkerton's, Inc. (American Brands)	\$ 305,000,000
Burns International Security Services (Borg-Warner)	260,000,000
The Wackenhut Corporation	208,000,000
CPP (California Plant Protection)	120,000,000
Wells Fargo Guard Services (Borg-Warner)	117,000,000
Globe Security Systems, Inc.	70,000,000
Guardsmark, Inc.	50,000,000
American Protection Services	46,000,000
Advance Security, Inc.	45,000,000
Stanley Smith Security, Inc.	35,000,000
Allied Security, Inc.	27,500,000

The size of these firms ranges from about 10,000 employees to more than 30,000 employees: a few are larger than any federal, state, or local law enforcement agency. Employee totals (all positions) for these national firms would account for only about one-third of the BLS estimated total of 341,102 contract guards in 1980. The smaller firms provide strong

competition at the local level, although larger firms are more competitive for large accounts and for multiple locations of large companies which can be staffed by branch offices. In the Hallcrest survey of major national and regional guard firms, the small local firm was projected to gain an increasing market share to 1985.

Large staffs are unusual for investigative firms; most are sole proprietors or two or three person operations. Some firms have a stable client base and are specialized in the areas of investigation or "cases" which they will undertake. The firm listing itself as a "private detective" agency generally is small and accepts a wide variety of cases for investigation. Hallcrest national survey data in Table C-21 show the average private investigative firm employs three persons with \$155,000 in median annual sales. In our national reconnaissance interviews, a few investigative firms were encountered with 20 or more employees with several branch offices, and there are several national employee background investigation and honesty testing firms. Equifax, for example, the insurance investigating, employee screening and credit reporting firm, has a network of 3,500 "field agents."⁵ The data, however, favor the sole proprietorships and partnerships with few employees.

3.4.3 Armored Car and Courier Services

Armored car firms have a fiduciary relationship with their customers in assuming liability for shipments while in their possession. The high capitalization involved in armored

TABLE C-21
BUSINESS PROFILE OF PRIVATE INVESTIGATIVE FIRMS
(MEDIAN VALUE)

Operating Characteristics

Gross Annual Revenues	\$155,000
Annual Payroll	60,000
Senior Manager Salary	31,250
Full-time employees	3
Part-time employees	1
Supervisors	1

Gross Annual Revenues

less than \$50,000	30%
\$50,000 to \$99,999	25%
\$100,000 to \$249,999	17%
\$250,000 to \$449,999	15%
\$500,000 to \$999,999	11%
\$1 million +	2%
TOTAL	100%

Average Annual Sales Increase (5yrs)

less than 10%	10%
10 to 14%	10%
15% or greater	55%
TOTAL	75%

N = 56

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981.

trucks and fidelity insurance costs have been significant barriers to entry into the armored car industry. The industry has been dominated by a few large firms, for example:

SELECTED MAJOR FIRMS

Brinks (Pittston)
Wells Fargo (Baker Industries)
Purolator Armored
Loomis Armored Car (Mayor-Nickless, Ltd.)
Armored Transport
Federal Armored Express

Brinks, Wells Fargo and Purolator are the largest firms and have dominated business in the Federal Reserve System. Since January 1982, the banks pay for transport services rather than the Federal Reserve districts, and this has opened up more bank business for smaller armored transport firms. A firm would still need a 20 to 30 truck fleet to compete successfully in banking, depending upon geographical location and branch banking laws. Commercial accounts have been the primary business base of the small independent local companies. Spokesmen for the two major industry associations (Independent Armored Car Operators Association and National Armored Car Association) suggest that both large and small firms have carved out their own marketplace. In addition, a few larger "full service" guard service firms provide armored car services. Some firms have gone to light-weight armored vans in an effort to reduce operating costs, but other firms question the ability of vans to afford the same level of protection,

especially in light of recent major assaults by heavily armed groups.

3.4.4 Central Station Alarm Monitoring Services

Similar to the guard industry there are only a few national and major regional central station alarm firms with a significant market share. Below are nine major firms listed by Underwriters Laboratories (UL) in 1981 that operate about half of the approximately 450 UL-listed central stations in the U.S.

SELECTED MAJOR CENTRAL STATION ALARM FIRMS

<u>Firm</u>	<u># Central Stations</u>
ADT	143
Honeywell	40
Wells Fargo	36
Electro-Protective (N.J.)	9
Alarmex (CA)	9
Holmes Protection (NYC)	8
American Protection Industries (CA)	5
Smith Alarm Systems (TX)	3
Crime Control, Inc. (IN)	3

In addition, Sonitrol, Rollins, Dictograph and Westinghouse (WESTEC) have national coverage on a franchise basis. Frequently, central station alarm companies tend to be closely held family businesses. The large national firms retain a significant base through national accounts with major corporations for protection of their facilities at multiple locations around the nation. The 1977 Census of Service Industries

listed 1235 total central stations which would account for less than 15% of the estimated 10,000 local and central station alarm companies in the U.S. The Hallcrest national survey of security firm local managers and owners disclosed that the average central station alarm firm employs about 25 people with median annual sales of \$712,500. Table C-22 shows the national survey distribution of both central station and local firms by annual sales. Sales data include revenue from monitoring and installation of alarm equipment. Central station alarm firms are considerably larger than most local alarm companies with median revenues nearly three times as large. Less than 20% of local alarm companies reported annual sales greater than \$500,000. While the major national and regional central station alarm firms listed above earn significant revenues, they do not dominate the alarm industry either in sales or in number of clients served.

3.5 Key Markets

3.5.1 All Market Segments

Table C-23 is the Predicasts estimation of the relative distribution of protective service revenues among major market segments.

Table C-24 displays a rank ordering of current high, medium, and low business volume by market segment as rated by guard service and central station alarm firm area managers in the Hallcrest national survey. The Hallcrest survey respondents were asked to rate their highest client areas of service

TABLE C-22
ALARM COMPANY BUSINESS PROFILE FOR
AREA OFFICES OR LOCAL COMPANIES (MEDIAN VALUES)

Operating Characteristics	TYPE OF FIRM	
	Central Station	Local Alarm
Gross Annual Sales	\$ 712,500	\$ 205,000
Annual Payroll	355,000	75,000
Senior Manager Salary	33,500	24,500
Full-time Employees	15	3
Part-time Employees	.5	1
Supervisors	3	1
<u>Gross Annual Sales</u>		
less than \$50,000	8%	23%
\$50,000 to \$99,999	5%	19%
\$100,000 to \$249,999	14%	24%
\$250,000 to \$499,999	24%	16%
\$500,000 to \$999,999	17%	7%
\$1 million to \$4,999,999	26%	9%
greater than \$5 million	6%	1%
TOTAL	100%	100%
<u>Average Annual Sales Increase(5 yrs)</u>		
less than 10%	11%	17%
10 to 14%	20%	10%
15% or greater	50%	56%
TOTAL	81%	83%
	N = 84	N = 96

SOURCE: National Survey of Contractual Security Firm Managers and Owners, Hallcrest Systems, Inc. 1981

CONTINUED

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TABLE C-23

PREDICASTS 1985 ESTIMATED

PROTECTIVE SERVICE REVENUES BY MAJOR MARKET

Market	Guard Invest	Armored Car	Central Station Alarm
Industrial & Transportation	75.8%	10.3%	20.1%
Commercial & Financial	10.3%	86.6%	55.0%
Institutional	10.6%	3.2%	7.9%
Residential (consumer)	3.3%	--	17.0%
	<hr/>	<hr/>	<hr/>
	100%	100%	100%

SOURCE: Predicasts, Report E55

TABLE C-24

MARKET SEGMENTS BY BUSINESS VOLUME

Business Volume	Guard Service	Central Station Alarm
High	Manufacturing Construction Retail	Retailing Residential Manufacturing
Medium	Restaurant/lodging Shopping Centers Transportation Banking/Finance Hospital/Health Care Residential	Shopping Centers Construction Restaurant/lodging Distribution/Warehousing Education Banking/Finance
Low	Education Utilities Government Public Housing Armed Forces	Transportation Government Hospital/Health Care

by business volume. Retail trade and residential areas were nearly equal as the highest volume markets for central station alarm services. While the market segments in the Hallcrest survey were more comprehensive, the Predicasts aggregate market segment estimates for 1985 are reasonably consistent with them. One notable exception is the residential market which Predicasts estimates at less than 20%. Central station managers and owners rated residential alarm subscribers as a very high area of business volume. The armored car industry will continue to have its traditional base in the commercial and financial sectors. In the Hallcrest survey of major national and regional security firm executives, there was considerable agreement on market segments for growth from 1980 to 1985: they closely paralleled current market segment business volume in Table C-24. As noted in the subsequent section on key demand forces, the potential for contracting out for traditional police services and reduction in federal and local government use of proprietary guards could create a substantial growth market in the government sector.

3.5.2 Industrial and Transportation Markets

Industrial plants and warehousing, shipping, receiving, and transportation of their goods will continue to be the primary business base for guard services. Guard companies in the Hallcrest major national company survey singled out manufacturing as the highest future growth area, followed closely by utilities and warehousing/distribution centers. Airports,

bus depots and other passenger transportation facilities will continue to employ contract guard services. The movement of some industrial security programs to proprietary integrated security systems will slow the growth of central station alarm monitoring services in this market. Armored car services are often required for movement of precious metals for electronics, aerospace and other high-technology industries.

3.5.3 Commercial and Financial Markets

The major market segment for armored car and courier service will be commercial and financial business. Some firms have combined Automatic Teller Machine (ATM) pickups with servicing of the units. Expanded use of ATM's in outlying non-bank facilities will stimulate use of armored car services. Movement of coins will still be required despite increased use of electronic funds transfer. Similarly, retail businesses will continue to be a major market for central station alarm services, especially where insurance underwriting requirements or premium reductions encourage the use of monitored alarm systems. Decreased availability of public resources will further decrease the use of direct-connect alarms into smaller police departments that have maintained them. Most large law enforcement agencies have eliminated direct-connect alarm monitoring by their communication divisions during the past decade.

3.5.4 Institutional Markets

Hospitals and college campuses traditionally have been protected by proprietary security forces, often with special police powers. Rising costs of health care and decreasing federal student loan support will force hospitals and colleges to look more toward contract security guard forces to cut operational costs. As crime rates of the cities become reflected in institutional campus settings (cities unto themselves), contract guards will likely be used to supplement existing in-house or special police personnel.

3.5.5 Consumer or Residential Market

In the Hallcrest national survey 81% of the central stations reported "significant increases" from 1976-1981 in services to residential clients. Current volume of business in residential areas was rated nearly equal with retail trade subscribers. Hardwire systems of central station companies have not been as competitive in recent years with lower cost wireless systems, but the desire for monitored response will increase central station monitoring of local alarm company installations using digital communicators. Predicasts forecasts that the residential market for central stations will double between 1978 and 1985 to account for 17% of total central station revenue. Currently, less than 5% of households have alarm systems. Successful penetration of the residential market will depend upon consumer education and demonstrated cost effectiveness of alarm systems against property crimes.

Decreased availability of law enforcement personnel for residential patrols and high property crime rates will create a demand for residential security patrols. In the past, residential patrols have been limited to high-density apartments and condominiums, luxury high-rise buildings, and exclusive residential subdivisions. More recently, these services have extended to public housing and middle class neighborhoods with voluntary neighborhood patrols being replaced by contract security patrols--not unlike the early birth of private security/watchmen with the collapse of citizen watches two centuries ago. Some areas with heavy police workload and slow alarm response time, will likely see an increase in combined alarm response and security patrol service. Overall, major national and regional security companies in the Hallcrest survey see both patrol service and central station alarms as having a moderate demand in the residential market.

3.6 Key Demand Forces

Contract private security has occasionally been described as a "recession-proof" industry; that is, a concern for protecting and preserving assets is heightened by an increase in crime, or fear thereof. This scenario is not entirely supported by facts. The downturn economy of recent years has caused some reductions in corporate security spending that are not always offset by the use of contract security. The rate of crime has increased steadily in the late 1970's but, in fact, the absolute number of reported property crimes and

burglaries has decreased steadily since reaching an all-time high in the second and third quarters of 1980, according to FBI ten-year trends in UCR crime data.⁶ For the first six months of 1982, decreases were reported in property crime, (-6%), burglaries (-11%), and robberies (-7%) over the same period in 1981.⁷ Preliminary 12 month 1982 UCR data show a 10% decrease in burglaries over 1981 and a 4% decrease in serious crimes.⁸ Yet, contract security services have sustained healthy growth in recent years along with most service industries in the midst of a sluggish national economy. The key demand forces which will influence the near-term growth of contract security services are: technological displacement of labor-intensive services and conversion to contract guard services by both the private and public sectors.

3.6.1 Technological Displacement of Traditional Security Services

Electronic funds transfer has already been mentioned as impacting armored car services. Electronic mail and improved data transmission safeguards will reduce the demand for courier services which provide extensive services in transporting confidential documents. At the same time, increased access to computer centers from remote terminals and personal home computers will increase the need for transportation of computer data to off-site, back-up storage facilities. This could become a substantial growth market for armored car and courier services as well as highly secured private safe deposit centers.

All market segments have made increasing use of technology in access control, monitoring, perimeter security and interior space protection to offset rising costs in human services. The use of several CCTV surveillance cameras monitored by a single guard, for example, can perform the surveillance work of additional guards on foot or motorized patrol. In a 1981 survey by Security World, 80% of corporate executives anticipated increases in security equipment expenditures over the next five years, but only 47% expected increases in guard forces.⁹ In reality, wholesale reduction in guard forces does not result from acquisition of new equipment; rather, personnel are integrated with equipment for more cost-effective security coverage. Overall, contract guard growth will be slowed by technological displacement, but the full-service contract security firms with guard service, alarm monitoring and response, and other security equipment will have a strong market position in delivering of security services.

Monitoring and detection have primarily been the province of central station alarm firms, but increasing numbers of corporate and institutional security programs have gone to proprietary (in-house) central stations. The Security World corporate executive survey and their earlier 1980 survey of loss prevention managers shows that approximately one-third of security programs use contract central stations while about one-fourth have proprietary central stations.¹⁰ Proprietary central stations provide more rapid response and action by guard personnel who are more familiar with the facility.

The capital investment in a proprietary central station is not initially recovered through savings in monthly monitoring and service contract charges. Increasing numbers of commercial, industrial and institutional facilities have been integrating the monitoring of security (alarm and access control), fire, and energy management. In a 1982 Security World survey of corporate executives, security and loss prevention directors, and facility managers, 66% of all respondents stated that they would be adding fully integrated security systems within the next five years.¹¹ In fully integrated systems, energy savings are anticipated to offset the high capitalization in security equipment. The use of microwave relay in place of coaxial cable for signal transmission of CCTV cameras to monitors will allow larger facilities with remote locations to more cost-effectively install proprietary central stations.

Integrated systems can be expected to impact guard services and central station alarm monitoring services. The increased use of integrated systems may require more skilled security personnel for monitoring and response. Integrated systems do not necessarily mean proprietary monitoring. In the same Security World survey, 45% of the corporate executives were uncertain as to whether the proposed integrated system would be monitored by a proprietary or contract central station. Thus, integrated systems monitoring could be a strong area of growth for central station firms, if they can position themselves correctly in the marketplace. The major drawback to market share attainment will be alarm signal

transmission costs (largely leased telephone lines) for contract firms which are passed onto subscribers.

Large-scale integrated systems are usually found only in luxury residential (apartment, condominium, resort) settings, and the large industrial, medical, institutional and commercial complexes. A growing number of central station alarm companies have been competing successfully with proprietary systems for access control monitoring. Data from individual card readers are relayed from a client's building through a modem and leased telephone lines to computers and monitoring units in the central station office. This system provides the security advantage of independent monitoring and logging of entries, thus minimizing opportunities for collusive theft through unauthorized access. The largest growth potential is for the smaller facility which can effectively achieve 24-hour facility management and access control without high costs for monitoring stations and/or guard service. The single guard post manned 24 hours a day is primarily a small guard firm client base. Remote access control monitoring by central station firms could significantly reduce the market for small guard firms servicing a few accounts. One-third of contract firms surveyed by Hallcrest have less than 25 employees or the equivalent of about six client accounts with 24-hour guard posts.

3.6.2 Conversion to Contract Guard Services

Predicasts estimated contract guards as a percentage of total protective service workers would increase from about 55% to 60% of all guards by 1985. Based upon Hallcrest interviews with security guard companies throughout the country and the two case study sites, contract guards may well account for 65% of all guards by 1985. In a 1980 Security World survey of security directors, 40% indicated use of contract guards while 64% used proprietary guards.¹² Six months later, a Security World survey of the same population group of security directors showed use of both proprietary and contract guards in the seventieth and eightieth percentiles in commercial and industrial sectors; nearly all institutional security directors reported proprietary guard use, and one-half reported contract guard use.¹³ The security directors among membership of the ASIS in the Hallcrest national survey indicated that 58% utilized contract guard services.

In another 1980 Security World survey, nearly 75% of surveyed security directors projected increases in the use of contract guard services.¹⁴ In the 1981 survey by Security World, 70% of security directors with proprietary guard forces project increases in their guards, but one-fourth of them also projected increases in contract guards.¹⁵ Security directors tend to feel strongly about the merits of proprietary versus contract guard services. Some security directors with law enforcement backgrounds zealously cling to maintenance of security departments and rank structures. Executive officers,

however, with financial decision-making responsibility in business and industry, may be expected to increasingly direct shifts to contract security guards to reduce company expenses. In some cases "hybrid" staffs of security officers will emerge as proprietary personnel are retained in key positions to supervise operational positions staffed with contract guards. In the Hallcrest survey of major national and regional security companies, these security executives ranked their largest source of anticipated growth to 1985 as increased demand and change in contract firms by existing contract users, followed by new first-time users of contract guards, and then proprietary guard forces changing to contract guards. Contracting for many non-crime-related tasks of law enforcement agencies was viewed as a large potential area of growth by the surveyed major security company executives. Most studies on police workload and citizen calls for service have consistently shown demand and response to non-crime-related service requests account for 80% of patrol officer workload.¹⁶ The increased ability of law enforcement to shift reduced resources to more essential crime-related tasks will facilitate the contracting of these lower priority activities to security service firms. The renewed interest by police practitioners and researchers in order maintenance policing problems (discussed in Chapter 9) will focus attention on the potential for private security services to increase citizen feelings of safety.

