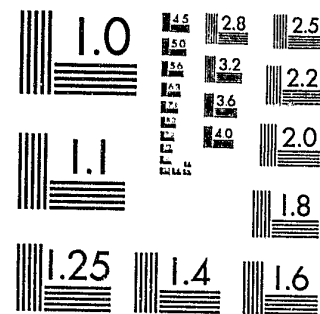


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Executive Summary

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Crime and Protection in America:

A Study of
Private Security and
Law Enforcement Resources
and Relationships

97257

U.S. Department of Justice
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About the National Institute of Justice

The National Institute of Justice is a research branch of the U.S. Department of Justice. The Institute's mission is to develop knowledge about crime, its causes and control. Priority is given to policy-relevant research that can yield approaches and information that State and local agencies can use in preventing and reducing crime. The decisions made by criminal justice practitioners and policymakers affect millions of citizens, and crime affects almost all our public institutions and the private sector as well. Targeting resources, assuring their effective allocation, and developing new means of cooperation between the public and private sector are some of the emerging issues in law enforcement and criminal justice that research can help illuminate.

Carrying out the mandate assigned by Congress in the Justice Assistance Act of 1984, the National Institute of Justice:

- Sponsors research and development to improve and strengthen the criminal justice system and related civil justice aspects, with a balanced program of basic and applied research.
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- Tests and demonstrates new and improved approaches to strengthen the justice system, and recommends actions that can be taken by Federal, State, and local governments and private organizations and individuals to achieve this goal.
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- Assisting victims of crime
- Enhancing involvement of community resources and the private sector in controlling crime
- Reducing violent crime and apprehending the career criminal
- Reducing delay and improving the effectiveness of the adjudication process
- Providing better and more cost-effective methods for managing the criminal justice system
- Assessing the impact of probation and parole on subsequent criminal behavior
- Enhancing Federal, State, and local cooperation in crime control

James K. Stewart
Director

Crime and Protection in America:

A Study of Private Security and Law Enforcement Resources and Relationships

Executive Summary

From the report by

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and

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May 1985

National Institute of Justice
James K. Stewart
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U.S. Department of Justice
National Institute of Justice

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Abstract

This volume constitutes the Executive Summary of a 30-month descriptive research project performed by Hallcrest Systems, Inc., for the National Institute of Justice. The primary purpose of the project was to develop strategies and recommendations to use more effectively the extensive resources of private security in the control and prevention of crime. The research emphasized the relationship between law enforcement and private security as they deliver protective services in communities throughout the United States.

Major research tasks included a literature review, interviews with more than 400 individuals in law enforcement and private security, questionnaires addressed to 1,600 law enforcement and security managers, a survey of State agencies regulating private security, an economic analysis of the private security industry, and field studies in two urban counties.

The research report was submitted by Hallcrest Systems, Inc., in March 1984 under the title of CRIME AND PROTECTION IN AMERICA: A STUDY OF PRIVATE SECURITY AND LAW ENFORCEMENT RESOURCES AND RELATIONSHIPS. The report consists of four volumes:

I - CRIME AND PROTECTION RESOURCES

II - POLICE AND PRIVATE SECURITY RELATIONSHIPS

III - FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

IV - TECHNICAL APPENDICES

These volumes are available on an inter-library loan basis from the National Criminal Justice Reference Service, Box 6000, Rockville MD 20850.

Under the title of THE HALLCREST REPORT: PRIVATE SECURITY AND POLICE IN AMERICA, the full report may also be purchased from Chancellor Press, Suite 304, 133 S.W. Second Avenue, Portland OR 97204.

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1 - INTRODUCTION

CRIME AND FEAR IN AMERICA

Crime and the fear of crime have become a national phenomenon since World War Two. In a longitudinal study sponsored by the National Institute of Justice, covering the years 1948-1978, researchers found that between one-seventh and one-fifth of all front-page newspaper stories concerned crime. The same study concluded that, by 1974, crime and law enforcement had emerged as "the most salient issue" in local politics, overshadowing race, economic growth, government reform, and municipal corruption.

In response to rising crime, police expenditures in constant dollars rose about 350 percent over the 31-year period, while the number of police officers per 1,000 population rose from 1.33 to 1.96. Police activity increased correspondingly, whether measured by arrest-to-offense ratios, arrests per officer, moving violations per officer, or the police focus on violent as opposed to property crime.

This "war on crime" was primarily a local responsibility, with local governments accounting for 59.4 percent of criminal justice expenditures by the end of the period. However, the Federal government also contributed substantial resources to the fight. Federal law enforcement expenditures grew from \$70 million in 1948 to \$1.2 billion in 1978. Altogether, there were 105 Federal organizations with programs and activities in law enforcement; one-third of them did not exist at the beginning of 1970. Of particular note was the now-defunct Law Enforcement Assistance Administration, which channeled \$8 billion in direct Federal assistance to State and local governments.

Nevertheless, the Hallcrest researchers concluded that neither local, State, nor Federal resources had seriously affected the problem of crime. This judgment was echoed by FBI Director William H. Webster in his foreword to the 1981 Uniform Crime Report: "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."

In retrospect, the 1960s and 1970s were boom years in the growth of government, with public service employment the fastest growing segment of the job market. In the early 1980s, however, public service employment declined for the first time since World War Two, and State and local government spending (as a percentage of the Gross National Product) also registered a first-ever drop.

Law enforcement agencies were not immune to the reductions in public service employment. In a national survey conducted for the Hallcrest study, 44 percent of police and sheriffs' departments reported having the same or fewer personnel in 1981 than they had five years earlier. A similar trend was apparent in Federal law enforcement, with the FBI losing 800 agents between 1976 and 1980. "Today," wrote one police chief in 1982, "the management associated with declining or stagnating programs appears to be the rule, not the exception as in the past." A number of factors contributed to the turnaround, but perhaps the most important was a taxpayers' revolt, symbolized by the passage of Proposition 13 in California and similar tax-capping measures elsewhere.

Ironically, the Uniform Crime Reports exhibited its first-ever drop in crime in 1982. Future research may indicate that this decline was an aberration, that it was a delayed consequence of the massive law enforcement expenditures of the 1960 and 1970s, or even that crime rates are unaffected by the level of public law enforcement expenditures. One fact seems quite clear, however: Despite the 1982 drop in reported crime, and despite the fact that cutbacks in law enforcement were largely attributable to a taxpayers' revolt, the public's fear of crime does not seem to have declined in concert with the UCR figures.

Oregon's Portland/Multnomah County and Maryland's Baltimore County were the sites selected for field studies in the Hallcrest project. Figures from the Oregon Crime Analysis Center show that 40 percent of citizens felt that crime increased in their neighborhoods in 1981 and 1982, and that one-third of the respondents expected to be victims of crime in the coming year. In Baltimore County, 55 percent of surveyed residents said their level of fear had increased in the past year or two.

In what may be a significant development, growing numbers of Americans have undertaken self-help measures to protect themselves. Again, this trend was apparent in the Hallcrest field-study sites: in 1982 the Oregon Crime Analysis Center found that over one-half of the respondents had placed stronger locks on doors and windows, improved the lighting of their homes and yards, or installed burglar alarms over the past year. In the Hallcrest national surveys, the majority of law enforcement executives reported an increased use of private security in their communities during the same five-year period in which their own resources tended to be stabilizing or declining.

What we may be experiencing, therefore, is a shift of protection responsibility from the public to the private sector. In the 1960s and early 1970s, citizen crime prevention programs were not encouraged by law enforcement agencies; citizen patrols, especially, were often disparaged as "urban vigilantes." By the end of the 1970s, however, law enforcement agencies had embraced the concept of an active citizen role in crime prevention. The Hallcrest national surveys found that over 90 percent of police and sheriffs' departments had established formal crime prevention programs such as Neighborhood Watch. In California, over 50,000 such programs serve 85 percent of the State's population. Indeed, some observers have attributed the 1981 drop in UCR figures to these citizen crime prevention initiatives.

Conspicuously absent from police-based crime prevention programs, however, is the input of the private security industry. Prevention and "pro-active" approaches have long been a primary orientation of those employed in this industry, yet there appears to be little cooperation between public law enforcement and private security. A February 1983 issue of Police Chief magazine, entitled "Reducing Residential Crime," did not even mention private security as a potential resource.