Similarly, the Executive Branch of the Federal Government, excluding the military services, employs more than 18,000 protective workers (7800 guards and 10,500 special police officers) in various facilities and property holdings of the Federal Government. Despite recent federal legislation creating a temporary moratorium on contracting of defense-related protective services, sufficient economies of scale may eventually be realized through contracting with private guard firms. Modest gains can be expected in Federal Government contacting for guard services.

A major competitive force for guard firms has been the off-duty, secondary employment or "moonlighting" by law enforcement officers in private security. In Chapter 11, Hallcrest estimates as many as 150,000 law enforcement officers secondarily employed in private security based upon national survey data from chiefs of police and sheriffs. The use of police uniforms and equipment, liability issues, and the potential for conflicts of interest could lead to some department restrictions and a slight reduction in private security "moonlighting" by 1985. This would open up new clients or accounts in the existing markets for contract security guard firms.

In summation, technology will displace some guard positions, but a healthy increased rate of growth could still result from proprietary and eventual government conversion to

contract guards, contracting out of some non-crime-related police tasks and a possible reduction in off-duty police "moonlighting" in private security.

Table C-25 projects speculative potential guard service industry gains that could result if all of these demand forces were to be realized. The net gain could result in nearly 65,860 additional contract guards and 907.1 million in annual revenue for guard service firms (at the average billable rate of \$6.62 per hour paid by proprietary security managers in the Hallcrest national survey).

4.0 MONITORING AND DETECTION EQUIPMENT

4.1 Intrusion Detection Alarm Systems

4.1.1 Category Definition

The alarm sensor devices, controlling and signal transmission equipment associated with burglar and fire alarm systems are measured separately from alarm company revenues for monitoring. The value of shipments of original equipment manufacturers (OEM) is used as the primary indicator of alarm sales and installation revenues. Alarm system revenues and growth are discussed in some market research reports according to the type of application (e.g., perimeter, interior space protection, controls/signalling) or type of sensor devices (e.g., ultrasonic, microwave, passive infrared, sound discrimination). Value of shipment data, however, are reported to the government by OEM's according to method of alarm signal

TABLE C-25
 POTENTIAL GUARD SERVICE
 INDUSTRY GAINS 1980-1985

<u>SOURCE</u>	<u>NET GAIN</u> (Full Time Equivalent [FTE])	<u>REVENUE</u> (\$ million)
<u>State and Local Government</u>		
● 5% reduction in Private Security moonlighting (150,000)	7,500	\$103.4
● 5% reduction in FTE police officers (450,000) to contracting-out	22,500	309.8
● 25% conversion of government employed guards (15,000) to contract guards	3,750	51.7
<u>Federal Government</u>		
● 60% conversion in Executive Branch Guards (7800)	1,560	21.5
● 10% conversion special police officers (10,500) to Contract Guards	1,050	14.5
<u>Proprietary Security</u>		
● Increase in contractual share of guards to 65% (+10%)	29,500	406.2
TOTAL	65,860	\$ 907.1

transmission of the alarm system (i.e., local, central station, proprietary, direct connect, and hold-up alarm systems). The relevant SIC code is 36623 encompassing both intrusion alarm or burglar alarm systems and fire detection and prevention systems.

4.1.2 Baseline Data

U.S. Census of Manufacturers data are available only for the entire alarm systems (SIC 36623) grouping for intrusion and fire alarms in 1972 and prior years. Annual data for the seven-digit classifications is available in the 1977 Census of Manufacturers and from 1973 to 1980 in either the Annual Survey of Manufacturers or the MA-36N Current Industrial Reports series on "Selected Electronic and Associated Products, including Telephone and Telegraph Apparatus." The measures of economic activity used for this industry are: number of firms and value of shipments. Baseline information is shown in Table C-26 for seven-digit SIC codes.

4.1.3 Forecast to 1985

Both Predicasts (E55) and the Business Opportunity Report provide growth rate projections to 1985 for the intrusion detection alarm industry. Predicasts projections for 1985 are shown in Table C-27.

TABLE C-26

BASELINE DATA—ELECTRONIC INTRUSION DETECTION ALARM SYSTEMS

VALUE OF SHIPMENTS (\$000) AND NUMBER OF FIRMS

SIC 36623	1972 ^a \$	1973 ^b \$	1974 ^b #Co Value	1975 ^b \$	1976 ^b #Co Value	1977 ^a #Co Value	1978 ^{b(r)} #Co Value	1979 ^b #Co Value	1980 ^b #Co Value
Intrusion Detection									
3662348 Local		17,486	21 20,805	74,903	28 110,054	28 96,512	34 113,359	59 151,921	59 199,162
3662349 Central Station		14,740	15 19,242	25,337	16 30,270	22 26,261	23 60,027	39 74,805	37 90,286
3662350 Direct Connect		9,745	6 8,392	11,062	7 11,103	11 15,281	13 54,647	17 62,316	14 63,893
3662351 Hold Up (Commercial & Industrial)		(d)	3 (d)	11,990	4 14,389	3	7 4,967	13 1,686	13 4,577
TOTAL Intrusion Detection Alarm Systems	96,100^c	41,971	48,439	123,292	165,816	138,054	233,000	290,728	357,918

C-66

a Census of Manufacturers, 1972 and 1977

b Current Industrial Report: Selected Electronic and Associated Products, Including Telephone and Telegraph Apparatus, Series MA-36N, 1973, 1974, 1975, 1976, 1978, 1979, 1980

c Only total figure for entire SIC 36623 available - includes fire and smoke alarms

(d) Not captured in that year

(r) later revised figures

TABLE C-27

PREDICASTS PROJECTION OF INTRUSION DETECTION
ALARM EQUIPMENT SALES (TYPE OF SYSTEM)
(million \$)

System Type	1978	1985	Compound Average Annual Growth Rate 1978-1985
	Actual	Forecast	
Local & Proprietary	110	327	+16.8%
Central Station	30	137	+24.2%
Direct Connect	10	11	+1.37%
TOTAL	150	475	+17.9%

It should be noted that the Predicasts projections are based upon estimated 1978 Census of Manufacturers data available for their 1979 publication. The actual 1978 figures were considerably higher than initially estimated.

The Business Opportunity Report projects 1980-1985 growth in current dollars at 13.6% compared to a growth rate experienced from 1975 to 1980 at 25.4%. Using a durable goods price deflation index, the same report calls for a 1980 to 1985 constant dollar average annual growth of 11%. Comparative estimates of the market size and relative growth rates for nonresidential versus residential end use sales for 1980 and 1985 are in Table C-28.

TABLE C-28

BUSINESS OPPORTUNITY REPORT
PROJECTION OF INTRUSION DETECTION
EQUIPMENT SALES (TYPE OF APPLICATION)

Application/Sensor Type	1980		1985		Average Annual Growth Rate 1980-1985	
	Non Resid	Resid	Non Resid	Resid	Non Resid	Resid
	%	%	%	%	%	%
Total Applications	80.5	19.5	78.7	21.3	13.1	15.6
Perimeter	23.4	6.3	23.6	8.1	11.6	19.4
Interior Space	31.3	4.7	27.3	6.2	10.6	20.0
Ultrasonic	14.3	3.1	10.9	2.5	7.5	8.5
Passive Infrared	10.5	1.2	12.2	3.1	16.9	38.0
Microwave	6.3	0.4	4.1	0.6	4.6	24.6
Controls/Signaling	25.8	8.5	27.9	7.0	15.2	9.1

Predicasts 1985 forecast is based on a trend extension of the historical relationship between building construction expenditures (business, federal, state and local, excluding residential). Although the Predicasts projections appear to be reasonably conservative, they involve several problems. First, residential construction expenditures are excluded, even though it is one of the largest market segments. Second, implicit in Predicasts' projections are the assumptions that new construction expenditures are the key leading indicator for sales of alarm systems. Alarm systems may be contracyclical in nature, i.e., sales may remain strong in poor economic conditions and when residential, commercial and industrial

construction activity is down. Third, no attempt is made to derive a growth rate for alarm systems as a percent of new construction. Fourth, forecasting 1985 construction activity and price levels, especially given the construction industry's severe slowdown in 1980-1982, may be more problematic than forecasting alarm system value of shipments. Finally, there is no explanation of how Predicasts allocated their 1985 forecast among the Census of Manufacturers categories. In Table C-29, Hallcrest presents a revised forecast which documents and updates all data sources used by Predicasts.

Examination of the revised 1985 forecast using the Predicasts methodology indicates that 1985 intrusion alarms are projected at \$908.8 million compared to the original forecast of \$475 million! Of course, this estimate is based on many assumptions including the validity of a causal relationship between new, nonresidential construction and alarm systems, and accuracy of the UCLA long-range forecast. The growth rate of alarm costs as a percentage of construction costs, and the future mix of intrusion versus fire detection systems.

Because of the aforementioned tenuous assumptions and problems with the Predicasts (or revised) 1985 forecast, an alternative Hallcrest projection is suggested based on a linear trend extension (least squares method) of each individual component of intrusion alarms. The forecast, based on this method, is shown in Table C-30.

TABLE C-29
PROJECTION OF ALARM SYSTEM SALES
PREDICASTS' VERSUS HALLCREST'S REVISED ESTIMATES
(\$ millions)

Item	Predicasts					Hallcrest's Revised Estimates		
	1963	1967	1972	1978	1985	1979	1980	1985
Bldg. Const. Exp. (bil \$)	46.1	53.1	89.8	144	280	141.1 ¹	160.5 ¹	309.1 ¹
% Electric Alarms	.09	.11	.10	.18	.30	.263	.282	.35 ³
TOTAL Alarm Sales (Intrusion, Fire, mil \$)	42	57	87	260	830	371.2 ²	452.2 ²	1081.9 ²
% Intrusion	59.5	54.4	58.6	57.7	57.2	78.3	79.1	84.0
% Fire Detection and Prevention	40.5	45.6	41.4	42.3	42.8	21.7	20.9	16.0
Intrusion Alarm Sales	25	31	51	150	475	290.7	357.8	908.8 ⁴

¹ 1979/1980 historical and 1985 estimated values of nonresidential construction in current \$ from UCLA National Business Forecast March 1981. P. 21

² Current Industrial Reports, U.S. Department of Commerce, Series MA-36N, 1979, 1980

³ A highly conservative estimate of construction to alarms growth rate is employed - Predicasts' 1978 figure should actually be .216

⁴ An alternate method would be to derive 1985 Intrusion Alarm sales directly, and by-pass the assumption about the % of intrusion versus fire.

TABLE C-30

HALLCREST LINEAR TREND EXTENSION FORECAST
 OEM BURGLAR ALARM SYSTEM SHIPMENTS TO 1985
 (\$ millions)

System Type	Actual 1978	Actual 1980	Forecast 1985	Compound Average 78-85	Annual Growth 80-85
Local and Proprietary ¹	113.359	199.162	303.420	15.1%	8.8%
Central Station ¹	60.027	90.286	134.400	12.2%	8.3%
Direct Connect ²	54.647	63.893	87.490	7.0%	6.5%
Hold-up (Commercial and Industrial) ²	4.967	4.577	1.201	-18.4%	-23.5%
TOTAL	\$233.000	\$357.918	\$526.511	12.4%	12.6%

1 1973-1980 historical data employed in linear trend extension

2 1976-1980 historical data employed in linear trend extension

The 1985 forecast resulting from the trend extension yields a figure of \$526.5 million and a compounded annual growth rate of nearly 13% for 1980 to 1985. Frost and Sullivan conducted a net market analysis (U.S. production and imports less exports) of the intrusion alarms sector. Their figures indicate that 1980 U.S. exports (\$49.8 million) exceeded imports (\$14.4 million). The U.S. domestic market consumption is thus only 86% of the U.S. value of shipments reported by Census. Assuming that this import/export figure persists in the future, the 1985 U.S. market would be projected at \$453 million.

4.1.4 Key Markets

The retail, residential and manufacturing sectors should continue to be the strongest markets for alarm equipment. In the Hallcrest national surveys, local alarm companies rated residential three times more frequently than retail for high business volume. Central station firms rated residential and retail nearly equal which is consistent with the general emphasis on residential and "light commercial" as a client/customer base for central station alarm companies. Insurance company premium reductions for burglar and fire alarm systems are a large incentive for their use in the commercial and industrial sectors. In some cases intrusion detection and fire detection and prevention systems are mandated by insurance underwriting requirements or increasingly stricter local and state building codes. These traditional markets will continue to remain strong and provide a large base for central station alarm companies. Larger corporations and institutions, however, will increasingly utilize proprietary alarm systems and integrated security systems.

"Significant increases" in services to residential clients in the past five years were reported by 81% of central stations and 72% of local alarm firms. The growth of the residential market is dependent upon a number of interrelated factors of demand and industry structure discussed below.

4.1.5 Industry Structure

The industry structure of the alarm industry is best understood in terms of the distribution channel for security alarm products. As noted earlier, the Security/Fire Manufacturers Directory lists about 300 firms as original equipment manufacturers (OEM) of alarm related equipment, and The Source Book, a Security World publication, lists over 800 firms. The largest U.S. firms are ADEMCO and Walter Kidde which make a broad range of alarm system components and supplies; there are also other medium-size firms in this category. Another category of OEM is the firm that manufactures and markets "complete" alarm systems, including transmitters, sensor devices, control panels, etc; often, however, their system components rely on those of other manufacturers. Smaller firms that primarily manufacture alarm sensing devices are the most prevalent type of alarm industry OEM. Other firms manufacture control and signalling equipment and central station monitoring equipment. In addition, a few of the nationwide central station companies, like ADT and Honeywell Protection Services manufacture much of their own equipment. The large multinational electronics manufacturing firms have little involvement in the alarm industry, although Westinghouse entered the market for a brief period and then franchised their operations. Manufacturing of alarm equipment is dominated by small to medium-size speciality electronics and communications firms. The OEM alarm products are then distributed directly to larger installers, to wholesale alarm supply distribution

firms, or to retailers (generally for appliance type or "do-it-yourself" alarm systems).

Although the SIC reporting system produces consistent reporting of historical industry demand, it does not provide an accurate assessment of the relative market share of local, proprietary, central station and direct-connect alarm systems. In completion of the Census reporting form as noted earlier, the OEM firms are given total discretion as to whether they believe that the alarms and components will be used for these different applications. Wholesale alarm supply distributors play a major role in the distribution channel to installers and it would be difficult to assess from the OEM vantage point the relative breakout of eventual distributor sales. Nevertheless, it is clear that small local alarm firms and proprietary installations are greater in total numbers and dollar value of shipments than central station alarm firms, even though their median value of sales and employees is significantly smaller than central stations.

As noted earlier in the report, the use of digital communicators and monitoring services has somewhat blurred the distinction of local and central station alarm companies. Now more alarm dealers and customers have some of the advantages of round-the-clock central station monitoring with the installation of a digital communicator monitored remotely (via WATS telephone lines) by nationwide monitoring services. Local alarm companies should be able to increase sales of both new systems and retrofitting of existing systems using digital

communicators and both local area and national monitoring services. In addition, the use of "wireless" component systems has allowed many local alarm companies to bring the cost of alarm systems down to reach more middle class homeowners and small businesses.

Another major development in the alarm industry has been the growth of retail sales markets by general merchandise department stores, mass retailers, hardware and building materials outlets, and electronic firms. A growing consumer interest has been shown in both wireless systems and do-it-yourself installations. Frost and Sullivan in their Home Burglar Alarm Market research report (1980) predicted that manufacturer shipment value of components used in home alarm systems would nearly double in four years (\$240 million in 1984), and also that appliance type or do-it-yourself systems will overtake professionally-installed residential alarm systems.¹⁷ The Hallcrest reconnaissance efforts revealed a growing consumer interest in this low-cost market, but the protective qualities of these mass retail components do not begin to compare with a professionally-installed alarm system and/or the services of a monitoring service or central station.

4.1.6 Key Demand Factors

There are five key factors affecting demand for alarm systems in the next few years: (1) the strength of retail sales of alarm components; (2) the potential for limited

police response to alarm calls; (3) insurance premiums reductions and tax credits for alarm system purchase; (4) the penetration of interactive cable television in residential security; and (5) the potential entry of Bell System operating companies into the alarm field.

Alarm engineering technology has been reducing the size and cost of components which has aided the pricing and availability of alarm systems to a larger potential small business and homeowner market. Retail sales will simply achieve greater residential market penetration rather than displacing traditional alarm company sales and installations. If retail sales flood police with an even higher false alarm problem, then local alarm ordinances could become restrictive with regard to appliance-type alarm systems. Local and central station alarm companies who are already constructively working with their customers and the police to reduce the false alarm burden on police workload could improve their market position, as the result of a police backlash against the disparity in quality and reliability of retail appliance-type alarm equipment.

Reduced insurance premiums for burglar and fire alarm systems should continue to stimulate commercial and industrial markets, but the burglary alarm portion of premium reduction for the average homeowner or tenant's insurance policy would have to be increased to stimulate residential sales. At present, only combination burglary and fire systems in upper

middle income levels can achieve any significant premium reductions. On the other hand, passage of state or federal security equipment purchase tax credit legislation could significantly increase alarm and other security-related equipment sales.

With an average installation cost of \$800 and annual monitoring revenue of \$200, many cable television system operators can potentially tap the lower middle income levels that even the wireless systems have difficulty reaching. Many of the largest multiple system operators have plans to move rapidly with alarm services. As the cable operators begin to forge working relationships with alarm companies through joint ventures, or promotional agreements, or channel lease agreements for alarm company alarm signal transmission, both established alarm companies and cable system operators will begin to see significant residential market penetration. The greatest potential for residential market penetration resides with the Bell System Operating Companies. They are already in the business of communications signal transmission and mass consumer communications sales and service and, through AT&T, control the only currently viable alarm transmission mode. The combination of potential cable television and AT&T and/or Bell Operating Company massive market penetration could offer "affordability to the mass market" and accentuate the need to develop solutions to the growing false alarm problem impact on police services.

4.2 Closed Circuit Television

4.2.1 Category Definition

Included in this security industry sector are firms who manufacture, distribute and install closed circuit television systems (CCTV) and equipment, including specially designed cameras, monitors, switching equipment, video recorders, receivers, scan converters, and control consoles. The appropriate SIC Code 3662241 is solely for closed circuit television systems and equipment and excludes commercial broadcast and consumer products. Security equipment as a percentage of total CCTV equipment was estimated by Predicasts to be about 75 percent of total sales in 1978. Many specialized firms custom design and install CCTV systems from manufactured components, but revenues for these firms beyond manufacturer value of shipments cannot be captured in SIC codes.

4.2.2 Baseline Data

Table C-31 shows 1977 to 1980 baseline data on the number of companies and value of shipments from the MA-36N Current Industrial Reports series on "Selected Electronic and Associated Products, including Telephone and Telegraph Apparatus."

4.2.3 Forecast to 1985

Two market research reports forecasted CCTV security equipment to 1985. Although not linked to SIC codes or documented data sources, the Business Opportunity Report provides historical and projected figures for sales (not value of shipments) of CCTV equipment in Table C-32.

TABLE C-31
 BASELINE DATA
 CLOSED CIRCUIT TELEVISION SYSTEMS & EQUIPMENT

	1976 ¹	1977 ²	1978 ¹	1979 ¹	1980 ¹
# of Firms		11	12	26	24
Value of Shipments (000)	\$27,100	\$30,856	\$50,989	\$82,220	\$80,830

¹ Current Industrial Reports, Series MA-36N, 1976-1980.

² Census of Manufacturers, 1977.

TABLE C-32
 BUSINESS OPPORTUNITY REPORT
 PROJECTED SALES OF CCTV EQUIPMENT

Year	1975-1985 Sales (millions\$)	Annual Average Growth Rate (Compounded)	
		1975-1985	1980-1985
1975	60.0		
1976	66.6		
1977	73.8		
1978	81.9		
1979	90.9	11.0%	11.0%
1980	100.8		
1985	169.9		

According to these estimates, CCTV systems will increase in sales from \$60 million in 1975 to nearly \$170 million in 1985, 11% annual compounded rate of growth.

The Predicasts report also provided a forecast of CCTV security equipment to 1985. Their projections displayed in Table C-33 are based on growth factors (undocumented) in building construction expense and the percent of construction cost devoted to CCTV security equipment.

TABLE C-33

PREDICASTS PROJECTIONS OF SALES OF CCTV SECURITY SYSTEMS

Item	1963	1967	1972	1978	1985	Avg Annual	
						Growth 1963-85	Compounded 1979-85
Bldg Const Exp Equip. (bil\$)	46.1	53.1	89.5	144	280	8.6%	10.0%
% CCTV Security Equip.	.020	.034	.049	.069	.079		
CCTV Security Equip (mil\$)	9	18	44	100	220	15.6%	11.9%

The Predicasts 1978 CCTV security equipment estimated sales figure (\$100 million) exceeds the Census Bureau's 1978 value of shipments total for all CCTV equipment (\$50.9 million) by nearly 100 percent. Predicasts further states that security CCTV's share of the total CCTV market reached 75 percent by 1978 - a more plausible estimate. Predicasts year to year sales totals for CCTV are consistently higher than the Business Opportunity Report's, but average projected annual growth rates are comparable. Using the updated Census Data and UCLA data on nonresidential construction, a revised forecast utilizing the Predicasts approach is shown in Table C-34 projecting growth to 1985.

TABLE C-34

REVISED PROJECTIONS OF
VALUE OF SHIPMENTS OF SECURITY-RELATED CCTV
(\$millions)

Item	Actual		Forecast 1985	Annual Avg % Change (Compounded) 1980-1985
	1979	1980		
Bldg Const Exp (bil\$)	141.1 ¹	160.5 ¹	309.1 ¹	14.0%
% CCTV Sec Eqpt.	.044	.038	.04 ³	
CCTV Security Eqpt. 75% of SIC 3662241 (mill\$)	61.666 ²	60.623 ²	123.644 ²	15.3%

1 1979-1980 historical and 1985 estimated values of nonresidential construction in current \$ from UCLA National Business Forecast, March 1981, p. 21.

2 Current Industrial Reports, U.S. Department of Commerce, Series MA-36N, 1979, 1980.

3 Estimated from past data

The revised forecast of \$123.644 million for security-related CCTV shipments downscales the original Predicasts projection of \$222 million. Both the ratio of CCTV security equipment to building construction expenditures and the percentage of total CCTV equipment which is security-related are in question in this or Predicasts estimates.

An alternative forecast utilizing the "best guess" 75 percent CCTV figure and a linear trend extension of 1977-1980 census historical value of shipments data is shown in Table C-35.

TABLE C-35
HALLCREST LINEAR TREND EXTENSION FORECAST
OF OEM SHIPMENTS OF SECURITY-RELATED CCTV EQUIPMENT

Item	Actual 1980	Forecast 1985	Annual Avg % Chg (Compounded) 1980-1985
CCTV Security Eqpt. (millions \$)	60.623	124.181	15.4%

The two methods (revised Predicasts and linear trend extension) are consistent. The likelihood is that CCTV security systems production will reach a level of \$124 million by 1985. These figures for value of shipments can also be adjusted upwards with data on the import/export situation for CCTV systems, especially given the large number of Japanese firms in the U.S. market. Frost and Sullivan report that 1980 U.S. imports exceeded exports of CCTV systems. As a result, their calculations indicate that total domestic consumption is 15.2% higher than the value of U.S. produced shipments. If this import/export figure persisted into the future, the 1985 manufacturers value of total U.S. shipments (U.S. production and imports/exports) would be projected at approximately \$143 million.

4.2.4 Industry Structure

The industry is dominated by two types of major American and Japanese firms which manufacture television and video transmission and receiving equipment. One group of firms produces a complete product line of cameras, monitors, switching units and accessories. The other group concentrates on video recorders, motion detectors and other specialty items. Compatibility of components among manufacturers is largely accomplished by manufacturer adherence to Electrical Industry Association Standards. Major manufacturers can be conveniently grouped into American and Japanese firms:

American Firms

Ampex
GTE Sylvania
General Electric
RCA
Javelin Electronics
VTI
Pelco
GYR
Vicon

Japanese Firms

Panasonic
Hitachi
Sanyo
Sharp
Toshiba-Denko
Ikegami
Koyo
Toyomenka
Mitsubishi Electronic

Several technological developments have shaped market shares in the industry. Many of the innovations have been with cameras. Silicon-intensified cameras use ultra-low-light sources not visible to the human eye, thus reducing the need for security lighting in camera locations. General Electric, for example, introduced a patented device that compensates for small changes in light. In 1981, RCA paved the way for solid

state technology with the use of large-scale integrated circuitry in its cameras. Future developments will occur in switching and the use of microcomputers and microprocessors which will likely reduce the number of components in a CCTV system. Digital and microwave transmission systems will be increasingly used, where feasible, to replace more expensive cable.

CCTV systems in retail and industrial settings stalled as stand-alone systems or as part of integrated monitoring and detection systems. Many local firms design systems and install equipment of major manufacturers. Some of these firms position themselves as CCTV specialists while others provide other security control equipment. The use of motion detection and other sensors to activate cameras has drawn some burglar and fire alarm firms into the CCTV security market.

4.2.5 Key Markets and Demand Trends

The use of CCTV in industrial and commercial sectors is a good example of technological displacement of security personnel. A single security employee sitting at a monitoring console can alert and guide other security personnel and/or the police to unauthorized entry, theft, and security violations. Improved image resolution on monitors and time-lapse video recorders assist in identification of suspects. In the industrial setting, CCTV equipment is particularly effective in monitoring shipping and receiving operations and remote areas of the facility. Retail security operations have been

increasingly installing CCTV to serve as a visible deterrent and to aid in detecting employee theft and shoplifting.

The increased use of solid-state components will likely result in equipment which is more compact, more reliable, and less expensive to purchase and maintain. This will open up more markets for smaller businesses like small retailers and convenience stores. A large potential market looms in residential applications--both single family dwelling and apartments and condominiums. Reduced component size and affordability could allow property management firms and homeowners to control visitor access through inexpensive CCTV systems. Alarm companies will increasingly offer CCTV components to their customers. Compact portable units will be developed for use in surveillance of "problem areas" experiencing shortages and thefts; these units may also be used to expand the field surveillance capabilities of law enforcement agencies.

4.3 Electronic Article Surveillance (EAS)

4.3.1 Category Definition

Electronic article surveillance (EAS) systems are used primarily in retailing to detect shoplifting and also in institutions, libraries, and bookstores to prevent book pilferage. In the typical EAS system, electronic circuits on specially constructed tags or discs are generally attached to high-value or highly pilferable items such as high-fashion clothing apparel and rare and expensive books. The electronic circuits are activated and an alarm sounds when the item moves

through a detection area near an exit without the tag/disc removed by a salesperson or employee. At present, no distinct SIC code exists for EAS systems. Information concerning value of shipments is drawn from published data, annual reports, and market research reports.

4.3.2 Baseline Data and Forecast to 1985

Table C-36 shows the Business Opportunity Report estimates of past EAS value of shipments and projections to 1985.

TABLE C-36
BUSINESS OPPORTUNITY REPORT
EAS VALUE OF DOMESTIC AND EXPORT SHIPMENTS
Current & Projected (\$ millions)

Year	Value of Shipments	% Domestic	U.S. Sales	U.S. Annual Avg Compound Growth 1980-1985
1976	\$10.0	N/A	N/A	
1980	\$44.0 ¹	63.9%	\$31.3	25.5%
1985	\$152.0 ²	64.0%	\$97.3	

¹ Represent sales of equipment and tags, total revenue in 1980 was \$70 million (value of shipments plus leasing and overseas subsidiaries.)

² Assumes no change in domestic percent of sales in 1985

4.3.3 Industry Structures

EAS systems are a relatively new entry in the security augment field. Knogo Corporation introduced the first system in 1966. Sensormatic Electronics Corporation and Checkpoint Systems, Inc. followed with entries in 1968 and 1969, respectively. At present only a few firms compete in U.S. or European markets, with Sensormatics and Knogo the dominant competitors in both areas.

The Business Opportunity Report provides sales and share of market data. In terms of total value of shipments, Sensormatic controls nearly 52% of the current total market; Knogo about 24%, and the three remaining firms approximately 24%. Sensormatic is the U.S. sales leader while Knogo leads the field in export competition. The end-use markets also vary among the major companies. Sensormatic and Checkmate concentrate on retail stores and general merchandise department stores. Checkpoint focuses on libraries, book stores, and other retailers. 3M is primarily involved with libraries and book stores. Knogo competes in all of these segments, and, in addition, is the sole specialist in monitoring patient access with EAS systems.

4.3.4 Key End-User Markets and Demand Trends

Sales have remained strong during dips in the business cycle. High levels of shoplifting incidence have created a demand for EAS systems, especially in areas where high unemployment has aggravated the shoplifting problem. The 1980

value of domestic and export shipments figure of \$49 million is estimated to represent only three percent of the potential market. The Business Opportunity Report presents Sensor-matic's estimates of opportunities for 237,000 systems in the U.S. plus over 340,000 more in European markets, and Knogo's estimates of U.S. potential alone of at least 600,000 systems. The Knogo estimate includes supermarkets, bookstores, libraries, and other retailers in the prospective market.

At present, the key end-use markets are bookstores, libraries, department and general merchandise stores, specialty shops, and discount and variety stores. Most retail applications have been for apparel and soft goods that can be tagged. New product introductions will broaden the market further to include hard goods applications in drug stores, supermarkets and other merchandise categories and retail stores where shoplifting is a major problem.

No firm has a dominant position from the position of the technology employed. Microwave, electromagnetic, and radio frequency systems are used by different firms with no great documentable difference in system effectiveness. One firm claims that its microwave systems enable greater distances between scanning units, thus providing an advantage in shopping malls and other locations where exits are wide and uncluttered. Microwave, however, is less effective where shoppers exit through narrow areas. A major limitation of activated EAS systems has been customer acceptance, especially since many activated alarms are caused by employees who forget

to remove the tag or disc from a legitimately purchased item. Continued rapid growth of EAS systems will largely be dependent on customer acceptance and demonstrated system deterrent value in general merchandise, specialty and mass retailing uses.

5.0 DETERRENT EQUIPMENT

5.1 Fixed Security Equipment

5.1.1 Category Definition

This category includes various types of equipment used to store valuables for protection against theft or fire damage. This equipment, is designed for bank offices and their branches, includes safes, vaults, chests (fire and burglary-resistant), safe deposit boxes, bank security lockers, night depositories, security equipment for drive-in windows, and signaling and alarm equipment (when sold together with bank equipment). The relevant SIC codes for this category are in the 34991 grouping encompassing safes and vaults. Also included in this category are insulated filing, film and tape cabinets and security files (excluding retail stores) in SIC Code 2522323. Seven digit SIC codes for this category are shown in Table C-37.

5.1.2 Baseline Data

U.S. Census of Manufacturers data are available for each of the seven digit classifications in 1972 and 1977. Annual

TABLE C-37
 BASELINE DATA--FIXED SECURITY EQUIPMENT
 (\$millions)

Fixed Security Equipment	1972 ^a #Co [±] Value(mil\$)	1973 ^b	1974 ^b	1975 ^b	1976 ^b	1977 ^a #Co [±] Value(mil\$)	1978 ^c	1979 ^c	1980 ^c
SIC 34991									
Safes and Chests									
3499115 Fire-resistive	13 14.8	x	x	x	x	13 37.9	x	40.7	54.7
3499121 Burglary-resistive	15 13.4	x	x	x	x	15 26.4	x	23.3	32.7
3499141 Safe Deposit Boxes	8 31.2	x	x	x	x	8 38.6	x	x	x
3499198 All Other	11 85.8	x	x	x	x	11 90.3	x	x	x
3499100 Safes & Vaults N.S.K.	NA 1.0	x	x	x	x	NA 1.1	x	x	x
TOTAL Safes & Vaults	146.2	188.4	199.5	214.6	187.5	NA 194.3	214.0	236.2	
2522323 Insulated Filing Cabinets	15.5	x	x	x	x	NA 23.8	x	34.3	40.5
TOTAL Fixed Security	161.7					218.1			

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1 All other bank and security vaults and equipment, including bank security lockers, night depositories, security equipment for drive-in windows and similar equipmnt, and signaling and alarm equipment when sold together with bank equipment, and other interior equipment for safes and chests.

2 Includes insulated filing, film and tape cabinets and security files, excluding stores

a Census of Manufacturers, 1977

b Annual Survey of Manufacturers, 1975-76

c Current Industrial Reports, 1980 (MA-25H), Sept 1981

NA = Not available

x = Data not collected

+ = Companies with shipments of \$100,000 or more

Survey of Manufacturers estimates for the entire 34991 grouping exist only for 1973 to 1976 and 1978. The most recent issue (1980) of the current Industrial Reports series on Office Furniture, MA-25H, is also available for seven-digit data for insulated filing cabinets, fire and burglary-resistant safes, and chests for 1979 and 1980. The measures of economic activity used for this industry are number of firms and value of shipments. Baseline information is shown in Table C-37.

5.1.3 Forecast to 1985

The Business Opportunity Report provides estimates of fixed security equipment but their operational definition of this category includes "vaults, fences, gates, walls and other structures and equipment for the deterrence of intruders." No data sources or SIC codes are indicated; Table C-38 displays the historical and forecasted sales figures not value of shipments.

TABLE C-38
BUSINESS OPPORTUNITY REPORT
FIXED SECURITY EQUIPMENT SALES PROJECTIONS

	1975	1976	1977	1978	1979	1980	1985	1986	Average Annual Growth 76-85
Fixed Security Equipment (\$ millions)	290.0	319.0	350.9	386.0	424.6	467.1	752.3	827.5	10.0%

Predicasts (E55) growth projections for fixed security equipment to 1985 are shown in Table C-39. It should be noted that the Predicasts historical figures do not correspond with the Census definitions. Additionally, the Predicasts fixed security definition is inclusive of insulated filing cabinets and banking equipment to include such devices as automatic teller machines and cash dispensers as well as a variety of other retail banking equipment offered for customer convenience. Predicasts reasons that these systems, although designed to aid convenient retail banking, also secure cash and documents from theft and burglary. To be consistent with our methodology, however, we will focus only on those aspects of banking equipment which clearly perform the primary function of providing physical security and which carry clear-cut SIC codes. Fencing has been treated as a separate category of deterrent equipment.