In the U.S. today, private security funding exceeds the combined total of Federal, State, and local law enforcement expenditures, and the private security workforce exceeds the combined total of sworn law enforcement personnel. This private justice system disposes of countless incidents, many of them meeting statutory definitions of crime, which otherwise would inundate the resources of the criminal justice system.

PRIVATE SECURITY: THE RESEARCH BASE

Altogether, security is not a body of knowledge with a strong research base. Of the hundreds of publications on security listed in the National Criminal Justice Reference Service catalog, most contain technical information for the practitioner, rather than empirical data or theory on security, asset protection, loss prevention, or economic crime. In the academic and research communities, security tends to be regarded as a private adjunct to the public criminal justice system.

The first major study to focus solely on private security was conducted by Kakalik and Wildhorn for The Rand Corporation, published in 1972 and updated in 1977. Two distinct impressions were left by the Rand report, neither of them well received by the security industry. The typical guard was characterized as "underscreened, undertrained, undersupervised, and underpaid," and in need of licensing and regulation. The security industry itself was depicted as "policing-for-profit" to meet the needs of special interest groups, as opposed to public policing which serves the community at large.

Two other major study efforts were conducted by the Private Security Advisory Council (established in 1972 to advise the Law Enforcement Assistance Administration) and the Private Security Task Force (formed in 1975 as part of the National Advisory Committee on Criminal Justice Standards and Goals). Both efforts identified private security as a massive and underutilized resource, and the Task Force formulated standards for the industry.

Most other security studies have consisted of market research or have yielded "soft" numbers rather than hard empirical data on the nature and size of private security. It is therefore extremely difficult to construct tight research hypotheses which can then be accepted or rejected on the basis of empirical testing.

SCOPE OF THE HALLCREST PROJECT

In 1980, as part of a priority research program in the utilization and deployment of police resources, the National Institute of Justice funded a 30-month descriptive and exploratory study of the private security industry in the U.S. These were the major research questions to be addressed by the

project staff:

- * What are the respective roles, functions, and contributions of private security and public law enforcement to crime prevention and control?
- * What are the mutual expectations and perceptions of private security and law enforcement personnel?
- * How much communication and cooperation exists between private security and law enforcement?
- * What is the extent of competition and conflict between private security and law enforcement?
- * What are the respective characteristics and standards of the labor and technological resources of private security and law enforcement?
- * What is the nature, extent, and growth of private security markets in the U.S.?

Hallcrest formed an advisory panel of 16 prominent individuals in law enforcement, security, business, law, and education. In addition to this national panel, local advisory panels were formed at the two field-study sites. (See Acknowledgements, page iii.)

An important aspect of the project was interaction with members of the private security and law enforcement communities. Thus, 327 individuals were anonymously interviewed in 22 States and in Britain and Canada. This reconnaissance effort also involved dialogue with national organizations: National Burglar and Fire Alarm Association, International Association of Chiefs of Police, American Society for Industrial Security, Committee of National Security Companies, National Council of Investigation and Security Services, Academy of Security Educators and Trainers, Radio Frequency Committee of the Central Station Alarm Industry, Private Security Liaison Council, and Joint IACP-ASIS Committee on Private Security/Law Enforcement Liaison.

A comprehensive literature review included document searches at the National Criminal Justice Reference Service, University Microfilms International, Library of Congress, FBI Academy, National Technical Information Service, Defense Technical Information Center, Brookhaven National Laboratory, and Federal Emergency Management Agency. Project staff also conducted a content analysis of major newspapers and reviewed virtually every issue of major law enforcement and security-related publications over a three-year period.

Detailed questionnaires were distributed to law enforcement officials, proprietary security managers, and managers or owners of contractual security firms. A multi-stage sampling process was used. In the first stage, 821 questionnaires were sent to law enforcement agencies in all counties over 100,000 population, all cities over 50,000 population, and 100 cities with smaller populations. Returns were received from 384 agencies, representing a 47 percent response.

In the second stage, a stratified random sample of private security managers was selected by zip code for the cities and counties from which law enforcement returns had been received. This procedure ensured that responses to common questions would reflect the perceptions of specific populations, rather than a generalized response. Of 2,226 questionnaires sent to proprietary security managers, 676 were returned, representing a 30 percent response. Of 4,527 questionnaires (excluding undeliverables) sent to contract security managers, 545 usable returns were received, representing a 12 percent response.

Two other surveys were conducted. Thirty-seven State agencies with regulatory responsibility for some aspect of private security were sent a separate questionnaire, with a 50 percent response. Finally, questionnaires were sent to senior executives of 40 of the largest security companies, with a 40 percent response.

Hallcrest also conducted field studies in two urban counties -- Baltimore County, Maryland, and Portland/Multnomah County, Oregon -- selected after an evaluation of 27 sites. The field studies afforded the opportunity to explore the dynamics of daily interactions among law enforcement and private security. Data collection techniques included questionnaires, structured interviews, and field observations. Participation by private security was unfortunately low. However, agreement on many survey items was in the 80th and 90th percentiles, and many responses were surprisingly candid.

Finally, an economic and market analysis of the private security industry was conducted from a 1980 baseline, with growth projections to 1985.

2 - CRIME AGAINST BUSINESS AND INSTITUTIONS

DEFINING ECONOMIC CRIME

The public's perception of crime and protection resources is generally formed by impressions of a local "crime rate," which in turn is usually based on the UCR index. 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 UCR index.

In the business community, however, there is no readily acceptable measure of crime. The lack of standardized definitions and classifications -- and the underreporting of workplace crime -- contribute greatly to problems of measurement. There are a number of categories to be considered:

- * Individuals may become victims because of their connection with a business enterprise. A traditional example: the bank officer's family held hostage in the course of a bank robbery. More recently, business executives have been kidnaped for ransom, typically by terrorist groups outside the U.S. In Latin America, for example, an executive of Beatrice Foods was held captive for eight months before being ransomed for an estimated \$500,000, and Exxon allegedly paid \$14.2 million for the release of its Argentina manager. Both corporations were later subjected to civil suits as a result of the incidents. Altogether, one source estimated that business paid more than \$250 million in ransom during the 1970s. Compounding the difficulties of business in these incidents is the position of many governments (including the U.S.) forbidding negotiations with terrorists. This stance may lead to considerable underreporting of kidnaping incidents.

- * Terrorist attacks may be directed against business property. Sabotage or theft at nuclear installations, whether government or private, is an especially troublesome possibility.

- * Frauds may be perpetrated by and against business. The FBI has labeled white collar crime as the "crime of the 1980s," assigning some 1,700 special agents (nearly 25 percent of available manpower) to its detection. Embezzlement is the prototypical white collar crime, and computer-assisted embezzlement could become the most economically devastating variant, with the loss from the typical computer crime estimated at \$500,000 by the FBI. The upper limit is far greater, as illustrated by a \$21.3 million embezzlement of Wells Fargo Bank in 1981 for the purpose of setting up boxing promotion companies. White collar crimes also include frauds perpetrated against the public: in one recent instance, six persons were indicted for scheming

to defraud more than 200 investors of nearly \$40 million in a coal-mining venture.

* A different sort of fraud is perpetrated upon the public to the detriment of businesses trying to sell the same product or service honestly. For example, the Record Association of America estimated that nearly one-third of the records and tapes sold in the U.S. in 1980 were unauthorized in some way, representing a loss of as much as \$1 billion to the entertainment industry.

* In 1967 the Small Business Administration defined "ordinary crime" as burglary, robbery, vandalism, shoplifting, employee theft, and bad checks. The U.S. Department of Commerce subsequently added arson and credit card fraud to this list. The costs to business of "ordinary crime" can be staggering. In the case of shoplifting, one study suggested that the loss to U.S. supermarkets alone may have been as high as \$1 billion in 1981. The advent of electronic funds transfer and the Automatic Teller Machine has dramatically increased opportunities for credit card fraud, allowing a thief not only to obtain goods and money, but also to direct funds into other accounts, and with such speed that the losses can amount to substantial sums before internal auditing controls can detect the unauthorized use. Telephone companies lose an estimated \$73.2 million a year through calls charged to third-party numbers. Yet of all "ordinary crimes" against business, employee theft may be the most pervasive and costly. A recent study suggested that about one-third of employees in any organization steal, and Fireman's Fund Insurance Co. estimates that one-third of all business failures are caused by employee theft. Yet recent studies have indicated that workplace larceny, far from being regarded as a crime, is often committed by otherwise honest individuals who regard it as a form of employment perquisite.

* Related to workplace larceny is employee "time theft" -- excessive socializing, conducting personal business on company time, late arrival, abuse of sick leave, and the like -- which is estimated to have cost employers \$120 billion in 1981, but which is virtually impossible to prosecute.

* Industrial espionage, whether to gain competitive advantage in the marketplace or to gain military advantage, is of concern both to business and to the Nation. The Soviets, for example, illegally acquired IBM 360 and 370 mainframe computers from the West to engineer their own "Ryad" mainframe to be compatible with future generations of Western computers, reportedly to the extent of using the same repair manuals as IBM. In the private arena, the FBI announced in 1982 that over \$500,000 had been paid to its undercover operatives by employees of Japanese electronic firms, Hitachi and Mitsubishi, in an attempt to obtain information on two new IBM computers.

* Tax evasion fraud, while not directed against business, must also be included in any broad definition of economic crime. The IRS has estimated that lost tax revenues in 1983 amounted to \$100 billion from such causes as nonfiling of returns, illicit criminal enterprises, and unreported income, capital gains, interest and dividends, and profits from partnerships and small businesses.

Thus, we arrive at a working definition of economic crime which suggests its breadth and pervasiveness in the U.S., and which will serve as a basis for estimating its 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 of 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, 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.

THE IMPACT OF ECONOMIC CRIME

The most frequently quoted figure for the cost of crimes against American business is \$40 billion a year, which has been expressed as 1 percent of the Gross National Product. This statistic and other similar figures are usually derived from one of four national studies:

* Crimes Against Small Business, Small Business Administration, 1969.

* Handbook on White Collar Crime, Chamber of Commerce of the United States, 1974.

* Costs of Crime, Joint Economic Committee, Congress of the United States, 1976.

* Crimes Against Business Project, American Management Associations, 1977.

Table 1 (overleaf) shows the statistics compiled by these projects. These estimates are not truly comparable, since they involve different time periods, different methodologies, and even different offenses. The Small Business Administration study focused on "ordinary crimes," the Joint Economic Committee was concerned primarily with "white collar crime," and only two of the possible categories of economic crime were considered by all four groups.

There have been four major obstacles to an ongoing program of reporting crime and loss data by business and industry: 1) the lack of accepted definitions, 2) the lack of a data base upon which to build and measure trends, 3) the lack of good measures by which business and industry can report crime-related losses, and 4) the reluctance of organizations to release financial loss data that could reflect adversely upon them. As a result, estimating the cost of economic crime becomes a new, independent effort each time it is undertaken. The easier route has been to continue to quote the \$40 billion figure derived from the projects mentioned above, even though their figures are at least five years outdated. (Computer crime, for example, has probably increased exponentially since the most recent of these studies was published, as have the pirating of video tapes and the theft of high-technology components.)

1 - ESTIMATED COSTS OF CRIME AGAINST BUSINESS, BY CRIME
(in billions of U.S. dollars)

	SMALL BUSINESS ADMIN. 1967-68	CHAMBER OF COMMERCE 1974	AMERICAN MANAGEMENT ASSOC. 1975	JOINT ECONOMIC COMM. 1976
Arson	--	--	1.3	--
Bankruptcy fraud	--	0.08	--	0.1
Bribery, kickbacks, payoffs	--	3.0	3.5-10	3.85
Burglary	0.96	--	2.5	--
Check fraud	0.32	1.0	1.0-2.0	1.12
Computer crime	--	0.1	--	0.13
Consumer fraud	--	21.0	--	27.0
Credit card fraud	--	0.1	0.5	0.5
Embezzlement	--	3.0	4.0	3.86
Insurance fraud	---	2.0	2.0	2.5
Pilferage & employee theft	0.38	4.0	5.0-10.0	4.84
Receiving stolen property	--	3.5	--	--
Robbery	0.08	--	--	--
Securities theft & fraud	--	4.0	5.0	0.29
Shoplifting	0.5	--	2.0	--
Vandalism	0.81	--	2.5	--
	\$3.05	\$41.7	\$29.3-41.8	\$44.2

(Figures to two decimal places; totals may not be exact due to rounding)

Thus, after reviewing the available crime cost data, we conclude that the costs of economic crime are not precisely known. The literature provides estimates which are, to a large degree, based upon earlier estimates, with an appropriate adjustment for inflation. On this basis, it appears that the direct cost of economic crime was at least \$67 billion in 1980. Other estimates, though not substantiated, would place the cost of economic crime at \$200-\$300 billion per year, and the cumulative direct and indirect costs would be much greater.

THE PRIVATE JUSTICE SYSTEM

In the Hallcrest national surveys, law enforcement executives and proprietary security managers were asked about their perceptions of crime reporting and crime resolution in the private sector. A significant majority (62 percent of the police executives and 71 percent of the security managers) rated private security as "good" or "very good" in reporting criminal incidents.

The proprietary security managers were also asked how their organizations usually resolved a number of external and internal crimes: by reporting to law enforcement agencies, by reporting directly to the prosecutor's office, or by resolving the incident within the organization (e.g., firing the employee, obtaining restitution, or absorbing the loss). In this area, there was a clear discrepancy between police perceptions and private sector practices. About 80 percent of law enforcement executives felt that check and credit card fraud were reported to them, whereas 40 percent of the security managers indicated that such incidents were reported directly to a prosecutor or resolved by other means. Similarly, 90 percent of the police chiefs and sheriffs felt that shoplifting and vandalism were reported to them, while about 30 percent of the security managers said they usually reported these incidents to the prosecutor or resolved them through other methods.

Overall, the crimes most frequently reported to a law enforcement agency seem to be arson, burglary, robbery, cargo theft, extortion, receiving stolen property, and terrorism and bombings -- in short, UCR index crimes. Least frequently reported are pilferage and employee theft, insurance fraud, industrial espionage, commercial bribery, and computer-related crimes. The majority of proprietary security managers report that these incidents are resolved through direct contact with a prosecutor or, more often, within the organization. Consistent with the discussion above, the security managers in all types of organizations -- industrial, commercial, and institutional -- reported that the most frequently investigated crime in their organizations was employee theft. Nearly half the managers reported resolving employee theft incidents within the organization.

There are a number of reasons for the underreporting of business crimes to the police:

* Such crimes have a low priority for law enforcement agencies, compared to street crimes and offenses more visible to the community.

* Police agencies may not have the expertise to investigate these crimes, or their expertise may be limited to a few overworked individuals.

* Cases brought by private security are usually well developed, putting the law enforcement agency in the thankless position of being an information processor for the prosecutor's office.

* A complex case may involve several levels (local, State, Federal) and types (FBI, IRS, Customs) of law enforcement personnel.

* Many cases are disposed of by plea bargaining, which police officers may not understand or support, but which may suit the purposes of a company interested in deterrent value.

For some crimes, in fact, private organizations commonly avoid the criminal justice system altogether. The reasons include dissatisfaction with the charging policies of prosecutors, who may opt for a lesser charge than the security manager feels the case merits; the prospect of lengthy court proceedings, with a consequent burden upon the corporation's legal, investigative, and accounting resources; differing policy objectives and "output goals" between the private sector and the criminal justice system; concerns about the Freedom of Information Act and rules of discovery, with their potential for public embarrassment or stockholder suits; and the belief that the criminal justice system is unsympathetic to business losses due to crime. Finally, the company may make a simple economic decision, forgoing prosecution in order to avoid increases in insurance premiums, or deciding that losses can more easily be recovered by raising prices to the consumer.

For example, a civil suit may be used to recover damages from a firm that uses stolen information in the manufacture of devices that compete with the victim's products, rather than press a criminal prosecution against the offender. In such an instance, the company's "output goals" differ from those of the criminal justice system, emphasizing restitution and deterrence over such alternate goals as retribution, rehabilitation, or incapacitation of the offender.