Based on the Census value of shipments data for SIC 34991 and SIC 2522323 given in Table C-37, Table C-40 lists compounded average annual growth rates. Table C-41 provides Hallcrest's forecasts of Fixed Security Equipment value of shipments to 1985. Careful comparison indicates that Predicasts historical figures are at odds with 1972 Census of Manufacturers data and data estimated by the 1978 Annual Survey of Manufacturers for SIC 34991. Each of the entries in Table C-39 varies with Table C-37 Baseline Data for 1972 actual value of shipments. An even greater distortion is shown in Predicasts estimates of 1978 estimates for safe deposit boxes and

TABLE C-39

PREDICASTS PROJECTION OF FIXED SECURITY EQUIPMENT SALES

(\$ millions of dollars)

	<u>1963</u>	<u>1967</u>	<u>1972</u>	<u>1978</u>	<u>Proj 1985</u>
Safes & Chests					
Fire-Resistive	8	13	14	18	33
Burglary-Resistive	6	7	13	16	32
	—	—	—	—	—
	14	20	27	34	65
Safe Deposit Boxes	13	14	30	48	100
Other Fixed Equipment	20	37	75	137	365
SUBTOTAL	47	71	132	219	530
Bank Vault & Depository Equipment	34	45	83	184	515
Insulated Filing Cabinets	12	13	17	22	45
TOTAL Fixed Equipment	<u>93</u>	<u>129</u>	<u>232</u>	<u>425</u>	<u>1090</u>

TABLE C-40
 HISTORICAL GROWTH RATES
 FIXED SECURITY EQUIPMENT

SIC		Annual Average Growth Rates Value of Shipments (Compounded)			Annual Average Growth Rates Quantity of Shipments (Compounded)	
		1972-1977	1972-1978	1972-1980	1972-1977	1972-1980
3499115	Safes & Chests: Fire-resistive	20.7%		17.8%	25.7%	20.9%
3499121	Safes & Chests: Burglary-resistive	14.5%		11.8%	-10.0%	3.9%
3499141	Safe Deposit Boxes	4.2%			4.7%	
3499198	All Other Bank & Security Vaults and Equipment	1.0%				
3400100	Safes & Vaults, N.S.K.	1.6%				
	TOTAL Safes and Vaults	5.7%	6.5%			
2522323	Insulated Filing Cabinets	9.0%		12.8%	14.8%	10.9%
	TOTAL FIXED SECURITY	6.2%				

SOURCE: Census of Manufacturers, 1972 and 1977; Annual Survey of Manufacturers, 1975-1980

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TABLE C-41
HALLCREST LINEAR TREND PROJECTION OF FIXED SECURITY EQUIPMENT
OEM VALUE OF SHIPMENTS TO 1985
(\$ millions)

	1985	1972-1985 Average Annual Growth Rate (compounded)
SIC 34991 Safe & Vaults	264.6 ¹	4.7%
SIC 2522323 Insulated Filing Cabinets	51.5 ²	9.7%
TOTAL Fixed Security	<u>316.1</u>	<u>5.7%</u>

1 Historical data used in performing least squares trend extension, 1972-1978

2 Historical data used in performing least squares trend extension, 1972-1980

all other categories compared to 1977 actual shipment figures. Indeed, the real growth performers in terms of value in the safes and vaults sector have been both fire and burglary-resistant safes and chests. Thus, a considerable downscaling of Predicasts forecast for SIC 34991 is warranted.

Table C-41 suggests that the safes and vaults component of fixed security equipment will reach a level of \$265 million in manufacturers value of shipments by 1985. Based on least squares trend extension of 1972-1980 historical data, the insulated filing case and cabinets sector should reach a level of \$51.1 million by 1985 with an average annual growth rate of nearly ten percent per year. Combined, the two fixed security areas should yield a value of shipments total of \$316 million by 1985.

The Predicasts figure for the bank vault and depository equipment category in Table C-39 interestingly accounts for nearly one-half of their historical or projected figures for Total Fixed Security Equipment.

SIC Code 3499198 covers all other bank security vaults and equipment plus night depositories, security equipment for drive-in windows, signaling and alarm equipment when sold together with bank equipment, and other interior equipment for safes and chests. As such, there appears to be double-counting between Predicasts "other fixed equipment" and "Bank Vault & Depository Equipment" categories. Growth in fixed equipment related to convenience retail banking--both bank-installed and free-standing ATM's--is apparently covered in SIC

3499198. The only clarifications Predicasts provides are the statements "other fixed security equipment utilized in retail and commercial businesses will increase by 1990 as small firms require on-site protection of valuables. This includes electronic devices when sold in conjunction with precious jewelry and coin display cases and other protective containers."¹⁸ Excluding all the categories of fixed security discussed with clear-cut SIC codes, one doubts that these "other" devices could account for one-half of all fixed security shipments.

Within the categories of fixed security equipment, fire-resistive safes and chests, burglary-resistive safes and chests, and insulated filing cabinets will enjoy the best growth rates measured on a value of shipment basis. Share of total fixed security equipment sales has also increased. Safe deposit boxes and all other bank security vaults and equipment have experienced far lower rates of growth and declines in share of market.

5.1.4 Industry Structure

The structure of the industry is such that three companies dominate the market: Diebold, the DeFebure Division of Walter Kidde, and the Mosler Safe Division of American Standard. Other companies are American District Telegraph, Chubb Security Safe, Holmes Protection, Meilink Bank Equipment, Remington Rand, Security Corporation, and Shaw-Walker. Major suppliers of automated teller systems are Docutel, IBM, NCR,

Burroughs and the three dominant companies--Diebold, Kidde, and Mosler.

For higher-priced fixed security equipment, company sales representatives often will design a system that meets customer requirements. Smaller items are sold by sales representatives through distributors or specialized retail outlets. Locksmith retail sales provide a large market for these items--many locksmiths position themselves as "lock and safe" firms.

5.1.5 Key End Use Markets and Demand Trends

Fixed security equipment consists of those items intended to protect property from theft or fire or both. Most of this equipment is intended for bank use, and includes safes and cabinets, safety deposit boxes, bank vaults, time locks, fire doors, and other related items. In addition, automatic banking terminals with cash dispensers and after-hour depositories must incorporate anti-burglary features, and therefore peripherally fall into this category. Fixed security equipment employed by commercial and retail firms (particularly in the small business sector) will increase to 1985. Many small firms require on-site protection of valuables.

The commercial bank market will be moderately strong. Two factors which limit rapid growth are: 1) the Federal Deposit Insurance Corporation (FDIC) and the Bank Protection Act of 1974 require minimum standards for all banking offices. Most banks far exceed minimum standards, and therefore upgrading in equipment should not be substantial; and 2) the branch banking

boom is slowing, due to stabilizing population distributions and cost efficiency programs by banks.

A safe is usually fire and burglary-resistive and meant for nonbank use. A wide range of security features is provided, and they vary in door thickness, body thickness, and complexity of the locking device. Nonbank safes can be installed in walls, floors, ceilings, or can be freestanding. Insulated filing cabinets are a closely-related category. The chief competition for privately-owned safes is the low cost bank safety deposit box, although some people opt for the convenience and ready access provided by the on-the-premises safe. Overall, safe deposit boxes, safes, chests, and security-type filing cabinets are characterized by relatively high market saturation in residential and industrial sectors. Additional forces which moderate demand are: increasing knowledge of the time value of money, increasing insurance rates for on-site storage of valuables, and more sophisticated criminals.

The recent advent of private safe deposit outlets has demonstrated a new demand for this equipment and the convenience of readily-accessible storage. Client confidentiality, extended-hour (16 to 24) access and extensive guard and electronic security are key selling points. Primary users include investors and homeowners desiring accessible storage for art, antiques, coins, jewels, silverware and other invaluable items. Given present trends, Hallcrest expects private safe deposit outlets to have a strong demand in the top 100 SMSA's

with larger cities able to support several businesses. In the Washington, D.C. area, for example, the third private vault company within one year was opened in early 1983. This business concept is so recent, that no historical data exist. Thus, no economic forecasts have been made. The success of these ventures, however, could stimulate otherwise flat rates of growth and saturated markets for safe deposit boxes.

5.2 Locking Devices

5.2.1 Category Definition

This category includes all exterior and interior locks such as padlocks, door locks, lock trim and other related hardware; miscellaneous locking devices include window latches, cable locks, security fasteners, and rim locks for windows and sliding doors; and hardware for installation. Locks used in safes, money chests, and bank vaults are not included. The relevant SIC codes are seven-digit classes of the Builder's Hardware grouping (34294).

5.2.2 Baseline Data

U.S. Census of Manufacturers data are only available for the seven digit classifications for 1972 and 1977. Annual Survey of Manufacturers data is available only for the entire SIC 34294 Builder's Hardware category. The measures of economic activity used for the locking devices industry are number of firms and value of shipments. Baseline information is shown in Table C-42.

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TABLE C-42
 BASELINE DATA--SECURITY LOCKING DEVICES
 VALUE OF SHIPMENTS (\$000) AND NUMBER OF FIRMS

GROUP	SIC	1963 ²	1967 ²	1972 ¹	1973 ²	1974 ²	1975 ²	1976 ²	1977 ¹		1978 ²	1979 ²
									#Firms	Value		
Builder's Hardware	34294			934.0	962.4	1,081.8	1,086.0	1,299.7	NA	1,385.8	1,682.4	1,806.4
Padlocks												
Pin tumber	3429412	{	{	{					14	52.4		
Non pin tumber	3429413	{23.0	{40.0	{59.6					7	24.3		
Combination Door Locks, locksets, & lock trim	3429414	{	{	{					7	22.7		
Cylindrical & tubular	3429416	{	{	{					19	269.1		
Mortise	3429417	{99.0	{121.0	{					11	37.1		
Deadlocks & latches	3429418	9.0	8.0	264.2					15	42.8		
Electronically & Elec- trically operated locks	3429419	-	-						5	5.2		
All Other	3429422	8.0	9.0						19	32.0		
Architectural Trim	3429423	{	{	{					16	31.3		
Key Blanks	3429424	{ 6.0	{11.0	{19.1 ³					13	21.0		
Cabinet Locks	3429464	{	{	{					8	19.9		
Rim Locks & Other Lock Devices	3429491	{	{	{29.3 ⁴					8	16.7		
TOTAL Locking Devices		145.0	190.0	372.5						574.5		

1 U.S. Census of Manufacturers, 1977

2 Predicasts Report E55

3 For 1972, data for product codes 3429423 and 3429424 were included with product code 3429498

4 For 1972, data for product code 3429462 were included with product code 3429491

5.2.3 Forecast to 1985

Predicasts provides a 1985 value of shipments projection based on an extrapolation of historical census data, locking device expenditures as a percent of new construction expenditures, and an inflation index. Predicasts forecasts for 1978 and 1985 are shown in Table C-43.

TABLE C-43
PREDICASTS PROJECTION OF LOCKING DEVICE VALUE OF SHIPMENTS
(\$ millions)

	1972	1978	1985
New Construct. Expend. (bil 72\$)	123.9	114.9	131.8
% Locking Devices	.28	.35	.35
Locking Devices (mil 72\$)	353	630	1050
Price Index (1972=1.0)	1.00	1.57	2.28
Door locks & Lock sets	246	395	630
Cylindrical, tubular & mortise	226	355	565
Electrical & Electronic	2	7	12
Other	18	33	53
Padlocks	60	110	200
Night Latches & Deadlocks	18	52	85
Misc. Devices	29	73	135
trim, key blanks, rim locks & other locks			

According to the Predicasts projections, real growth to 1985 will be very modest--averaging only approximately a two percent increase to 1985 for locking device shipments. Measured in terms of current dollars, shipments are expected to

reach a level of \$1,050 million by 1985. Slower growth is forecast for padlocks (+6.4%) versus door locks and lock sets (+8.5%) and night latches and deadlocks (9.1%). Electrical locking devices show the fastest growth of all seven-digit categories (+10.2), excluding miscellaneous devices. Although the Predicasts value of shipments projections appear to be reasonably conservative, they are not closely tied to historical Census of Manufacturers data--in several instances value of shipments data are miscategorized. Also, as noted under the intrusion alarms discussion, these figures are based on the tenuous assumption of new construction expenditures (excluding residential) as their key leading indicator of growth. The sources for the construction and deflator indices are also not indicated.

Given the above limitations, yet recognizing that the leading indicator approach has some merit, the Predicasts projections have been reformulated with appropriate corrections in historical data. A 1985 projection derived with inputs from a recognized long-range forecast of the U.S. economy is shown in Table C-44. It should be noted that the revised Predicasts projection calls for lower real growth for locking devices and higher growth in current dollar terms.

The Business Opportunity Report also provides projections of locking devices. Their projections, however, relate to retail sales, not value of manufacturers' shipments. Their historical and forecast sales figures are shown in Table C-45.

TABLE C-44
REVISED PREDICASTS PROJECTION
OF LOCKING DEVICE SHIPMENTS

New Construction Expenditures (bil 72\$) ¹	148.7
% Locking Devices ² (1.0=1%)	.30
Locking Devices (mil 72\$)	446.1
Price Deflator (1972=1.0) ³	2.537
Locking Devices (mil \$)	1131.8
Annual Average Growth (compounded) 1972-1977	9.1%
Annual Average Growth (compounded) 1977-1985	8.8%

1 The UCLA National Business Forecast (1981-1991), Nov. 1981, p.20 (includes residential, business, and Federal, State, and local structures)

2 Revised actual 1972 new construction expenditures were 124.5 billion and locking devices were 372.2 million yielding a ratio of .299

3 UCLA op cit, p. 16 (GNP Price Deflator)

TABLE C-45
BUSINESS OPPORTUNITY REPORT
OF LOCKING DEVICES RETAIL SALES TO 1986
(\$ million)

	1972	1975	1976	1980	1986	Average Annual Growth Compounded	
						1972-86	1976-86
Padlocks	120	155	164	209	296	6.7%	6.1%
Cylinder Locks	300	402	430	564	846	7.7%	7.0%
Bored Types	40	188	200	263	394	7.7%	7.0%
All Other Types	40	51	54	68	96	6.5%	5.9%
Night Latches, Door Locks	32	47	51	69	109	9.2%	7.9%
TOTAL	632	843	899	1173	1741	7.5%	6.8%

Comparison of the above retail sales figures to the value of shipments figures indicates that roughly a 70 percent markup has been used in the Business Opportunity Report's extrapolation of Census data. The 1976-1986 average annual growth rate projection is approximately 7%. Translated to value of shipments terms, the indication is that the 1986 level will be \$1,024 billion.

An alternative forecast can be formulated by applying the compound 1972-1977 growth rate which has existed for each of the major components of the locking devices industry. It is recognized that this projection involves the danger of fitting a trend which occurred during a growth construction period to

1985 and particularly prior years when construction activity was at very low levels. The alternate forecast is shown in Table C-46.

TABLE C-46
HALLCREST PROJECTION TO 1985
OEM VALUE OF SHIPMENTS FOR LOCKING DEVICES

Locking Device Product Category	Value of Shipments (000)		1972-77 Compound Annual Avg Projected Growth	1985
	1972	1977		
Padlocks	59.6	99.4	10.7%	225.0
Door Locks, Lock Sets, and Lock Trim	283.3	438.5	9.1%	883.4
Miscellaneous ¹	29.3	36.6	4.5%	52.3
TOTAL	372.2	574.5	9.1%	1,160.7

¹ Includes cabinet locks, rim locks and other locking devices

Interestingly, this method yields a forecast estimate only slightly higher (+2.5%) than the previous method. The method presented here suggests that a 9.2% compound annual average growth rate will be experienced in the locking devices sector. The forecast assumes that upgrading will grow in excess of new construction, and that door locks as a percentage of total lock sales will decline as sophisticated locking systems experience more rapid growth. It is also interesting to note

that locking devices and security fencing, long the vanguard of security devices, comprise the largest security products categories.

5.2.4 Key Markets and Industry Structure

The market for locking devices is conveniently divided between new construction hardware and the upgrading of structures. Upgrading older equipment and/or additions to existing locks will continue to provide the largest growth. Upgrading is most frequently undertaken in response to successful compromise of existing lock systems, a crime incident, fear of crime on the premises or mandated levels (insurance or government) of security. FBI crime statistics have consistently shown that most entries in residential burglaries are gained through forcing inadequate front or rear door locks. Lodging establishments, institutions and large commercial complexes are constantly looking for ways to improve tenant security when there are frequent changes in occupancy; e.g., in hotels and dormitories. Keyless locks (coded, push-button, electronic) are more frequently being used in these areas and often are standard components for any access control system.

The structure of the locking device industry includes several hundred manufacturers, but the top four companies (Emhart, Keystone Consolidated, Schlage Lock, and Norris Industries) have over 50 percent of the market. Other major manufacturers of various types of locks are Scovill Manufacturing (Yale), American Lock, Master Lock, Slaymaker, Best, and

Medeco in key-operated locks; and Corkey, Continental Instruments, Security Door Controls, Unikey, Simplex Security, Securitron Magnalock, Silent Watchman, Detex, Essex Transducers (United Technologies), Sargent and Greenleaf, and Preso-Matic in keyless mechanical and electronic locking devices. There is some overlap of electronic lock producing firms into the access control system category.

5.3 Electronic Access Control Systems

5.3.1 Category Definition

Electronic access control systems incorporate electronic locks with microprocessor units to control access in specific areas. Activating devices such as special keys and credit card size materials such as mylar or polyester are encoded with specific data that identify the user. A card reader decodes the information and transmits it to a microcomputer or macrocomputer which decides if the card holder should be admitted. Larger systems usually can monitor 20 or more control points and often are integrated with other security, fire and energy management functions. No separate SIC code currently exists within Census of Manufacturers data covering electronic or card access control systems. Three major market research reports exist, however, which devote substantial attention to the future market for these systems.

5.3.2 Baseline Data and Forecast to 1985

Since no reliable historical set of Census Bureau value of shipment figures exist for this category, a composite of historical and "base year" figures reported by the three market research reports will be employed. The individual and composite baseline manufacturers sales totals (not value shipments) are shown in Table C-47. As indicated, the Frost and Sullivan and Business Opportunity Report 1980 figures are reasonably consistent (\$70 vs. \$75 million).