As such civil suits illustrate, the overriding concern of most corporations is the impact of a loss upon its overall operations. Thus, more attention may be focused on preventing and deterring future losses than upon pursuing the offender involved in the incident. Indeed, the emphasis on loss prevention 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. The options might include suspensions without pay, dismissal, transfer, job reassignment or redesign (i.e., eliminating some duties), a restitution agreement, or criminal prosecution. (For some companies, of course, collective bargaining agreements may limit the available options.) The offending employee can also be denied subsequent advancement, despite his or her current qualifications and performance.

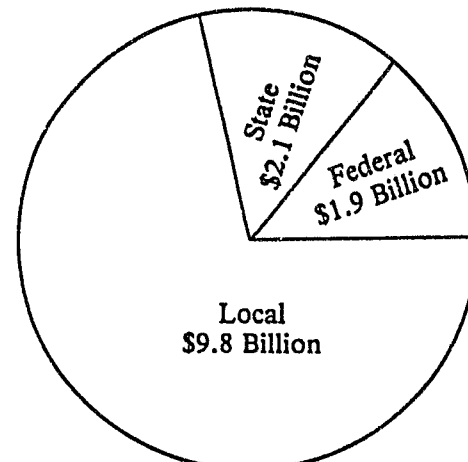
Some observers have expressed concern that private justice may exert far greater control on citizens than the criminal justice system itself, and in the process may ignore basic principles of law and fairness. The California Supreme Court, for example, ruled that store detectives were not obliged to give Miranda warnings to detained suspects because "they don't

enjoy the psychological advantage of official authority, which is a major tool of coercion." Yet employers can use other forms of coercion, notably the threat of terminating employment. If as much crime is resolved through the private justice systems as the Hallcrest national surveys seem to indicate, then some valid concerns can indeed be raised about the fairness and consistency of private justice.

Further research in this area would help delineate the characteristics of private justice, its contribution to reducing the workload of the criminal justice system, and the amount of underreported crime which accompanies its use.

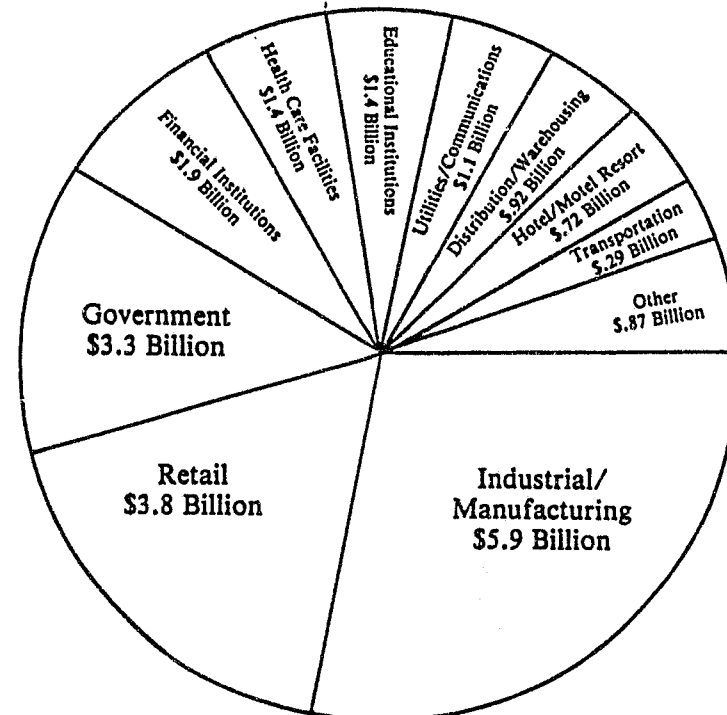
GROSS EXPENDITURES FOR PROTECTION IN THE U.S.

Police Protection



\$13.8 Billion (1979)¹

Private Protection



\$21.7 Billion (1980)²

Sources: 1) Sourcebook of Criminal Justice Statistics, 1981, U.S. Department of Justice, 1982; 2) Key Market Coverage, Security World, 1981.

3 - THE DIMENSIONS OF PRIVATE SECURITY

Hallcrest estimates that total U.S. employment in private security in 1982 amounted to 1.1 million, excluding Federal security workers. The breakdown is as follows:

Proprietary security programs: 448,979

Guards: 346,326
Store detectives: 20,106
Investigators: 10,000
Other workers: 12,215
Managers and staff: 60,332

Contract security firms: 640,640

Guards and investigators: 541,600
Central station alarm: 24,000
Local alarm: 25,740
Armored car/courier: 26,300
Security equipment: 15,000
Specialized services: 5,000
Security consultants: 3,000

These estimates are very conservative, especially in proprietary security. The total may in fact be as high as 1.25 million. It therefore appears that private protection resources in the U.S. outnumber law enforcement personnel by a ratio of nearly 2:1, and that the disparity is likely to increase. The Bureau of Labor Statistics projects 215,000 new operational security positions in the private sector by 1990, while public-sector growth is projected at only 2.5 percent annually.

PROPRIETARY SECURITY PROGRAMS

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 previous chapter focused on crime, which is only one category of potential loss. Equally important to the organization are losses resulting from vandalism, waste, accidents, fire, and natural disasters, as well as such intangibles as damage to its reputation and standing in the community. For this reason, directors of security frequently report to the top management of the organization. In the Hallcrest survey of proprietary security managers, 46 percent of respondents said they reported to a vice-president or higher official. Perhaps an emerging trend will be to place security within the organization's larger "risk management"

program, encompassing not only security but also internal audit, safety, insurance, and fire prevention.

The historical and legal basis

The origins of private security go back to 18th century England, where landowners hired armed gamekeepers to protect their property. In 1800, the River Police -- a forerunner of modern policing -- were established to protect the cargo-laden merchant ships in the River Thames. The legal basis for proprietary security programs 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 have also enacted statutes to delineate specifically the authority of individuals to protect themselves and their property, and to hire others to exercise those rights on their behalf.

When making an arrest, the authority of a security guard is generally limited to that of any other citizen, but there are some notable exceptions in the areas of detention, search, and interrogation. In 1975, a Private Security Task Force survey found that 30 States have specific statutes relating to citizen arrest authority for felonies; typically, a felony arrest can be made by a private citizen when there is "reasonable cause" or "reasonable grounds" to believe a crime has been committed. For lesser offenses (22 States also allow citizen arrests for misdemeanors) the crime must actually have been seen by the citizen. A private citizen usually cannot detain or search a suspect without the suspect's consent. However, many States have enacted "shoplifting statutes" to allow this practice in retail stores, and industrial security programs have traditionally been granted the right to inspect employee packages and personal belongings.

The authority of security guards may be extended by designating them as special police officers with full or limited powers in a confined area such as a plant, store, campus, or mall. In New York, for example, retail security personnel who successfully complete an approved course of training can act as their employer's agent in apprehending a suspect, citing the suspect into court, and preserving evidence. Some proprietary security forces -- campus police and transit police are common examples -- actually function as a police department within a limited jurisdiction, and are considered part of the police community. In the Hallcrest national surveys, 29 percent of proprietary security managers said they had special police powers. In the Baltimore field-study site, the security personnel of many manufacturing firms and retailers were granted special police powers.

In some instances, indeed, private security personnel may be given more latitude than the police. For example, courts in several States have ruled that the Miranda warnings required of police officers do not apply when private security personnel are questioning suspects. Shearing and Stenning are concerned about the "potentially disturbing interferences with liberty and civil rights" that could occur to citizens on private property that is frequently used by the public, such as shopping malls. Traditional protection of citizen liberties and rights, they note, becomes obscured when "the individual steps into a privately owned public place." [Clifford D. Shearing and Phillip C. Stenning in Crime and Justice: An Annual Review of Research, Vol. 3, University of Chicago Press, 1981]

In addition to the right to protect property, there is also an overriding public interest issue and legal basis for protecting employees, customers, and visitors. Organizations are frequently held liable for failure to provide adequate security. Liability concerns can impact the security program from another direction, since the organization can also be held liable for the actions of its security personnel. Thus, lawsuits may allege excessive force, malicious prosecution, or improper detention, search, or arrest.

Finally, security programs may be mandated by the Federal government, which operates the largest proprietary security program (with more than 20,000 workers) and is perhaps the largest single user of contractual security services. Federal law specifies security measures for banks, defense industries, and nuclear power plants.

Security program components

While specific security measures are apt to vary greatly, any proprietary security program is likely to have three key components:

Physical security involves the physical means used to control and monitor access by individuals and vehicles, to prevent and detect unauthorized intrusion and surveillance, and to safeguard documents, proprietary information, merchandise, and buildings. Typically, these elements are involved:

- * Perimeter protection, including physical barriers, locking systems, lighting, closed circuit television (CCTV), intrusion detection sensors, guard stations, and access control systems.

- * Interior space protection, which also utilizes alarms, locks, electronic card readers, CCTV systems, and intrusion detection sensors, as well as fixed security equipment such as burglary- and fire-resistant vaults, safes, chests, and filing cabinets.

- * Human and technological resources, including guards, other security personnel, and a range of protective products and services.

Lighting, locks, and a local alarm system are often the extent of small business security, which is therefore very dependent upon the detection and response capabilities of the local law enforcement agency.

Information security is designed to protect classified government information and proprietary information such as mailing lists and the names of suppliers and vendors, research and manufacturing data, and marketing plans, technical proposals, and pricing information. Some organizations establish a "safe room" to store valuable documents and data. Information security may also involve codes for transmitting and storing computer data. Electronic sweeps are routinely made in some corporate and defense environments to detect eavesdropping equipment. Other aspects of information security concern the disposal of outdated equipment, off-site storage of records, and the ability to restore computer capabilities in the event of a disaster.

Personnel security may include background checks of prospective employees, programs to encourage security awareness among employees, fidelity bonds for certain employees, and protection for key executives. Executive protection is a growing concern for many organizations, and may involve additional access and communications controls at the office, residential security measures at the executive's home, special precautions for commuting and travel, and providing trained chauffeurs and bodyguards. Some States prohibit private guards from carrying concealed weapons -- a prohibition which encourages the hiring of off-duty police officers as bodyguards, and which complicates the problem of protecting executives traveling from one State to another.

Security resources

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 in 1979 for police protection at the Federal, State, and local levels. Security World, for example, projected private security expenditures of \$21.7 billion in 1980 (see pie charts on page 14). The Hallcrest national survey sample of 676 proprietary security managers accounted for about \$475 million in annual security expenditures, to protect \$250 billion in assets, situated at 25,000 separate facilities. The typical local security manager had an annual budget of \$250,000 and protected \$30 million in assets. Corporate security managers often had budgets in excess of \$1 million, while protecting assets valued at hundreds of millions of dollars. Indeed, in many communities, it is conceivable that the private sector spends considerably more for protection than does the local police department.

According to the Hallcrest survey, the most frequently used security measures are burglar alarms (found in 83 percent of the programs surveyed); safes and vaults (75 percent); and closed-circuit television (74 percent). With respect to security guards -- usually the most visible component of a security program -- 67 percent of the managers reported that they employ in-house guards, while 57 percent use guards provided by contract security firms. Less frequently employed measures include polygraph/deception detection equipment (29 percent of the programs surveyed), armored car/courier services (20 percent), and guard dogs (7 percent).

Just over half the security managers in the Hallcrest survey report that 20 percent or more of their annual security budgets is spent on contractual security products and services, with the practice nearly twice as common in commercial and industrial settings as in institutions. Security managers using outside firms generally employ one to three such firms, but large corporations often do business with a dozen or more. Corporate and institutional use of contract guards has greatly increased in recent years, apparently because they are perceived as less expensive than in-house guards. In some cases, the contract guards supplement in-house personnel, while in others they are the sole source of security personnel.

Thus, while it is often convenient to distinguish between "proprietary" security on the one hand and "contractual" security on the other, it should be remembered that the former often includes the latter.

CONTRACTUAL SECURITY OPERATIONS

Guard and patrol services

Hallcrest estimates that there are about 8,500 firms in the United States deriving their main revenue from providing security guards. Guard firms are particularly visible at sporting and other public events, and at banks and airports. The 10 largest, with their corporate affiliation (if any) and their 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
CPF (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

These 10 large firms range in size from about 10,000 employees to more than 30,000; a few are larger than any Federal, State, or local law enforcement agency. However, they account for only about one-third of the contract guards in the U.S. More typical is the small local guard service with few employees and annual revenues of \$50,000 to \$200,000.

Guard firms obtain new clients by direct marketing efforts or through competitive bidding, with clients frequently changing from one firm to another. A 1980 Security World survey showed that 48 percent of employers changed contract guard companies within a year of initiating a contract. High turnover was least common in institutional settings, where 49 percent of the managers said they had never changed guard firms. In a 1982 Security World survey, the average industrial budget for contract security guards was \$265,000. Using an hourly billable rate of \$6.62 (derived from the Hallcrest survey of proprietary security managers), this would pay for four guard posts on a 24-hour basis. Budgets were smaller in the commercial sector (an average of \$175,000) and smaller still in institutions (\$125,000).

Once a contract is awarded, the guard firm must find the requisite guards. In addition to new applicants, experienced personnel may be drawn from the firm's employees on other assignments, employees of other contract firms or proprietary programs, and off-duty police officers. In the Hallcrest survey of security companies, the firms indicated that a client's willingness to pay a given wage was the principal factor in selecting personnel for that client. Education and work experience were judged the least important factors.

Misrepresentation of screening and training practices was a frequent complaint by contract guard users (and also by competing guard companies) in the site studies and reconnaissance interviews. Even in States with mandated security training requirements, it is difficult to verify the training records maintained by security firms. In States without training require-

ments, both unarmed and armed security guards can be placed in assignments involving public contact with only the benefit of on-the-job training.

Firearms incidents involving private security guards are an area of concern to regulatory agencies and a frequent focus of the media. In the Hallcrest national surveys, the majority of respondents said that less than 10 percent of their total personnel are armed. Guardsmark, a national firm, estimated that only about 3 percent of its uniformed personnel are armed, down from 35 percent in 1973. At the same time, nearly half the security firm managers said they had experienced an increase in client requests for armed guards over the past five years. The companies report that they generally discourage such requests, both because weapons are usually not needed and because of the attendant liability and insurance problems. Typically, firearms are carried when required by terms of the contract or by governmental regulations (e.g., Nuclear Regulatory Commission) or when an assignment involves safeguarding cash or other highly vulnerable assets.

Inappropriate apprehension techniques or other actions can expose the security guard to unnecessary physical danger. There is no source which keeps data on the number of attacks on security personnel, but Security Letter published a survey of news items indicating that 12 private security guards had been killed during a single month. Fatalities appear to occur most frequently when guards attempt to protect property or valuables during the commission of a felony.

A police officer in need of assistance can usually obtain it with a radio call, but the security guard may be at a fixed post with no means of communication. The Hallcrest site study revealed that inadequate communications equipment and poor supervision are other frequent complaints from the users of contract security and from competitor companies.

The successful guard company must balance the need for training, supervision, and management with the need to minimize overhead in an industry with intense competition and low profit margins. At the same time, the company must balance its need for low wages with the costs associated with a high turnover rate. A regional executive for one national security firm estimated that guard turnover at a new job site can be as high as 60 percent during the first three months.

Private investigative firms

Pinkerton's was formed in 1850 to provide nationwide investigative resources for a country with no Federal law enforcement agency and little local law enforcement. Even today, private investigators often rely on their colleagues in other parts of the country to pursue leads and do other work for them, thus acting as part of a private national investigative network. There are about 2,500 such firms in the U.S. today. Some perform many of the functions of a proprietary security program, providing undercover operatives, polygraph examinations, countersurveillance services, and bodyguards.

The typical private investigator works independently, as a sole proprietor or as part of a small firm. More than half the investigative firms in the Hallcrest survey reported annual gross revenues of less than

\$100,000, and the median number of full-time employees was three. A few firms were encountered with 20 or more employees and several branch offices. Additionally, there are several national firms specializing in insurance investigations, employee screening, and credit reporting.

Alarm companies

Alarm systems are the most frequently used component of security programs, and there is also a growing residential market for such systems. Hallcrest estimates that there are 10,000 alarm companies in the U.S., with 85 percent of these being local installation firms. In addition to fire and burglar alarms, they may also install access control systems, CCTV monitors, perimeter security systems, and fixed security equipment. Most such firms are small. In the national survey, less than 20 percent of local alarm companies reported gross annual sales of more than \$500,000. In Baltimore County, interviews were conducted with representatives of nearly a quarter of the alarm firms listed in the Yellow Pages; the pattern that emerged was a local firm with one to four employees, installers working part-time or under contract, a limited inventory, and an office that is frequently unmanned or is located in a private residence. These small firms, in fact, often function as installation companies, obtaining components only after closing a sale or when installing a system for a larger company or a retailer such as Sears.