TABLE C-47
ESTIMATES OF HISTORICAL DEMAND FOR
ELECTRONIC ACCESS CONTROL SYSTEMS
(\$ millions)

REPORT	1975	1978	1979	1980	Compound Annual Avg Growth Rates	
Predicasts	N/A	90.0	N/A	N/A		
Frost & Sullivan	N/A	N/A	64.1	70.0	1979-1980	9.204%
Business Opportunity Report	62.0	85.0	94.4	104.7	1975-1980	11.1%
Composite (Frost & & Sullivan/Business Opportunity Report	42.0		64.1	72.5	1975-1980	11.54%

Using the midpoint of the comparable Frost and Sullivan (9.2%) and Business Opportunity (11.1%) growth rates results in a consensus figure of 10.2%. The forecast for 1985 value of shipments is shown in Table C-48.

TABLE C-48

HALLCREST PROJECTION OF OEM VALUE OF DOMESTIC SHIPMENTS
OF ELECTRONIC ACCESS CONTROL SYSTEMS TO 1985
(\$ millions)

Year	Estimated Value of Shipments	Compound Annual Average Growth Rate 1980-1985
1980	19.3	10.2%
1985	31.4	

1 No Census production figures are available for access control systems. The 1980 value of shipments for the U.S. market are estimated by Frost and Sullivan at production (\$26.7 million) plus imports (\$3.5 million) less exports (\$10.9 million).

A combination of inflation and system upgrading through the use of microprocessors and computerized central control systems performing multiple checks against computer memory are responsible for the substantially higher projections of market value and growth. Another factor aiding growth is the growing sophistication of end users to adopt technological security measures to cut down the substantial costs of business theft.

5.3.3 Industry Structure

The attractive growth rates cited in the previous section have resulted in additional firms entering the access control systems market. While Predicasts and the Business Opportunity Report agree that Rusco Electronics, Card Key Systems and

Schlage Electronics are the "big three" of the industry, the reports vary widely as to share of market controlled by these companies. Predicasts reports 10 percent while Business Opportunity Report lists a 55 percent market share for these firms.

Some consensus exists as to the other major domestic suppliers of access control systems. The key firms in this very competitive field are listed below. There is also some overlap into this category of firms which manufacture electronic locks.

SELECTED FIRMS--ACCESS CONTROL SYSTEMS

Rusco Electronic Systems	Sendec
Card Key Systems	Sensor Engineering
Schlage Electronics	Sentracon Systems
APD Security Systems	Simplex Time Recorder
Del Norte Technology	Stellar Systems (Wackenhut)
Dextex	Synergistics
Falcon United Industries	Systematics
Harco Industries	TEC
Honeywell	United Security Products
Laminex	

The Business Opportunity Report indicates that there are currently at least 30 U.S. firms involved in this market and Security World lists nearly 100 firms. Competition appears to be stiff, with new product introductions and changes in product lines occurring regularly. Many of these firms are smaller regional operations competing only in restricted geographic markets or with stand-alone systems. The trend is

markedly toward larger firms offering microprocessor or computer systems capability to handle a variety of functions, such as time and attendance, personnel inventory, job costing, surveillance of facilities, and equipment control (e.g., elevators, gas pumps, copying and word processing equipment). In addition, access control is increasingly being incorporated into large-scale integrated systems which monitor security alarms and energy management. Small access control firms cannot effectively compete in facilities management systems.

Electronic access control systems are an excellent example of a high-growth area of private security which represents a potential substitution of technology for human resources. Access control systems can replace or reduce the number of guards used to perform security functions. Yet, the same systems clearly can increase the effectiveness of a guard force; a guard at a central control point can monitor the movement of many personnel, visitors, and vehicles.

5.3.4 Key End Use Markets and Demand Trends

Protection of sensitive information areas and high security facilities have been the two principal applications for access control equipment and systems. The protection of sensitive or confidential information includes classified documents, industrial or trade "secrets," confidential credit and personnel information. The large dollar markets have been in

high security military, government and defense industry installations; computer sites; corporate headquarters; and research facilities. The protection of high-value or high risk-facilities including nuclear power plants, oil refineries, oil drilling platforms and chemical processing plants is another major application. Access control systems are also becoming increasingly cost competitive with electronic and mechanical locks that permit frequent changing of combinations or keys for existing locks. The ability to alter Lock configurations is especially critical in high-turnover establishments like apartments, hotels, motels, and in retail and commercial complexes.

5.4 Security Lighting

5.4.1 Category Definition and Major Markets

Lighting has long been used as a deterrent to crime. Research has shown lighting to be a major factor in deterring criminal intentions and increasing sense of safety for both patrons and employees. This technique has been successfully applied in such settings as garages and parking lots of entertainment establishments and institutions, and in commercial, industrial and warehouse settings. Due to both efficiency and quality of illumination, there is a trend toward high intensity systems which use metal halide, mercury vapor, or sodium vapor as the active agents. No distinct SIC code exists for security lighting. This section will rely upon Predicasts development of historical and projected demand trends.

5.4.2 Historical and Projected Value of Shipments

Predicasts noted security lighting sales increasing from \$40 million in 1963 to \$285 million in 1978. Predicasts projections to 1985 in Table C-49 show strong growth for high intensity lighting, especially for special purpose security lighting.

TABLE C-49
PREDICASTS 1985 PROJECTIONS
SECURITY LIGHTING EQUIPMENT
(\$ millions)

<u>Equipment</u>	<u>1980</u>	<u>1985</u>
High-Intensity Lamps	\$ 137	\$ 205
Area Flood Lights	138	200
Poles and Accessories	83	125
TOTAL	\$ 358	\$ 530

5.4.3 Industry Structure

The industry structure is divided into several segments: installations, fixture manufacture, and lamp manufacture. Installation is generally done by electrical contractors, using specifications provided by consulting engineers. In some cases the engineering help is given by the lamp manufacturers. Security lighting and fixtures are manufactured by specialized manufacturers like Guardco, Walter Kidde, Sterner, and Quality Lighting. The lamps are primarily supplied by General Electric, North American Phillips, Sylvania, and Westinghouse.

5.4.4. Key Demand Forces

Two major types of security lighting lamps are available: high-intensity discharge lamps and high-and low-pressure sodium lamps. High-intensity discharge lamps of halide and mercury vapor are the most commonly used and overall cost efficient light sources. Original installation costs are high, and color renditions are relatively poor. High-and low-pressure sodium lamps are less expensive, both in original cost and energy costs. These lamps emit an unflattering yellowish light, but provide an excellent lighting source for CCTV cameras.

Two major factors affect the sales and distribution of security lighting product alternatives: 1) new construction, and 2) replacement of less energy-efficient systems. Increased construction costs, high interest rates, and an uncertain economic future dampen the outlook for the former; high and rising energy costs make the latter a growth situation. High-intensity lighting will not necessarily have a larger percentage of the total lighting market. Area flood-light systems will continue to have applications in situations where the colored illumination of sodium lamps are inappropriate.

5.5 Computer Security

5.5.1 Category Definition

Security measures for computers can be grouped into two categories: physical security and data security. Physical

security is concerned with protecting the overall site where data processing operations are located and restricting access to various locations within a facility where computer operations and staff are located. Physical security often utilizes guard services, access control, monitoring and alarms described in other sections of this appendix. Data security includes both software and data encryption devices installed at either data input or output stages. Computer software for security purposes limits user ability to access computer systems, data files, and programs. In this security equipment category, we are concerned primarily with data encryption devices. Data encryption devices use the National Bureau of Standards Data Encryption Standard (DES) to unintelligibly scramble (encrypt) the transmission of data using a mathematical formula. Data is then uncoded (decrypted) at the receiving end. No distinct SIC code exists for data encryption devices for computer security.

5.5.2 Historical and Projected Value of Shipments

The market for data encryption units has been estimated at \$10 million for 1980.¹⁹ A major factor affecting the growth of data encryption units is the large average dollar loss where the computer has been used for illicit activity--estimated by the FBI at about half a million dollars. Large-scale embezzlements and fraud usually involve access to restricted data files. A computer used by an individual who knows the organization's system and access codes/passwords,

can be the primary instrument for removing large sums of funds, negotiable documents, proprietary information, and restricted trade secrets (key manufacturing and engineering processes). The data processing function in organizations has moved increasingly to distributed data processing (DDP) in which on-line access to mainframe computers is provided through a network of terminals at remote site locations. It is not unusual for large corporations to have key offices and facilities around the country interacting with a common data base. Some companies now allow key executives or staff to access corporate computer systems through a modem hook up to their personal or company-provided home computer. The next few years will see an explosion in the use of home computers and their interface with the traditional corporate work environment. The growth rate for encryption devices should at least approximate the conservative estimates forecast for the growth of nonhome computers. On this basis, Table C-50 forecasts a conservative 15 percent compound rate of growth to 1985.

TABLE C-50
DATA ENCRYPTION DEVICES
PROJECTED SALES TO 1985

<u>Year</u>	<u>Estimated Value of Shipments (millions \$)</u>
1980	\$10.0
1985	\$20.1

5.5.3 Industry Structure

Unlike other fixed security equipment categories, there are no major manufacturers of data encryption devices. Some of the larger firms in data and voice communications and data processing supply data encryption devices as part of a total computer security program offered to customers. Most of the data encryption devices are manufactured by small specialty electronics firms and then sold to major computer firms under a variety of contractual arrangements. Many of these units are designed for specific applications (e.g., bank transfers, creditor accounts) and are then adapted to work with the existing hardware and programming systems of the customer.

5.6 Security Fencing

5.6.1 Category Definition

Fencing and other barriers have been one of man's earliest devices to protect himself from predators. Generically, security-related fencing is one of the most basic protective measures for both safety, assets protection and loss prevention. Fencing is usually the "first-line" of defense or protection in perimeter protection of a facility. The function of fencing is to 1) prevent unauthorized entry or intrusion and 2) delay penetration of a successful intrusion attempt so that it can be detected and responded to by security personnel or the police. In sensitive or critical facilities, especially nuclear and defense-related facilities, the fence is used in conjunction with CCTV, microwave fields, fence sensors

and other barriers as a series of protective measures the intruder must successfully circumvent or defeat in sequence to achieve access to protected areas. In the commercial and industrial environment chain-link fence fabric is most commonly used, and a minimum eight foot height is considered security-related by the fencing industry. Other forms of galvanized, aluminum, and vinyl-bonded fence fabric used in security applications include taut-wire, barbed-wire and razor-ribbon. No clear SIC codes exist for this category; posts, fence fabric, brackets, etc. and other component parts of fencing are found in other SIC codes.

5.6.2 Historical and Projected Value of Shipments

Fencing Industry magazine conducts bi-annual surveys of fencing manufacturers. Manufacturer estimated sales in 1980 were estimated at \$3.37 billion; residential sales are estimated as 60% of the total and industrial/commercial uses represent the other 40%. Security-related fencing sales are approximately 70% of all sales. The average annual growth rate for fencing was 9.6% between 1976 and 1982. Security fencing is an example of security expenditures that can be seldom identified in security budgets; more often it is found in capital expenditure budgets.

Applying a compound rate of growth (1976-1982) to the fence industry's 1980 baseline figure in Table C-51 results in estimated 1985 shipments of \$3.72 billion for security-related

fencing: \$2.24 billion residential and \$1.5 billion industrial/commercial.

TABLE C-51
SECURITY FENCING
HALLCREST PROJECTED SALES TO 1985
(\$ million)

	1976	Estimated ¹		Forecast		Annual Avg. % Change (1976-82)
		1978	1980	1982	1985	
TOTAL	2,290	2,810	3,370	3,610	5,327	+9.6%
<u>Security-Related</u>	1,610	1,967	2,359	2,527	3,729	
Residential	961	1,180	1,425	1,516	2,237	
Commercial	642	787	943	1,011	1,491	

1 Fencing, bi-annual industry surveys for selected years.

5.6.3 Industry Structure

In addition to the many wood products companies which manufacture wood fencing in varying heights, approximately 60 companies manufacture chain-link fence but there are only three major manufacturers of barbed and razor-ribbon type fencing. Heavy metal palings are used in high security applications; with only one U.S. manufacturer, most paling type fencing is imported. Presently, there are approximately 15 firms combining fencing fabric and alarm sensor devices; major

firms include the alarm industry firms of Litton, Linear, Stellar, and Racon. The major firms have recently increased advertising and market penetration, offering turn key implementation of perimeter access control systems which may include fencing, intrusion detection sensors, CCTV, card entry, and intercom systems.

Security-related fencing applications have received increasing attention by the fence industry and its industrial/commercial consumers. The International Fencing Show now sponsors a separate security fencing seminar, and the August 1983 issue of Fencing Industry contains a security fencing feature. Some major corporations have reportedly been quietly including additional fencing as a secondary barrier in counter terrorist programs for strategic corporate facilities.

6.0 FIRE DETECTION AND CONTROL EQUIPMENT

6.1 Smoke Detectors and Fire Detection Alarm Systems

6.1.1 Category Definition

Included in this category are electronic smoke and fire alarm systems and warning devices. The Census of Manufacturers broadly categorizes the devices/systems as smoke and heat detection alarms (ionization chamber type and other, including photoelectric cell), and the method of alarm signal transmission (central station, direct connect and local). The relevant SIC codes for this category are in the 36623 grouping encompassing both Fire Detection and Prevention Systems and

Intrusion Detection Alarm Systems. Seven-digit SIC's for the Fire Detection and Prevention alarm areas are shown in Table C-52.

6.1.2 Baseline Data

U.S. Census of Manufacturers data are available only for the Alarms Systems (SIC 36623) grouping in 1972 and prior census years. Annual data for the seven-digit classifications are available in the 1977 Census of Manufacturers and from 1973 to 1980 in either the Annual Survey of Manufacturers or the MA-36N Current Industrial Industrial Reports series on "Selected Electronic and Associated Products, Including Telephone and Telegraph Apparatus." The measures of economic activity used for this industry are number of firms and value of shipments. Baseline information is included in Table C-52.

6.1.3 Forecast to 1985

SMOKE DETECTORS--RESIDENTIAL MARKET

Census of Manufacturers data displayed in Table C-52 show that manufacturers sales of smoke detectors have been falling sharply since 1977. Data provided by the National Bureau of Standards for 1975 to 1980 and projections by the Business Opportunity Report are shown in Table C-53. Table C-53 illustrates very clearly the plight of the smoke detector market. Prior to General Electric's introduction of their ionization-type Home Sentry model in 1975, the existing number of units in residential market was small in size (estimated at only

TABLE C-52

BASELINE DATA ELECTRONIC FIRE DETECTION: ALARM SYSTEMS

NUMBER OF MANUFACTURERS AND VALUE OF SHIPMENTS

(thousands of dollars)

SIC 36623	1972 ¹		1973 ²		1974 ²		1975 ²		1976 ²		1977 ¹		1978 ^{2(r)}		1979 ²		1980 ²		
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	
<u>Fire Detection & Prevention</u>																			
Smoke/Heat Detection Alarms																			
3662353	Ionization Chamber	NA	NA	NA	NA	NA	NA	NA	NA	14	160,106	15	108,135	23	84,585	23	83,938		
3662354	Photocell/Other	NA	NA	NA	NA	NA	NA	NA	NA	15	71,487	20	76,616	30	70,501	30	81,224		
3662356	Central Station	NA	7,891	8	10,073	11,377	13	11,512	16	49,993	18	61,736	20	60,561	20	72,550			
3662357	Direct Connect	NA	17,078	4	14,400	5,703	5	4,942	6	5,346	7	8,696	11	19,884	11	21,898			
3662355	Local	NA	14,140	10	19,533	56,611	20	70,831											
	TOTAL	96.1	39,109		44,006	73,691		87,205		286,932		255,183		244,531		259,610			

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¹ Census of Manufacturers, 1972 and 1977; 1972 Summary data only for both fire and intrusion detection alarms.

² Current Industrial Reports: Selected Electronic and Associated Products, including Telephone and Telegaph Apparatus, Series MA-36N, 1973, 1974, 1975, 1976, 1978, 1979, 1980.

(r) = revised

TABLE C-53
 PAST SALES AND PROJECTED SALES OF
 SMOKE DETECTORS 1975 TO 1985

Year	(000) Units Sold	Estimated Wholesale Unit Value	Retail Sales (\$ million)
1975	2,000	\$35	256
1976	8,000	26	360
1977	12,000	20	400
1978	14,000	9	480
1979	8,000	7	500
1980(e)	6,000	5	520
1985(e)	5,000	5	700

e = estimated

SOURCE: National Bureau of Standards (selected years data) and Business Opportunity Report.

50,000 total units in 1972). Many competitors entered the field with heavy media advertising and stiff price competition. Both Census and Bureau of Standards data show the market peaking in 1977. A combination of market saturation, price reductions, and dwindling residential housing starts have shrunk the market substantially. Census data for 1980 show smoke detector value of shipments to be flat in current dollar growth. Real growth is nonexistent. Unless the housing market rebounds, the unit sales declines (15% - 16% percent per year) forecasted to 1985 by the Business Opportunity Report are realistic. A substantial portion of the current market is controlled by foreign imports.

Table C-54 is computed from the baseline Census data and provided examples of recent fire detection and prevention system share of market and growth rate figures. The key to forecasting smoke detector growth is unit sales. Since it appears that unit price reductions have nearly run their course and that the share of market of ionization versus photocell smoke detectors has stabilized. It also appears likely that housing starts are a key leading indicator of future unit sales, since market saturation levels may have been nearly reached within the existing housing units. The best estimate of 1985 value of shipments is that unit growth due to a recovery in residential housing starts will not return the industry to record 1977 levels. Consequently, the

TABLE C-54

VALUE OF SHIPMENTS

PERCENT SHARE OF MARKET BY TYPE OF FIRE ALARM SYSTEM

	1977	1978	% Change 1978/77	1979	% Change 1979/78	1980	% Change 1980/79
Alarms (Smoke Detectors)							
Ionization	55.8	42.4	-32.5	34.6	-21.8	32.3	-0.8
Other	24.9	30.0	7.2	32.5	3.8	31.3	2.2
TOTAL ALARMS	80.7	72.4		67.1		63.6	
Systems							
Central Station	17.4	24.2	23.4	24.8	-1.9	28.0	19.8
Direct Connect	1.9	3.4	62.7	8.1	128.6	8.4	10.1
Local	-	-	-	-	-	-	-
TOTAL SYSTEMS	19.3	27.6		32.9		36.4	
TOTALS	100.0	100.0		100.0		100.0	

SOURCE: Census of Manufacturers, U.S. Bureau of Census, 1977-1980

five percent compounded annual average gain is value of shipments projected for 1985 in Table C-55 will be entirely inflationary--unit shipments will be, at best, up by one percent.

TABLE C-55

HALLCREST VALUE OF SHIPMENTS FORECAST FOR THE
RESIDENTIAL SMOKE DETECTOR MARKET

	Actual 1979	Actual 1980	Forecast 1985	Percent Change 1980 - 1985
Total Value of Manufacturers Shipments (thousands of \$)	164,086	165,162	211,295	5.0%
% Ionization Type	51.5	50.9	50.0	
% Photo Cell	48.5	49.1	50.0	
Ionization Sales	84,585	83,938	105,647.5	
Photocell Sales	79,501	81,224	105,647.5	

FIRE DETECTION AND PREVENTION SYSTEMS

Predicasts' projections for this fire protection segment are shown in Table C-56. Both the Census data and Predicasts figures illustrate that fire protection systems have enjoyed healthy growth over the last decade. Projections for 1985 of both local and proprietary and central station systems are promising, but direct connect systems are expected to experience minimal growth.

TABLE C-56
 PREDICASTS' HISTORICAL AND PROJECTED
 SALES OF FIRE DETECTION AND PREVENTION SYSTEMS
 (millions \$)

	1963	1967	1972	1978	1985	Compounded Average Annual % Change 1978-1985
Central Station	2	4	7	40	155	21.4%
Direct Connect	10	14	16	5	7	4.9%
Local & Proprietary	5	8	13	65	193	16.8%
TOTAL	17	26	36	110	355	18.2%

Predicasts projections for the above fire systems are derived with the same method used to project intrusion alarms--utilizing the historical relationship between nonresidential construction expenditures and value of shipments for fire detection and prevention systems. The same assumptions underlying this methodology in the intrusion alarm sector are applicable here.

Table C-57 presents the original Predicasts' calculations and the authors' revisions based on updating and documentation of source data.

A sharply downscaled projection is made for fire detection and prevention systems (\$173.1 million versus \$355 million).

TABLE C-57
 PROJECTION OF FIRE ALARM SYSTEM SALES
 PREDICASTS' VERSUS REVISED ESTIMATES
 (millions \$)

Item	Predicasts					Revised		
	1963	1967	1972	1978	1985	1979	1980	1985
Bldg. Construc. Exp. (bil\$)	46.1	53.1	89.8	144	280	141.1 ¹	160.5 ¹	309.1 ¹
% Electric Alarms	.09	.11	.10	.18	.30	.263	.282	.35 ³
TOTAL Alarm Sales (Intrusion & Fire, mil \$)	42	57	87	260	830	371.2 ²	452.2 ²	1081.9 ²
% Intrusion	59.5	54.4	58.6	57.7	57.2	78.3	79.1	84.0
% Fire Detection & Prevention	40.5	45.6	41.4	42.3	42.8	21.7	20.9	16.0
Fire Alarm Sales (mil \$)	17	26	36	110	355	80.5	94.5	173.1

¹ 1979/1980 historical and 1985 estimated values of nonresidential construction in current \$ from UCLA National Business Forecast, March 1981, p. 21.

² Current Industrial Reports, U.S. Department of Commerce, Series Ma-36N, 1979, 1980 (excludes smoke detectors)

³ A highly conservative estimate of construction to alarms growth rate is employed--Predicasts' 1978 figure should actually be .216.

The revised estimate yields a 13.7% annual average growth rate for 1978-1985. An alternative forecast in Table C-58 utilizes least squares linear projections of central station and direct connect fire alarm systems.

TABLE C-58
 LINEAR TREND EXTENSION FORECAST
 FIRE ALARM SYSTEMS
 (\$ million)

Item	Actual		Actual		Forecast		Compounded Annual Average % Change 1980-1985
	1979	%	1980	%	1985	%	
Central Station Alarms,	60.6	86.0	72.6	76.8	105.54	69.6	7.8%
Direct Connect	19.9	14.0	21.9	23.2	46.11	30.4	16.1%
TOTAL	70.5	100.0	94.5	100.0	151.65	100.0	9.92%

The Hallcrest revision of Predicasts forecast in Table C-58 appears more consistent with past growth trends within the industry. Thus, Hallcrest estimates 1985 value of manufacturers shipments to reach a level of \$173.1 million. Seventy percent of this volume will be in central station systems (\$121.1 million) and 30 percent in direct connect alarms (\$51.9 million).

6.1.4 Key Markets and Demand Trends

Despite the declining demand trends noted in the previous sections, two factors could spark a resurgence in sales of smoke alarm units. First, a resurgence of the construction industry could offset low demand caused by the recent downturn in housing starts. Increased construction activity in single family dwellings and other forms of housing, e.g., townhouses, condominiums, apartments, however, awaits a decline in the prime interest rate or a realization that rates have stabilized for some time.

Second, new or changes in existing state and local building codes could spur demand. Presently, only five states plus the District of Columbia require the installation of smoke detectors in some existing residential structures as well as new units. Seventeen states require detectors in some new residential buildings. Additionally, New York and six other states require complementary local statutes. Codes requiring smoke detectors do not exist in 21 states.

Predicasts projects very strong growth for fire detection and prevention systems to 1985. Their optimistic forecast is based upon the following factors: legal requirements for better fire protection, reduced public protection spending, higher labor costs for guard services, and insurance company incentives.

Direct Connect systems utilizing leased telephone line transmission to a fire department are the slowest growth segment. The costs of monitoring direct equipment are increasing

and manpower shortages of trained firemen are being experienced due to budget problems. Local fire alarm systems will experience losses in share of market in industrial, commercial, and institutional segments to proprietary or central station systems. In the residential sector, however, strong potential exists for growth in single family dwellings. Automatic telephone dialers and better quality, lower cost systems for fire (and intrusion) are now available. The principal growth factors affecting proprietary systems are requirements for builders to incorporate improved fire detection and control systems, plus the growing trend towards linking fire and intrusion sensors with energy management into integrated systems.

Central Station systems are projected to record the greatest absolute gains in value of shipments in the 1980's. Equipment upgrading and growing sophistication of controls increases revenue per subscriber. Subscriber densities appear to be increasing, resulting in better economics of scale on high capital equipment costs. Control on total operating costs of these systems is afforded with fewer personnel needed to monitor automated systems.

6.2 Automatic Sprinkler Systems and Other Fire Control Equipment

6.2.1 Category Definition and Baseline Data

Chemical fire extinguishers utilize a variety of chemicals to deprive an existing fire of oxygen, such as halon, LDC foam, CO₂, or "dry" chemicals. These units are portable, and

range in size from an industrial extinguisher to a hand-held unit. Major markets are factories, institutions, hotels and motels, and apartment houses for portable industrial extinguishers and single family dwellings for smaller, hand-held units. The most elaborate and most expensive fire control device is the automatic sprinkler system. The system is activated by either smoke or heat or both, and reaction is immediate and effective in all but electrical fires. The systems are often used with fire detection alarm systems. Appropriate SIC categories are SIC 39991 covering chemical fire extinguishers and parts plus a series of seven-digit subclassifications. SIC 356991 covers automatic fire sprinkler equipment. Information on value of shipments plus, in some cases, quantity of shipments and number of firms, is available from the 1972 and 1977 Census of Manufacturers. 1973-1976 value of shipments data are taken from the Annual Survey of Manufacturers. Baseline information for Fire Control equipment is shown in Table C-59.

6.2.2 Forecast to 1985

Predicasts was the only market research report providing projections for the fire control equipment industry. Historical and projected sales figures provided by Predicasts are shown in Table C-60.

TABLE C-59
 FIRE CONTROL EQUIPMENT: FIRE EXTINGUISHERS AND
 AUTOMATIC FIRE SPRINKLER EQUIPMENT
 (value of shipments in millions \$)

SIC	1963	1967	1972 ¹ (\$mil)	1973 ²	1974 ²	1975 ²	1976 ²	1977 ¹ #Co (\$mil)	Quantity of Shipments (thousands)		
									1972	1977	
39991	Chemical Fire Exting. Equip. & Parts	52.0	88.0	125.7	135.4	157.9	154.6	147.3	207.3		
Hand Portable Exting.											
3999113	Carbon Dioxide		10.7								
3999117	Dry Chemical		58.3					7	14.0	384.6	545.3
3999118	Pressurized Water		10.0					9	105.3	5,175.7	5,317.3
3999131	Halogenated Agents							8	10.6	584.7	544.6
3999139	Other, including foam							4			
								2			
Other Chemical Fire Exting. Equip. & Parts											
3999151	Two-Wheeled Engines										
3999161	Fixed Systems, excluding Water Sprinkler		21.6					2	59.3		
3999171	Parts & Attachments for Chemical Fire Exting.		11.6					6	14.0		
3999180	Chemical Fire Exting.		2.0					NA	4.1		
3569961	Automatic Fire Sprinkler Equipment		53.3					13	48.5		

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¹ Census of Manufacturers--reporting of number of companies with shipments of \$100,000 or more, value reporting includes all companies.
² Annual Survey of Manufacturers, U.S. Department of Commerce

TABLE C-60

FIRE CONTROL EQUIPMENT

VALUE OF SHIPMENTS PROJECTIONS

(millions \$)

Item	1978	1985
Chemical Fire Extinguisher	200	400
Automatic Sprinkler & Other	450	1,000
TOTAL	650	1,400

SOURCE: Predicasts, Report E55

Fire extinguisher growth is estimated by Predicasts to average 13 percent per year, pushing sales to \$290 million by 1982 and \$400 million by 1985. Sales growth should reach \$725 million by 1981 for automatic sprinkler and other equipment and \$1 billion by 1985. "Other" fire control equipment includes devices and equipment such as industrial fire extinguishing carts, hatchets, foam equipment, pumps, nozzles, and fittings.

FOOTNOTES

APPENDIX C

1. Predicasts, Inc., Private Security Systems, Report E69 (Cleveland: Predicasts, Inc., 1982) and Private Security Systems, Report E55 (Cleveland, OH: Predicasts, Inc., 1979); Business Communications Co., Inc. Business Opportunity Report: Security/Monitoring/Alarm Systems, G-046R (Stanford, CT: Business Communications, 1978); Frost and Sullivan, The Commercial and Industrial Security/Fire Alarm Service and Equipment Markets in the U.S. (New York: Frost and Sullivan, 1982), The World Wide Market for Physical Security and Intrusion Detection Systems (New York: Frost and Sullivan, 1980), Commercial Fire and Security Market (New York: Frost and Sullivan, 1980); Access Control and Personal Identification (PI) Products Market in the U.S. (New York: Frost and Sullivan, 1981), Transportation Security Products and Services Markets (New York: Frost and Sullivan, 1981), and The Home Burglar Alarm Products Markets (New York: Frost and Sullivan, 1980); Hodell Anderson, The Security/Fire Manufacturer's Directory (Concord, MA: Marketing Development); Security, Burglary, and Fire Alarm Systems and Services Markets in the United States (Norwalk, CT: International Resource Development, Inc. 1979); Home Security: The Impact of Cable TV (Norwalk, CT: International Resource Development, Inc.). Home Security Equipment Industry (San Jose, CA: Creative Strategies International, 1978); Bertil Lindberg, Remote Monitoring, Alarm and Control Systems Markets (Wethersfield, CT: Theta Technology Corp., 1980).
2. Frost and Sullivan, Home Burglar Alarm Market, op.cit.
3. Security World Retrofit Study (Chicago: The Bureau of Marketing Research, 1980).
4. Security Letter, February 1983.
5. Forbes, March 28, 1983, p. 115.
6. Federal Bureau of Investigation, U. S. Department of Justice Crime in the United States: 1981 (Washington: U.S. Government Printing Office August 26, 1982) pp. 324, 334.
7. Uniform Crime Report: January-June 1982, U.S. Department of Justice, October 19, 1982.
8. USA Today, April 20, 1983, p. 1.
9. Wayne Siatt, "What Corporate Executives are Thinking about Security," Security World, October 1981, pp. 35-42.
10. "Security Director Salary Survey," Security World, December 1980, pp. 19-26.

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11. Wayne Siatt, "Integrated Systems," Security World, July 1982 pp. 23-33.
12. Security World, December 1980, op. cit.
13. Wayne Siatt, "Contract/Proprietary Guards: How They Suit Users' Needs," Security World, July 1981, pp. 21-30.
14. Security World, December 1980, op. cit.
15. Siatt, op. cit., July 1981.
16. Eric J. Scott, Calls for Service: Citizen Demand and Initial Police Response (Bloomington, Indiana: Workshop in Political Theory and Policy Analysis, Indiana University, 1981), p. 6.
17. Frost and Sullivan, Home Burglar Alarm Market, op.cit., p. 133.
18. Predicasts, Report E55, op.cit, p. 59.
19. Electronic Business, January 1979, p. 76.

A P P E N D I X D

PRIVATE SECURITY

STATE LICENSING AND REGULATORY AGENCIES

KEY REGULATORY PROVISIONS

STATE STATUTES

SOURCE: Charles Buikema and Frank Horvath, "Security Regulation: A State-by-State Update;" and Minot B. Dodson, "State Statutes Regulating Security Guards;" in Security Management, January 1984:39-48.

SECURITY REGULATION: A State-by-State Update

BY CHARLES BUIKEMA & FRANK HORVATH

Today, private security in the US is a multi-billion dollar industry that directly or indirectly affects virtually every aspect of our society and way of life.¹ Moreover, there are strong indications that growth in the industry will continue for a number of years.²

Despite the size and growth in the security services field, it is clear the industry is highly diversified and without a single, universally accepted definition that captures the full range of services that are or can be offered for a fee. However, three major services in the industry are most publicly visible and account for the great bulk of its growth and gross revenue: security guard services, both proprietary and contract; alarm system contractors; and private detective services. These three are also unique in another way: they raise a host of clearly definable public policy issues about the nature of private security services in comparison to public law enforcement services. For example, security officers and private detectives in most jurisdictions are not subject to the same administrative or legal control as public police officers, even though, in many instances, the work performed is similar in nature and has equal potential for violation of a citizen's legally defined rights. Similarly, alarm system services offered privately often present serious problems for public law enforcement officers. Such services, for instance, may be fraudulently offered to unknowing consumers.

¹National Advisory Committee on Criminal Justice Standards and Goals, *Private Security: Report of the Task Force on Private Security*, (Washington, DC: US Government Printing Office, 1976), foreword.

²*Ibid.*, p. 33.

Even legitimate alarm services are a genuine and widespread concern to public law enforcement agencies, for whom the false alarm rate is a major source of controversy and conflict.³

One of the most widely discussed remedies for the problems just described is public regulation and control. Government intervention in the security field through licensing and other regulatory legislation is often thought to be the most effective mechanism for resolution of these problems. This point of view was most directly and forcefully made by Kakalik and Wildhorn as a result of their national survey of the private security industry.⁴ Their proposal was reiterated in 1976 by the National Advisory Committee on Criminal Justice Standards and Goals (NACOCJSG) in their report, *Private Security*. According to this report, the nature of the security field was such that regulatory legislation at the state level would be the most appropriate and effective mechanism for control.⁵

The major purpose of our study of the security service industry was to examine existing state regulation of guard services, private investigators, and alarm system contractors. In addition, we wanted to analyze the content of existing state legislation to determine the nature of state control, particularly regarding specific requirements for licensure and revocation of licensure. Finally, we wanted to examine whether or not the amount of state regulation had changed

³J. Kakalik and S. Wildhorn, *Private Police in the United States: Findings and Recommendations* (Santa Monica, CA: The Rand Corporation, 1971), p. 103.

⁴*Ibid.*, p. 75.

⁵National Advisory Committee, p. 292.

since the issuance of the NACOCJSG report.

In mid-1981, we sent appropriate officials and agencies in each of the fifty states a questionnaire requesting information on the existence of state legislation in three areas of concern. If such legislation existed, copies were requested. If not, the questionnaire asked for information on whether such legislation was currently pending and what the nature of that legislation was.

Of the fifty questionnaires initially mailed, thirty-five were returned. Follow-up questionnaires and telephone calls to the non-respondents yielded an additional twelve responses. In one case, New Hampshire, follow-up inquiries showed that legislation in that state, though in effect, was unavailable because of recent alterations in the statute. Thus, a total of forty-seven responses were received. The non-responding states were Oklahoma, South Dakota, and Tennessee.

Of the forty-seven responding states, thirty-seven of them (79 percent) indicated that in those jurisdictions the state regulates at least one of the three security services being studied. Exhibit 1 is a listing of those states. (State regulation merely of fees to operate in a particular jurisdiction were not included in the data shown in Exhibit 1.) The first category in the exhibit shows that thirty-three states regulate contract security and guard services, while only three regulate proprietary guard services. It is interesting that only Kentucky exclusively regulates proprietary guard services; the statute in that state permits the governor to appoint, at a merchant's request, guard services for the merchant's property.

Private investigators are regulated in thirty-three states. In many of these jurisdictions, the term "private detective or investigator" is used to describe a variety of security activities. In fact, in some jurisdictions, private investigators are also permitted to provide guard services (this is not the case in states that regulate these activities separately, however).

As indicated the first category of Exhibit 1, alarm system contractors are regulated in only eight states. Only Rhode Island exclusively regulates this security specialty. This category also shows that the majority of the fifty states regulate only contract security guard services and private investigators.

The remaining three parts of Exhibit 1 summarize the major requirements for licensure in those states that have such regulation. To simplify the presentation of data, only one "X" is used whether the item appears in one or more of the state's regulations. For example, if contract security guards and private detectives are both regulated in a state but

only one of them requires US citizenship, a single "X" appears in that column. If both regulations included that requirement just one "X" still appears. While this method might seem confusing, it was seldom the case that requirements of two laws in the same state were significantly different for either individuals or agencies seeking licensure.