While the duties of the local alarm-installation firm end once the equipment has been installed, a central station alarm company provides 24-hour monitoring for the customer. These companies can monitor virtually any type of sensing device, including refrigeration units, industrial process gauges, and card readers for electronic access control. When an alarm signal is received, the company alerts the client, informs the police or other emergency unit, or dispatches an "alarm runner" to the site. Alarm runners are frequently armed and can make apprehensions on the client's property.

In 1981, Underwriters Laboratories listed only about 450 central stations in the U.S., about half of them operated by nine companies. Of the national companies, ADT had 143 central stations, Honeywell 40, and Wells Fargo 36. Sonitrol, Rollins, Dictograph, and Westinghouse also provide national coverage on a franchise basis. Many central stations, however, are closely-held family businesses which compete successfully with the national companies. The Hallcrest national survey disclosed that the typical central station employs 25 people and has annual sales of \$712,500.

In the past, local alarm installers often sold telephone dialing devices connected to police and fire dispatchers. This practice is now discouraged in many areas, creating a market for the alarm monitoring service with computerized equipment, which can handle thousands of subscribers. Such services allow customers to enjoy some of the advantage of central station alarm companies at a lower cost.

Armored car/courier services

Armored car services provide heavily armored vehicles and armed guards to transport currency, coins, securities, precious metals, jewelry, credit

cards, and other items of high value. Courier services provide for the armed transportation of valuable items, but in lightweight vehicles, or else they transport (using unarmed personnel) documents having low intrinsic value but requiring expeditious delivery. The proliferation of Automatic Teller Machines, the trend toward contracting for the emptying of municipal parking meters, high crime rates, curtailed police escorts for merchants carrying cash, and high interest rates which make money more time-sensitive -- all have contributed to the demand for armored car services.

The cost of armored trucks and fidelity insurance is a significant entrance barrier, and the industry is therefore dominated by a few large firms, notably Brinks, Wells Fargo, and Purolator Armored. However, small local firms have also carved out their own marketplace, and a few full-service guard companies also provide armored car services.

Armored car robberies can involve catastrophic loss. For example, an attack on a Brinks cargo valued at \$1.6 million, though foiled, resulted in the deaths of two police officers and a guard. In 1982, an estimated \$11 million was stolen from an armored car terminal in New York City.

Other security services

Some form of security consulting is offered by over 60 percent of the contract security companies in the Hallcrest national survey. In addition, independent consulting firms offer a broad range of services, though they often specialize in one of five areas: designing security systems or crime-resistant environments, advising management on loss-prevention strategies, developing executive protection programs, investigating complex economic crimes, and providing computer security systems.

Security training courses are offered by trade and professional associations, private security schools, specialists in high-performance driving (for chauffeurs and bodyguards), and manufacturers of security equipment.

Employee screening is offered by firms providing paper-and-pencil honesty testing, polygraph tests, Psychological Stress Evaluation, handwriting analysis, or employee background investigations.

Technical countersurveillance is a large business in the U.S., with one manufacturer of such equipment estimating sales of \$30 million in 1982. Many corporations conduct periodic "sweeps" to detect eavesdropping devices.

In the past few years, private vault rooms have become an alternative to bank vaults, safe-deposit boxes, and on-site storage of computer tapes and the like. Such facilities may offer more comprehensive security, including armed couriers, and may provide 12-hour or even 24-hour access.

Drug detection in the workforce, crowd control at public events, guard dogs for unoccupied areas, honesty shopping for retail stores, and short-term uniformed guards for strike protection are other specialized security services available in the marketplace.

PROSPECTS FOR GROWTH

The forces that accelerated growth in the late 1970s will continue to affect private security in the 1980s, including fear of crime, declining law enforcement resources in the public sector, and the protective initiatives of citizens, neighborhoods, businesses, and institutions. A pivotal factor influencing growth will be the ability of public law enforcement to recognize that a fundamental shift of protective resources has occurred, from the public to the private sector, and also its ability to forge new relationships and mechanisms for protecting the community. Another major factor will be rapid changes in technology, accompanied by lower prices for many security products, thus making more protective devices available to the mass market. Robotics, especially, may begin to penetrate the market for security monitoring and surveillance, and the application of new technologies to closed-circuit television may enable TV cameras to overcome limitations imposed by poor lighting or changes in light intensity.

Monitoring and detection equipment appear to be the strongest sector to 1985. Insurance premium reductions for burglar and fire alarm systems provide a large incentive for their use in the commercial and industrial sectors. A "do-it-yourself" market has also emerged, and self-installed systems could overtake professionally installed systems in residential settings. Particularly high rates of growth are indicated for electronic article surveillance systems and closed-circuit television. The direct connection of alarm systems to police departments will decline sharply.

Deterrent equipment will also benefit from the shift to electronic/automated security systems. Electronic access control (e.g., keyless locks for hotels) and data encryption units for computer security promise to be extremely high-growth areas. Among low-tech equipment, strong growth should be experienced by security fencing, locking devices, and residential safes.

Protective services will lag the equipment categories, in part because of technological displacement of guards. A small guard force on mobile patrol can be replaced by surveillance cameras or an electronic access system monitored by a single guard, or even by a central station service -- a possibility which may adversely impact the small guard firms.

Contract security services should continue to grow, however, as a result of increased conversion from in-house to contract guards, declining police resources, and possibly the contracting-out of some traditional law enforcement activities. Contract guards may well account for 65 percent of all guards by 1985. In some cases, hybrid staffs may emerge, with in-house personnel supervising an operational staff of contract guards. An analogous situation may occur in the public law enforcement sector, if police are able to shift lower-priority activities to security firms while concentrating their own resources on crime-related tasks. At the same time, concerns about police officer "moonlighting" may open up new accounts for contract security firms.

The growth of central station alarm services will depend largely upon their ability to expand into the residential market. Currently, less than 5 percent of households have alarm systems. However, the use of wireless

components has now brought the cost of alarm systems within the reach of middleclass homeowners and small businesses.

Fully integrated central station monitoring systems may also increase, as energy savings offset the high initial cost and microwave relay lowers the cost of transmitting signals from remote CCTV cameras. These large-scale monitoring systems may also incorporate electronic access control for personnel. While most such systems will probably be in-house, there is no technical reason why they should be. If central station alarm services can position themselves effectively, they may be able to participate in the growth of this segment of the market as well. On the other hand, competition for central station alarm and monitoring services may emerge from cable television systems and the Bell System operating companies. If competitors do succeed in penetrating the home and small-business markets, police backlash over false alarms may be expected to worsen.

The increased use of electronic funds transfer will limit the expansion of armored car services, and "electronic mail" may similarly impact courier services. At the same time, increased computerization will increase the need for transporting backup records to off-site storage facilities -- a possible growth market for armored car and courier services, as well as the private vault industry.

Fire detection and control (included here because of its importance in the larger, "protective" role of private security) will probably lag the other markets. The boom is over for residential smoke detectors, although good potential still exists in local and proprietary alarms, central station alarm systems, and automatic sprinkler systems.

Altogether, Hallcrest projects the growth for protective services to be in the range of 12 percent annually to 1985, reaching \$6.4 billion that year. Table 2 shows higher rates of growth for guard and alarm services.

2 - HALLCREST PROJECTIONS OF PROTECTIVE SERVICE REVENUES

	REVENUES IN MILLIONS		ANNUAL GROWTH RATE
	1980	1985	
Guard/investigative	\$2,945	\$4,712	12 %
Armored car	390	487.5	5 %
Central station alarm	700	1,335	15 %

4 - COMMON OPERATING ASPECTS OF PRIVATE SECURITY

Uniforms and equipment

Most guard, armored car, and alarm response firms utilize uniforms, badges, and equipment that are somewhat similar to those of law enforcement agencies. In fact, they often purchase these items from the same suppliers.

The Private Security Task Force suggested that the accoutrements of "security officers" be clearly distinguishable from those of sworn personnel. For example, the Task Force called for the use of cloth badges, 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." Currently, 27 States impose some form of uniform restrictions, 29 States impose badge restrictions, and 14 States impose vehicle restrictions upon private security forces.

Police resent the possibility of mistaken identity, yet in the site surveys they agreed that the private security officer's effectiveness is increased when he or she wears a police-type uniform when dealing with offenders, the general public, or company employees. In addition, law enforcement officers felt that "in most instances" a badge is necessary for security personnel.

In the Hallcrest site surveys, virtually all contract security personnel reported that they used metal badges when wearing police-type uniforms, with cloth badges reserved primarily for slacks-and-blazer uniforms. Sometimes the words "security police" are used, with the first word generally less conspicuous than the second. However, some contract security companies have begun using square badges with only the name of the company on the uniform. In these cases the uniform is more clearly distinguished from those of law enforcement personnel.

Business practices

A frequent complaint is that private security firms market themselves by purporting to offer quasi-police services, while disparaging police effectiveness in reducing crime in the community. In the Hallcrest surveys, however, neither law enforcement officers nor private security executives saw themselves as providing similar services. Neither did they feel that the private companies were competing with public law enforcement in the provision of police services.

A review of Yellow Pages advertisements and national mailing lists showed that guard and alarm firms have a tendency to choose names with the

connotation of force, such as Rampart or Citadel. Some guard and investigative firms append Service or Agency to such words as City, State, or U.S., thus suggesting that their organizations have a quasi-governmental status. Alternately, firms may use words associated with law enforcement, such as Police, Troopers, Task Force, or "911." Hallcrest speculates that such practices are most common among smaller or less established firms.

Deceptive advertising may take the form of saying that a company is "licensed and bonded," when the license is merely a business license and the bond is a fidelity or performance bond which provides no remedy to an individual suing for injury. Alarm companies may claim that they or their systems are "U.L. listed," when the Underwriters Laboratory certification refers only to specific components.

The Private Security Task Force noted that competitive bidding by security companies tends to lower the wages of security guards. The Hallcrest surveys and site studies confirmed this tendency, with major contracts in the industrial and institutional sectors frequently awarded on a difference of 10 cents per hour or less. (Wages typically account for between 60 percent and 75 percent of the contract bid price.) Government is a major force in this cost-cutting cycle. Guard companies throughout the country bid for the protection of government facilities, and Federal procurement is notorious for awarding contracts on a low-bid basis.

A number of business practices have evolved to compensate for the pressure of low bids. Large firms may attempt to provide "premium" guard personnel with corresponding high billable rates. Less ethical are "front loading" (providing specified levels and quality at the beginning of the contract, then tapering off to a lesser caliber of personnel and supervision) and "ghosting" (billing the client for fictitious salary increases, overtime and holiday work, or supervision). Such practices are cited as a significant problem by contract security managers at both the national and local levels.

Questionable business practices have also been cited as a problem for alarm, armored car, and security equipment firms. In alarm sales, inferior equipment may be substituted for those seemingly specified in the contract. Armored car firms can easily misrepresent the type of armored vehicle, the training and number of personnel, pick-up procedures, and on-site storage facilities.

The Hallcrest national surveys and site studies suggest a conservative estimate of from 20 percent to 30 percent annual turnover of contract security firms. Fully 27.5 percent of the questionnaires were returned because the firms were no longer located at a given address and had left no forwarding information. By comparing zip code listings with Yellow Page listings, we projected that the majority of these firms went out of business. Guard and alarm firm executives agreed that the leading reasons for business failures among small firms pertain to poor business practices rather than inadequate security experience.

Business turnover no doubt contributes to the high turnover in contracts. In both case study sites, several major users of contract guard services had employed several firms in the past year.

Business failure may be a special problem for purchasers of alarm systems, who may discover that they have paid for an inoperable or faulty system.

Liability

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 company or its employees. A review of news articles, television documentaries, and magazine stories over a two-year period suggested widespread abuses in the contract security industry, including fatal shootings, physical abuse of alleged shoplifters, and guards who burglarize their clients. In California, a security guard and an accomplice were charged with the theft of \$3.2 million in computer chips. In New York, an investigation commission heard allegations that alarm firm employees staged burglaries to demonstrate the need for their services and also burglarized customers' premises after turning in a false alarm.

Such abuses are probably not common. In hearings in Illinois, the security director of a national retail chain stated that in the previous year, 14,000 persons had been stopped for shoplifting and 1,800 cases of employee dishonesty had been uncovered, but only about 30 lawsuits were filed against the store as a result. Thus, serious incidents would seem to be infrequent compared to the volume of detentions and arrests. In the case study sites, three-quarters of the law enforcement officers surveyed said they knew of incidents in which a contractual or proprietary security employee had exceeded his or her authority, but the majority said they had witnessed such incidents only "a few times" or less, and less than 50 percent could cite a specific incident. Very few of the cited incidents involved use of force or weapons.

Of the contract security employees in the survey, less than 50 percent said that they had ever had occasion to detain a person at any security job they had performed, and only slightly more than 50 percent said that their company policy expected them to detain suspects. Ten percent or less said they had ever used force, whether in self-defense, evicting trespassers, preventing vandalism or assault, or lawful search, detention, and arrest. (Even these small numbers were skewed by the response of alarm response personnel, who used force much more frequently in all categories.) While 66 percent said that their companies expected them to use force to protect themselves, less than 25 percent were expected to use force in protecting property, 20 percent were expected to search a suspect, and 15 percent were expected to arrest a suspect. In general, therefore, the policies of contract security companies seem to discourage employee detention, search, and arrest, due to fear of lawsuits and higher insurance premiums. Firms which do undertake high-risk assignments tend to be small companies who simply go out of business if faced with a large liability claim, thus leaving the injured party with little recourse.

Surprisingly, only 11 States require security firms to carry general liability insurance. Compounding the problem is the fact that many non-standard carriers write guard insurance, and that most general liability coverage is written for risk on a business's own premises. Specialists in security firm insurance recommend that liability coverage should also

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, and contractual and punitive damages coverage. Guard and investigative firms can obtain up to \$1 million comprehensive liability coverage for 1 percent or 2 percent of payroll, with a minimum premium of about \$1,000 per year. However, firms with poor risk experience, or who have a high degree of exposure because of their client base, training and supervision, use of armed guards or guard dogs, and other factors, can expect to pay significantly higher premiums.

Regulation

Thirty-five States require guard and patrol firms to be licensed. A smaller number -- 22 States, plus the District of Columbia -- require guards to be registered. Of the latter group, two States license and register only armed security personnel, and two more license only unarmed security officers. Altogether, in the Hallcrest national surveys, about 75 percent of the guard and patrol firms and more than 80 percent of private investigative firms said that their operations were regulated by State legislation.

In fewer than 12 States, the same agency regulates guard and patrol firms, investigative firms, alarm companies, and armored car firms. Alarm companies must obtain a license in half the States, and the armored car industry is frequently subject to regulation by public utility commissions and the Interstate Commerce Commission. In the national surveys, 50 percent of the central station alarm firms and 33 percent of the local alarm firms said that certain aspects of their operations were regulated by State statutes.

Regulation is most often provided by the State police or department of public safety (15 States), the department of commerce or an existing occupational licensing agency (7 States), or the department of state (5 States). Of these mechanisms, the regulation by a law enforcement agency appears to be least popular. Three of the State law enforcement agencies said they should not be involved with regulating the security business, and security firms generally oppose the practice, given the prevalence of moonlighting in private security by police officers. Security executives, for their part, express a preference for security industry representation on State regulatory boards, which occurs in 15 States.

Some executives felt that regulatory boards comprised solely of industry representatives could lead to a limitation of competition, through the enactment of provisions that only certain firms could meet. On the other hand, others felt that underrepresentation by the industry has led to unfair or counterproductive controls, such as an overemphasis on police training in the curriculum for security guards while overlooking subjects important to private security.

The overwhelming majority of security managers and executives favored State licensing and regulation of private security, while strongly opposing local licensing. Similarly, about two-thirds of the licensing agencies felt that local ordinances duplicated or even conflicted with State regulation and imposed a burden upon security companies. Alarm companies are most likely to be affected by dual regulation, with about 50 percent of the

central station alarm firm managers in the national survey indicating that they were subject to both State and local requirements. Law enforcement executives, however, strongly favor the use of city or county ordinances, including those that would give them the power to suspend or revoke the license of security firms and employees, or to recommend their removal. (About a third of the law enforcement agencies said they currently possess these powers.)