Exhibit 1 shows that the most common substantive requirement for licensure is lack of a felony conviction. Of the thirty states with a regulatory statute, twenty-nine (78 percent) had such a requirement. These were generally applicable to officers, stockholders, and all other individuals within an agency seeking licensure. In eight of these states, however, there are some exemptions from the general rule. Exemptions include a time limitation of from five years (WI, MI, NC) to twenty years (OH, IL) after a conviction before application can be made for licensure, and such qualifying phrases as the conviction must not reflect unfavorably on the fitness of the applicant or the conviction must not be for

any crime involving moral turpitude. Thus, in some jurisdictions, the regulating agency is given the authority to judge the applicant's criminal history with some flexibility.

In twenty-five of the regulating states, applicants are required to be US citizens. Resident alien status is permissible in only two states (AZ, ME), and in only ten states is the applicant also required to be a state resident.

Slightly less than half (seventeen) of the states require a written examination of the applicant. In some cases, this examination is supplemented with an oral interview (KS) or required only if the applicant lacks security-related experience. Most of the regulatory statutes do not specify a particular range of subject matter for examination, usually leaving that concern to the discretion of the licensing authority.

Thirty-four of the thirty-seven states specify a minimum age requirement, typically 18. In other cases, however, the required minimum age of applicants ranges from 21 to 25.

Exhibit 1—States Requiring Licensure of Guard, Investigator,

	AK	AZ	AR	CA	CT	DE	FL	GA	HI	IL	IN	IA	KS	KY	ME	MD	MA	MI	MN*	
Areas Regulated																				
Contract guards	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	
Proprietary guards														X						
Private investigators		X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	
Alarm system contractors		X	X																X	
Licensure Requirements																				
No felony convictions		X	X	X	X			B		B		X	X	X	X	X	X	X	X	
US citizenship		X	X	X	X			X	X	X	X	X	X	X		X	X	X	X	
Written examination			X	X					X	X	X	X	X							
Minimum age		C	D	C	F	F	C	C	E	D	D	C	D	D	C	F	F	F	C	
Experience		X	X	X	X	X		X	X	G	X				X	X	X	X	X	
Education			X						X										X	
Training	X	X	X	X		X	X	X		X			X							
Licensing period	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	
Revocation Grounds																				
Violation of license law	X	X	X	X	X	X	X		X	X	X	X	X		X			X	X	
False statements	X	X	X	X	X			X	X	X	X	X	X		X	X		X	X	
Felony conviction	X	X	X	X	X			X	X	X	X	X	X		X			X	X	
Dishonesty/fraud			X	X	X		X	X	X	X	X	X	X		X			X	X	
Impersonating police officer	X	X		X			X	X	X	X	X	X	X		X			X	X	
Insolvent bond							X	X		X	X	X	X							
Release confidential info				X	X		X		X	X	X								X	
Fail to render service		X		X			X													
Violate court order		X	X			X	X													
False advertising		X	X		X					X					X				X	
Incompetency			X		X		X			X										
Miscellaneous																				
Application fee	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	
Fingerprints/photograph	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X	
Fingerprint check	X						X	X											X	
Personal references						X			X		X	X		X	X	X	X	X	X	
Criminal record	X		X		X		X	X	X					X	X	X	X	X	X	

A—Standard used by the US Postal Department for abbreviations of states.

B—Time limit exemption or other qualifying expression.

C—18 years old.
D—21 years old.

Experience in a security-related activity is required in thirty-one of the thirty-seven states with licensing statutes. Typically, such experiential activity is defined loosely and the required years of experience ranges from one year in three states to five years in five states. In some jurisdictions, law enforcement experience is a satisfactory waiver of the experience requirement. In only one state (IL) is educational achievement an effective, though partial, substitute for field experience. Educational requirements, by the way, generally specify either completion of high school (six states) or the completion of a "general education diploma."

Licensing periods generally are one-year (nineteen states) or two-years (seventeen states). The state of Kentucky, apparently because of its rather unique statute, has no fixed licensing period.

Finally, in less than half (sixteen) the states requiring licensure, applicants must undergo a minimal level of training. In all of these states, training is required of all personnel who will carry or be li-

censed to carry firearms. Four of these states, in addition, require training of unarmed personnel. Only the statute in Georgia specifies the nature and length of the training required for both armed and unarmed personnel—eight hours for the former and four for the latter. It is somewhat anomalous, however, that that statute does not specify firearms training for personnel who carry firearms.

A number of activities constitute grounds for revocation of licensure. As shown in Exhibit 1, the most common is a violation of the licensing statute, apparent in thirty-one of the thirty-seven states. The most common other grounds for revocation were (in order): making false statements in the licensing application (twenty-six states); conviction in a felony (twenty-one states); dishonesty or fraud in dealing with either clients or the licensing authority (eighteen states); impersonation of a police officer (sixteen states); insolvency of a surety bond (thirteen states); the unauthorized release of confidential information (ten states); failure to render service or violation of

a court order (ten states); false advertising (ten states); and incompetency (eight states).

In most instances, grounds for revocation of licensure were similar to grounds for denial of licensure; for this reason, the latter are not separately displayed in Exhibit 1.

In addition to the major substantive requirements for licensure shown in Exhibit 1, a number of miscellaneous requirements are also mentioned. For instance, in thirty-three states an application fee, which varied from state to state, is required. Thirty-one of the states require the submission of fingerprints or photographs or both, although only nine states require a state fingerprint check and only five require a national (FBI) check. A listing of personal references is required in eighteen states, and a copy of an applicant's criminal record is a requirement in fifteen states.

In the 1976 report of the NACOCJSG, thirty-four states were shown to regulate at least one segment of the security industry. In our study, thirty-eight states

and Alarm Systems and Major Qualifications

	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	PA	RI	SC	TX	UT	VT	VA	WV	WI
Areas Regulated																			
Contract guards	X		X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X
Proprietary guards													X						
Private investigators	X	X	X		X	X	X	X	X	X	X		X	X		X	X	X	X
Alarm system contractors	X							X				X		X					X
Licensure Requirements																			
No felony convictions	B	X	X		X	X	X	B		B	X	B	X	X	X		B	X	B
US citizenship	X	X	X		X	X	X	X		X	X		X	X	X			X	
Written examination	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Minimum age	C	D			F	C		C		C		F	C	C	C	C	C	C	C
Experience	X		X		X	X	X	X		X	X	X	X	X	X	X	X	X	X
Education	X						X												X
Training							X			X		X			X	X	X		X
Licensing period	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Revocation Grounds																			
Violation of license law	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
False statements	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Felony conviction	X		X		X		X			X		X	X	X				X	X
Dishonesty/fraud		X			X		X	X				X	X	X			X	X	X
Impersonating police officer	X		X		X		X					X	X	X	X		X	X	X
Insolvent bond					X		X	X		X		X	X	X			X		X
Release confidential info					X		X	X	X										X
Fail to render service	X		X		X		X						X		X				X
Violate court order	X		X		X		X						X						X
False advertising					X		X						X	X					X
Incompetency					X		X						X						X
Miscellaneous																			
Application fee	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fingerprints/photograph	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fingerprint check					X		X			X		X				X	X	X	X
Personal references	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Criminal record	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

E—22 years old.
F—25 years old.

G—Education allowable substitute for experience.

(including New Hampshire) were found to have such regulation. However, the states listed in the 1976 report and our findings are different in some cases. For instance, the earlier report indicated that both Colorado and Alabama require licensure of private detectives. Our responses from authorities in these states, however, show that such legislation is not in effect. The reason for these discrepancies is not apparent in the responses to our survey. Nor were there any obvious reasons for other differences between the present findings and those reported by NACOCJSG with respect to specific licensing requirements in the various states. Without mentioning all the changes, suffice it to say that changes have occurred since the 1976 report.

Also since the NACOCJSG report, five states have adopted new statutes mandating licensure of certain security-related activities. In 1976, Alaska adopted legislation requiring the licensure of contract security guards and services; similar legislation was enacted by Utah in 1979 and by Virginia in 1976. A statute in Kentucky to regulate certain proprietary guard services was adopted in 1978. Finally, Rhode Island, through passage of legislation in 1977, initiated regulation of alarm services.

No substantial changes appear to have taken place in the licensure of private investigators since 1976. In fact, the state of Virginia, through legislation adopted in 1976, is apparently the only state that has taken action on this issue.

Since 1976, the greatest legislative activity regarding security services has been in the enactment of statutes dealing with alarm services. The NACOCJSG report mentioned that only three states—Michigan, North Carolina, and Texas—had such legislation. In our survey, five additional states were found to regulate alarm services: Arkansas, California, Montana, Wisconsin, and Rhode Island. In each of these states, with the exception of Rhode Island, licensing of alarm services is accomplished by amendment to existing statutes regulating other services. Rhode Island's legislation was adopted independently.

Since 1976, the year the NACOCJSG

*Kakalik & Wildhorn, pp. 46-73.

²See, for example, the fall, 1981 issue of *Forum*, National Center for the Study of Professions, Washington, DC.

³See, for example, "Security Education: Where To Get It," *Security World* (January, 1981), p. 21; K. Keberle, "A Student's Perspective," *Security Management*, (June, 1982), pp. 54-55; H. Timm, "Create a Curriculum," *Security Management*, (June, 1982), pp. 61-64.

issued its report, there has not been a strong movement in the states to regulate the largest, most visible segments of the private security industry through licensure. Since, by all accounts, growth in these segments is likely to continue, it seems likely that the problems that prompted the calls for licensure in the first place will also continue.⁴

It is true that licensure in and of itself is an effective remedy for some of the most perplexing and difficult issues in the security industry, particularly those that pose important public policy questions. For example, the fact that many private security personnel are permitted to carry and use firearms is indeed a considerable concern. Yet, even in those states with regulatory statutes, standards

for firearms training often do not exist; and when they do, they are far below those set for public police officers. Moreover, as our results show, there is a considerable lack of uniformity from state to state not only in what areas are licensed, but also in the specific requirements for licensure in a similar areas. It is also true that even if these problems could be dealt with through uniform licensure requirements, the effort and resources spent enforcing any sanctions would most likely vary among jurisdictions.

Perhaps one of the most predominant reasons for the lack of movement toward licensure is that state regulation of the professions and occupations has, in recent years, become an issue of great con-

State Agencies Regulating

State	Contact	Address
Alabama	No state agency	
Alaska	Major Michael Korhonen, Commander, Administrative Services Bureau, Alaska State Troopers	PO Box 6188 Annex Anchorage, 99502 907/465-4322
Arizona		Arizona Dept of Public Safety Licensing Unit PO Box 6638 Phoenix, 85005 602/262-8361
Arkansas	Bill Eddis, Administrator, Arkansas Board of Private Investigators & Private Security Agencies	PO Box 5901 Little Rock, 72215 501/224/3101
California	Gary Kern, Chief	Bureau of Collections and Investigative Services 1920 20th Street Sacramento, 95814 916/739-3028
Colorado	No state agency	
Connecticut	Sgt. Edward Dailey, Commanding Officer, Special Serv. Unit, Dept. of Public Safety	294 Colony Street Meridan, 06450 203/238-6331
Delaware	Capt. James Nilen, State of Delaware, Board of Examiners, Headquarters, Delaware State Police	Dover, 19903 302/736-5994
District of Columbia	Department of Licensing, Licensing Investigations and Inspections	Washington, DC 20004 202/727-6904
Florida	Aline Tyson, License Permit Administrator, Division of Licensing	The Capitol Tallahassee, 32301 904/488-5381
Georgia	Tom Mishou, Executive Director, Georgia Board of Private Investigators & Security Agencies	166 Pryor Street Atlanta, 30303 404/656-2282
Hawaii	Michael Machado, Board of Private Detectives and Guards	PO Box 3469 Honolulu, 96801 808/548-7461
Idaho	No state agency	

continued on next page

troverly in legislative bodies.⁷ On one side of the issue are those who contend that such regulation is seldom of benefit to the consumer, merely enhances the image of those in the field, and impedes competition. Others contend that licensure ensures greater uniformity of service, better control of fraudulent or misleading practices, and more effective and quicker upgrading of personnel employed in the field.

It does appear that industry leaders and professional groups are now advocating alternatives to licensure to resolve some of the critical problems in the security industry. Prominent in these proposals is the development of training programs in "security issues" in academic institutions, which appear to have taken hold

across the country.⁸ Another alternative is the CPP (Certified Protection Professional) program administered by ASIS, which could ensure that those who hold positions of responsibility in the industry have appropriate knowledge and understanding of professional responsibilities, as well as technical issues, necessary to perform security services. ^{ASIS}

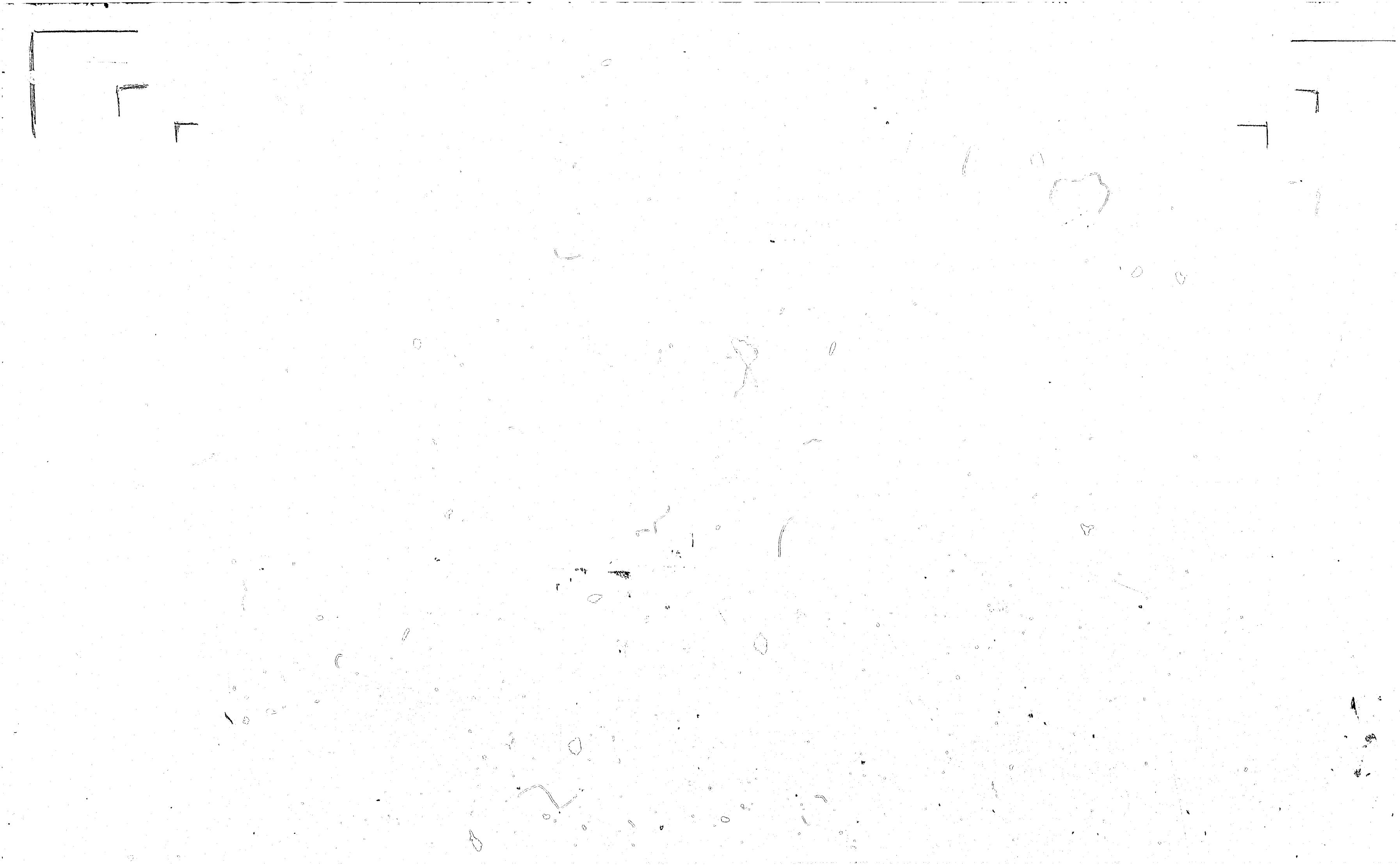
About the Authors . . . Charles Bukema, CPP, is director of communications and security for St. Lawrence Hospital in Lansing, MI. He is treasurer of the Lansing ASIS chapter.

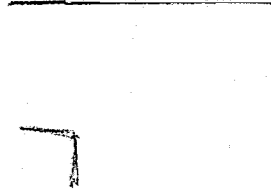
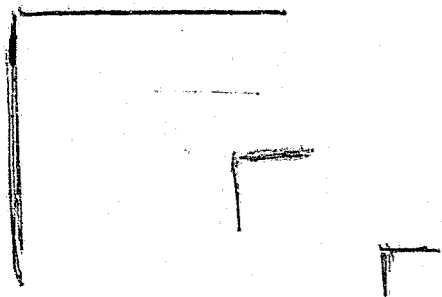
Frank Horvath, PhD, is an associate professor in the School of Criminal Justice at Michigan State University. He is a member of ASIS and is active in the Lansing chapter.

the Security Industry

State	Contact	Address
Illinois	LaFonda Young, Supervisor, Department of Registration	320 West Washington Street Springfield, 62786 217/785-0853
Indiana	Major Lloyd Jennings, State of Indiana, Indiana State Police	100 North Senate Avenue Indianapolis, 46204 317/232-8250
Iowa	Carroll Bidler, Director of Administration, Department of Public Safety	Wallace State Office Building Des Moines, 50319 515/281-5149
Kansas	No state agency	
Kentucky	No state agency	
Louisiana	No state agency	
Maine	Sergeant Gregory Spitzer, Maine State Police, Licensing Section	36 Hospital Street Augusta, 04330 207/289-2819
Maryland	Lieutenant Byron Hubble, Licensing Division, Maryland State Police	1201 Reisterstown Road Pikesville, 21208 301/486-3101
Massachusetts	James C. McMahon, Commission, Administrative Assistant	Room 1301 McCormick Building #1 Ashburton Place Boston, 02108 617/727-3692
Michigan	Detective Sergeant Smith, Department of State Police	7150 Harris Drive Lansing, 48913 517/322-1964
Minnesota	Catherine Gasteyer, Board of Private Detectives & Protective Agent Services	State of Minnesota 1246 University Avenue St. Paul, 55104 612/296-8399
Mississippi	No state agency	
Missouri	No state agency	
Montana	Mike Archibald, Administrative Assistant, Board of Private Security, Patrol & Private Investigators, Department of Commerce	1424 9th Avenue Helena, 59620 406/449-3737
Nebraska	No state agency	

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State	Contact	Address
Nevada	Gloria Norris, Secretary to the Board, Private Investigators Licensing Board	Heros Memorial Building Capitol Complex Carson, 89710 702/885-3535
New Hampshire	Supervisor of Permits and Licenses	State of New Hampshire Department of Safety Division of State Police Concord, 03301 603/271-3636
New Jersey	Chris Stark, Clerical Supervisor, Private Detective Unit, New Jersey State Police	PO Box 7068 West Trenton, 08625 609/882-2000 ext. 2678/2671
New Mexico	David T. Stewart, Bureau Chief, State of New Mexico, Bureau of Private Investigators	Law Enforcement Academy PO Box 2323 Santa Fe, 87503-2323 505/827-9251
New York	Dominick Esposito, Head Clerk, Department of State License Division	162 Washington Avenue Albany, 12231 518/474-0408
North Carolina	Haywood R. Starling, Administrator, Private Protector Services Board	3320 Old Garner Road Raleigh, 27610 919/779-1400
North Dakota	North Dakota Licensing Division	State Capitol Bismark, 58505 701/224-2594
Ohio	Luther C. Yates, Department of Commerce, Division of Licensing	2 Nationwide Plaza Columbus, 43215 614/466-4130
Oklahoma	No state agency	
Oregon	No state agency	
Pennsylvania	No state agency	
Rhode Island	No state agency	
South Carolina	Paul J. Moran, South Carolina Law Enforcement Division	PO Box 21398 Columbia, 29221 803/758-6000
South Dakota	No state agency	
Tennessee	No state agency	
Texas	Clema D. Sanders, Executive Director, Texas Board of Private Investigation & Private Security Agencies	PO Box 13509 Austin, 78711 512/475-3944
Utah	Dee Brakdull, Department of Regulatory Licensing, Department of Public Safety	4501 South 2700 West Salt Lake City, 84119 801/965-4484
Vermont	Hein McGurran, Licensing Clerk, Secretary of State Board of Private Detective Licensing	Montpelier, 05602 802/828-2363
Virginia	David E. Dick	Commonwealth of Virginia Department of Commerce 3600 West Broad Street Richmond, 23230 804/786-5394
Washington	No state agency	
West Virginia	Charlotte Cox	State Capitol Charleston, 25305 304/345-4000
Wisconsin	Marlene M. Maly, Department of Regulations & Licensing	PO Box 8936 Madison, 53708 608/266-0648
Wyoming	No state agency	

SECURITY MANAGEMENT

State Statutes Regulating Security Guards

Compiled by Minot B. Dodson, CPP

State	Statute	Registration	In-home Exclusion	Requirements	Liability Requirement	Remarks
Alabama	None	None				Local licensing
Alaska	Article 4, AS 18.65.400	Yes			Bond	\$25.00 per guard
Arizona	ARS 32, Ch. 24 & 26	Yes			\$300,000.00	Local licensing
Arkansas	ARK ST. 71-2122-71-2159	Yes	Unarmed only	Exam	\$100,000.00	Exam administered by trainer. Exam & 2 yrs. experience required for trainer
California	PI/ADJ ACT Ch. 11	Yes	Yes	Exam	Bond	Powers to arrest
Colorado	None	Yes				Local licensing
Connecticut	Ch. 534 Sec. 29153-29161	Yes			Bond	
Delaware	DEL. Code Title 24 Ch. 13	Yes			\$10,000 bond	
Florida	FLA. Statute Ch. 493	Yes			\$100,000 per person, \$300,000 per occurrence	
Georgia	GA. Code Title 43 Ch. 38	Yes	Pending	8 hrs. classroom instruction	\$25,000 bond	Can work 30 days before training
Hawaii	Ha. Statute Ch. 463	Yes			\$5,000 bond	
Idaho	None					
Illinois	Ill. Statute Ch. 111-2601 thru 2639	Yes				New reg. pending. House Bill 643
Indiana	IC25-30-1	Yes	Yes			

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State Statutes Regulating Security Guards, continued

State	Statute	Registration	In-house Exclusion	Requirements	Liability Requirement	Remarks
Iowa	Ch. 80A-State Code	Yes	Yes	Local exam administered by law enforcement	\$2,000 bond	
Kansas	None					Local requirements
Kentucky	None	None		Local	None	House Bill 367—state requirements pending
Louisiana	None			Local		
Maine	MRSA Title 32 Sec. 9412	Company			Bond	
Maryland	MD Code Art. 56, Sec. 79-92	State ID card			\$5,000 bond	Company must be licensed as PI agency
Massachusetts	Gen. Law Ch. 147 Sec. 22-30				\$5,000 bond	Company must maintain records subject to audit
Michigan	MI Act 330 1968				\$10,000 bond, L-\$25,000/\$100,000/\$200,000 Bond	
Minnesota	Sec. 326.32-.339		Yes			
Mississippi				Local		
Missouri	SEC. 84.340 Revised Statute of Missouri 1978	Local		Local 3 days training & exam		
Montana	Mon. State Code Ch. 60 Title 37	Yes				New legislation pending
Nebraska		Local				
Nevada	Ch. 648.140	Yes			\$325,000L Bond	
New Hampshire	Ch. 106F	Yes	Yes			
New Jersey	N.J. Statute 4519-8 thru 27	Yes			\$5,000 bond	
New Mexico	Ch. 61-27(ff)	Yes	Yes		Bond	
New York	Art. 7 Gen. Bus. Law Sec. 70-89a.	Company only				
North Carolina	CH. 74c, Private Protection Security Act	State ID Card			\$50,000/\$100,000/\$20,000	
North Dakota	43-30-01/16	Yes	Yes	Training	Bond	New legislation took effect 1/1/84
Ohio	Ch. 4749	Yes	Yes		\$100/300,000	
Oklahoma				Local		
Oregon				Local		
Pennsylvania	Private Detective Act 1953			State police check	\$10,000 bond	Company must be licensed as PI agency
Rhode Island	None					
South Carolina	Act 387	Yes		4 hrs training	\$10,000 bond	
South Dakota	None					
Tennessee				Local		
Texas	Art. 4413 29(bb)VACS	Yes	Yes		Bond	New legislation took effect 1-1-84
Utah	Senate Bill #95, Security Licensing & Regulation Act, 1979 Gen. Session	Yes		Training	\$300,000L	Training administered by state qualified agent
Vermont	Title 26, Ch. 59	Yes		Exam	Bond	
Virginia	Code of VA. 54-729.27	Yes	Yes	Training (12 hours)	\$5M bond or L-100/300 M	120 days to complete training
Washington				Local		
West Virginia	Ch. 30-18	Yes	Yes	Training	\$2500 surety bond	Employer training requirements approved by state
Wisconsin	Sec. 440.6	Yes			\$10M-L	
Wyoming				Local		

APPENDIX E

SECURITY -- RELATED

NATIONAL ASSOCIATIONS

APPENDIX E

SECURITY-RELATED NATIONAL ASSOCIATIONS

Academy of Security Educators and Trainers, c/o Hayes C. Larkins, Chm, Dept. of Administration of Justice and Public Safety, Community College of Baltimore, Lombard St. at Marketplace, Baltimore, MD 21202

American Bankers Association, Insurance and Protection Division, 1120 Connecticut Ave., NW, Washington, DC 20036. Associate Dir.: John C. Wolff

The American Coalition Against Crime, 1210 Connecticut Avenue, NW, Washington, DC 20036.

American Polygraph Assn., Suite 106, Central Office Park, 5805 Lee Hwy., Chattanooga, TN 37421. Secy.: William L. Bennett

American Society for Amusement Park Security, c/o Cedar Point Amusement Park Safety Office, Sandusky, OH 44870. Pres.: Ronald Fussner

American Society for Industrial Security, 1655 North Fort Myer Drive, Arlington, VA 22209. Exec. Vice-Pres.: Ernest J. Criscooli, Jr.

American Trucking Association Security Council, 1616 P St., NW, Washington, DC 20036. Coordinator: John Brennan

Armored Transport Institute, Inc., 7675 Canton Center Dr., PO Box 333, Baltimore, MD 21203. Chm.: James L. Dunbar, Sr.

Associated Locksmiths of America, 3003 Live Oak St., Dallas, TX 75204. Exec. Dir.: Joyce A. Laurie

Association of Federal Investigators, 1612 K St., NW, Suite 506 Washington, DC 20006. Admin. Dir.: June Stafford

Association of Former Agents of the U.S. Secret Service, Box 31073, Washington, DC 20031. Exec. Secy.: Floyd M. Boring

Association of Former Intelligence Officers, Suite 303A, 6723 Whittier Ave., McLean, VA 22101. Exec. Dir.: John E. Greaney

Association of Transportation Security Officers, P.O. Box 92220, Los Angeles, CA 90009

Aviation Security Association of America-International, Box 17082, Washington, DC 20041. Exec. Dir.: Jack L. Birkenstock

Bank Administration Institute, 60 East Gould Center, Rolling Meadows, IL 60008. Security Prog. Mgr.: Keith D. Marshall

Central Station Electrical Protection Association, Suite 1000,
1133 15th St., NW, Washington, DC 20005. Exec. Dir.: Robert J.
Dougherty

Civic Action Institute, Box 39208, Washington, D.C. 20016.

Committee Of National Security Companies, Inc., 33 North Fuller-
ton Ave., Montclair, NJ 07042. Exec. Dir.: John J. Horan

Computer Security Institute, 43 Boston Post Road, Northboro, MA
01532. Exec. Dir.: John C. O'Mara

Council of International Investigators, Box 2712, Akron, OH
44319. Sec.-Treas.: Richard L. Merket

Crime Prevention Coalition, 805 15th St., NW, Washington, DC
20005.

Crime Stoppers, 4137 Montgomery NE, Albuquerque, NM 87109.

EDP Auditors Assn., 373 Schmale Road, Carol Stream, IL 60187.
Office Manager: Marion J. King

Fire Equipment Manufacturers' Assn., 1230 Keith Bldg., Cleveland,
OH 44115. Exec. Dir.: Thomas Associates, Inc.

General Federation of Women's Clubs, HANDS UP Office, 1728 N St
NW, Washington, DC 20036.

Harness Tracks Security, 150 East 42nd Street, New York, NY
10017.

Independent Armored Car Operators Assn., c/o Security Armored Car
Service, 1022 South 9th Street, St. Louis, MO 62104. Secy.-
Treas.: Ronald Bray

Institute of Internal Auditors, 249 Maitland Ave., Altamonte
Springs, FL 32701. Contact: Charles H. Le Grand

Institute of Nuclear Materials Management, Sperry Univac Plaza,
8600 W. Bryn Mawr Ave., Chicago, IL 60631. Exec. Dir.: John E.
Messervey

Insurance Crime Prevention Institute, 21 Charles Street, West-
port, CT 06880.

Insurance Management Society, Inc., 205 East 42nd St., New York,
NY 10017. Michael York

Insurance Security Association, Audit Dept., Aetna Life and
Casualty Co., Hartford, CT 06115.

International Anti-Counterfeiting Coalition, 101 California St.,
San Francisco, CA 94111. Bus. Mgr.: Anna Balatsos

International Association for Computer Systems Security, 6
Swarthmore Lane, Dix Hills, NY 11746. Pres: Robert Wilk

International Association for Hospital Security, PO Box 637,
Lombard, IL 60148. Pres.: Edwin Stedman

International Association for Identification, PO Box 376, New
Hartford, NY 13413. Pres.: Dan Ballard

International Association for Shopping Center Security, P.O. Box
1275, Atlanta, GA 30301. Exec. Dir.: Anthony N. Potter,
Jr.

International Association of Arson Investigators, P.O. Box 600,
25 Newton St., Marlboro, MA 01752. Exec. Sec.: Robert E. May

**International Association of Campus Law Enforcement Administra-
tors**, Box 98127, Atlanta, GA 30359. Exec. Dir.: James L.
McGovern

International Association of Chiefs of Police, 13 Firstfield Rd.,
Gaithersburg, MD 20878. Exec. Dir.: Norman Darwick

International Association of Credit Card Investigators, 1620
Grant Ave., Novato, CA 94947. Exec. Dir.: D.D. Drummond

International Association of Fire Chiefs, 1329 18th St. NW,
Washington, DC 20036. Contact: Donald D. Flinn

International Association of School Security Directors, 1320
South West Fourth Street, Fort Lauderdale, FL 33310

International Association of Security Services, 466 Central St.,
Northfield, IL 60093. Exec. Dir.: Howard W. Ross

International Aviation Theft Bureau, 7315 Wisconsin Ave.,
Bethesda, MD 20014. Exec. Dir.: Robert J. Collins

International Educational Security Personnel Association, 1732 NE
Highland St, Portland, OR 97211. Pres: Chuck Gaw

International Fence Industry Association, 441 S. 48th St., Suite
102, Tempe, AZ 85281. Exec. Dir.: Roger Duke

International Retail Security Association, 946 Sibley Tower Bldg,
Rochester, NY 14604. Pres: Paul V. Brothers

International Society of Crime Prevention Practitioners, Inc.,
703 West Fillmore, Fairfield, IL 52556. Exec. Secy.: Judy
Johnson

Jewelers Security Alliance of the U.S., 6 East 45th Street, New York, NY 10017. Pres.: James B. White

Loss Executives Association, Hartford Insurance Group, Hartford Plaza, Hartford, CT 06115.

National Armored Car Association, Box 1776, Ramsey, NJ 07446. Exec. Dir.: Jack Taffe

National Association of Chiefs of Police, 1000 Connecticut Ave., NW, Washington, DC 20036.

National Association of Private Security Vault Rooms, PO Box 238, West Lebanon, NH. Pres: Richard Drummond

National Association of School Security Directors, c/o Houston Schools, 3830 Richmond Ave., Houston, TX 77027. Secy.-Treas.: Gene Powell

National Association of Town Watch, PO Box 769, Havertown, PA 19083.

National Automobile Theft Bureau, 10330 S. Roberts Rd., Palos Hills, IL 60482. Pres.: Paul W. Gilliland

National Burglar and Fire Alarm Association, 1133 15th St., NW, Washington, DC 20005. Exec. Vice Pres.: Richard M. Bugbee

The National Center for Community Crime Prevention, Box 37456, Washington, D.C. 20013.

National Classification Management Society, Box 7453, Alexandria, VA 22307.

National Council of Investigative and Security Services, 1133 15th St., NE, Washington, DC 20005. Exec. Dir.: Brian R. Cassidy

National Council of School Security Administrators, Division of Security Services, Newark, NJ. Dir.: Osborne Frazier

National Crime Prevention Association, Inc., 210 Gardiner Lane, Louisville, KY 40292

National Crime Prevention Institute, School of Justice Admin., Shelby Campus, Louisville, KY 40292. Dir.: Richard Mellard

National District Attorneys Association, 708 Pendleton St., Alexandria, VA 22314. Contact: Jack E. Yelverton

National Fire Protection Assn., Batterymarch Park, Quincy, MA 02269. Pres.: Robert W. Grant

National Mass Retailing Institute, 570 Seventh Ave., New York, NY 10018. Pres.: Richard I. Herish

National Neighborhood Watch, c/o National Sheriffs' Association,
1250 Connecticut Ave., NW, Washington, D.C. 20036.

National Retail Merchants Association, 100 West 31st St., New
York, NY 10001. Gen. Mgr.: Gordon L. Williams

Private Security Liaison Council, c/o Security Alarms & Services,
Inc., P.O. Box 24967, Nashville, TN 37202. Chm: Joe F.
Duncan, Sr.

Property Loss Research Bureau, 20 North Wacker Drive, Chicago, IL
60606

Research Security Administrators, P.O. Box 358, North Hollywood,
CA

Risk and Insurance Management Society, Inc., 205 E 42nd St., New
York, NY 10017. Michael York

Security Equipment Industry Assn., Suite 217, 2665 30th Street,
Santa Monica, CA 90405. Exec. Dir.: Donna J. Gentry

Society of Former Special Agents of the FBI, Suite 312, 2416
Queens Plaza S., Long Island City, NY 11101. Exec. Sec.: Fran
Keogh

Society of Professional Investigators, 8504 Queens Midtown Ex-
pressway, Elmhurst, NY 11373. Secy: William Rowland

World Association of Detectives, PO Box 36174, Cincinnati, OH
45236. Exec. Dir.: Norman J. Sloan

WeTip, PO Box 740, Ontario, CA 91761. Pres: James Vigneau

World Association of Document Examiners, 111 N. Canal St.,
Chicago, IL 60606. Exec. Sec.: Lucille Range

**SOURCES: Security Letter Source Book: 1983, (New York: Security
Letter, Inc., 1983); Security World, December 1982; and
Judith D. Feins, Partnerships for Neighborhood Crime
Prevention, National Institute of Justice (Washington,
D.C.: U.S. Departemnt of Justice, 1983).**

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