Differing licensing requirements can pose problems for a guard firm serving a regional or national client, for private investigators pursuing cases into an adjoining State, and for armored car firms transporting shipments across State lines. An investigator, for example, may be unable to testify in the court of a neighboring State because he or she is not "licensed" in that jurisdiction.

In general, State legislative provisions do not appear stringent:

- * Liability insurance is required by 11 States, and liability and bonding insurance by 5. The amount of surety generally ranges from \$2,000 to \$10,000.

- * Mandatory training requirements for armed personnel are imposed by 13 States, with 9 having training requirements for unarmed personnel. Only four of these require as much as 24 hours of pre-assignment training, as recommended by the Private Security Task Force. One of the most stringent is Texas, whose "commissioned peace officer" status for armed security personnel -- with a required 30-hour basic training course -- is credited with taking 20,000 weapons out of the hands of untrained personnel.

- * Only 18 States require a weapons permit for security personnel.

- * In some States, both armed and unarmed personnel can hold security positions for up to six weeks while awaiting licensing approval.

In the Hallcrest national surveys, law enforcement executives and private security managers felt that current regulatory legislation was not effective in "assuring good private security employees and business practices" in their area. For example, about 80 percent of proprietary security managers supported criminal record checks and minimum training requirements for their employees. At the same time, contract security managers feel very strongly that temporary licenses should be issued to new employees, in light of processing delays, large numbers of part-time employees, and high turnover rates.

5 - PERSONNEL FACTORS

Much of the information in this chapter is based on questionnaires distributed to security employees in Baltimore County and Portland/Multnomah County. Although the sample was small, a high degree of consensus was obtained, both within and between the two survey sites. Furthermore, the contract employee data were consistent with the findings of an earlier study of some 10,000 Canadian security employees.

Some sampling bias may have been present, since the questionnaires were distributed by security managers. Thus, the national surveys showed a high proportion of part-time employees in contract security, with small guard firms often having as many part-time as full-time employees. In the field study sites, however, the majority of respondents were full-time workers, so the questionnaire response therefore primarily represent this class of employee.

Recruitment and selection

Guard companies most frequently use newspaper classified ads to recruit their employees, and analysis of such ads in major newspapers shows that entry level salaries for virtually all contract guard positions were at or near the minimum wage. The exceptions typically involved "premium" guard work at utilities, aerospace, electronics, or defense-related facilities.

While alarm installers are also recruited through newspaper ads, they are more likely to be drawn from an informal installers' network. In both field study sites, a pool of independent contractors installed alarm systems for several companies.

Investigative firms often put out "feelers" in the investigative community, not only among their colleagues but also among those working in law enforcement, military, or intelligence services.

Armored car guards are almost always armed, and must be able to exercise discretion in emergency situations. Where police moonlighting is permitted, off-duty police officers are often sought for this work. Security couriers, on the other hand, are expected to be experienced business travelers, familiar with diverse geographical areas.

To screen prospective employees, contract security managers reported using these procedures: general interviewing and application review (94 percent), general reference checks (80 percent), criminal history checks (73 percent), detailed background investigation (59 percent), and fingerprint

checks (58 percent). Less frequent were polygraph exams, psychological tests, and honesty testing. Proprietary security managers generally followed the same procedures, though they were less likely to make criminal history checks (66 percent) or fingerprint checks (39 percent).

In the Hallcrest national surveys, virtually all security managers and law enforcement executives favored mandatory criminal history checks for security personnel. The need for such background checks is illustrated by the experience of California, where about 15,000 applications for security licenses (nearly 20 percent of the total) are rejected each year because of a record of criminal convictions, despite the fact that applicants are advised that such a check is part of the licensing process. Yet in States with no licensing agency and no access to State criminal history record depositories, it is extremely difficult to validate applicant information concerning prior arrests and convictions. The dilemma here is how to balance civil liberty concerns with the need to protect society from abuses by private security personnel. Until contract security firms are granted access to criminal history records for purposes of screening applicants, the potential for abuse will remain at a high level because of the uncertainties inherent in the selection process.

Age/sex/education/experience

In the Hallcrest site surveys, the median age for private security and law enforcement personnel alike was 31-35 years. A higher percentage of guards over 50 was found in proprietary security, but even here the proportion was less than 25 percent. In retail security, 75 percent of employees were under 30. Thus, the stereotype of the elderly security guard was not borne out by the site studies.

Less than 25 percent of the sample were women, most of them employed in proprietary retail security. Female employees were also apt to be found in airport departure screening, public events, honesty shopping, alarm monitoring, and support positions. (The Bureau of Labor Statistics listed 82,000 women in guard positions in 1982, more than four times the number in 1972.)

Approximately half of the security workers (59 percent of proprietary employees and nearly 50 percent of contractual employees) had done some college-level work.

The majority of contract employees had less than two years' experience with their present firms and had held at least two other jobs within the past five years. Proprietary security employees were more stable, with 41 percent having at least six years' tenure with their present organization. Only 29 percent of proprietary employees had ever worked for a contract security firm, suggesting that there is no natural job path from contract to proprietary security.

Job satisfaction

When asked why they had sought security employment, both proprietary and contract employees gave the same answers in order of frequency:

* "I thought it would be interesting work."

* "I like any kind of police work."

* "I like the responsibility of protecting things."

Although an interest in police work was the second most frequently cited reason for seeking their present jobs, less than 10 percent said they had sought security employment because they were unable to obtain jobs in law enforcement. This statistic substantiates the hypothesis that law enforcement and private security draw from separate labor pools. Indeed, a much more common reason (28 percent of contract employees) for taking a security job was simply that the respondent was unemployed and unable to obtain any other work.

There appears to be more career uncertainty in contract security than in proprietary positions. Of the contract employees, 32 percent said they were looking for another job, with about half of them seeking employment with another contract security firm. Just over half the contract employees either did not know how long they would stay in their present jobs or said they would stay until laid off or a better job became available. By contrast, nearly 50 percent of the proprietary security workers intended to stay in their present jobs until they retired.

About 80 percent of both contract and proprietary employees were satisfied with security work. The distributions in the two sites were very similar to those of law enforcement personnel, although the police officers reported slightly higher levels of job satisfaction.

On-the-job activities

When asked to rank the security activities they performed for their organization or client companies, contract and proprietary employees agreed on the first five activities: 1) protection of lives and property, 2) crime prevention, 3) fire prevention, 4) loss prevention, and 5) access control.

As this consensus suggests, there appear to be fairly standardized functions and tasks which are performed by both contract and proprietary security personnel, both of whom reported spending a large portion of their time patrolling on foot, indoors and outside, checking locks and gates and watching for fire hazards. Less often, they reported responding to alarms, inspecting equipment, punching location clocks, and performing non-security tasks such as shipping and receiving. Often, stationary guards screened visitors, gave information, and answered telephones. Proprietary guards frequently reported monitoring central consoles, surveillance, and searching employees -- activities seldom reported by contract guards, even though a high number of contract respondents were in manufacturing assignments. About three-quarters of the guards were frequently involved in report writing, for which written communication skills would be needed.

The most frequent security problem encountered by guards was carelessness (such as an unlocked door), followed by trespassing, fire hazards, vandalism, disturbances, and fire alarms. Proprietary employees reported occasional response to burglar alarms, employee and external theft, and

breaches of company regulations. Thus, very little of the security worker's time -- especially the contract security worker's -- is devoted to crime-related incidents. This reinforces the picture of the private security worker as primarily involved in protecting assets and preventing losses, with a criminal incident 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 public was reported.

The majority of contract security guards reported seeing or talking to their supervisors once or twice a week or "when necessary." Proprietary workers reported more frequent contacts -- one or more per shift -- but agreed with the contract workers that they tended to resolve incidents according to type and seriousness, rather than by instructions from supervisors.

In proprietary security operations, about 50 percent of the respondents were primarily engaged in investigative activities, with employee theft the most frequently reported type of investigation. The investigators spent most of their time interviewing witnesses, questioning suspects, and preparing reports for litigation; only those employed in banking and retail settings reported frequently presenting evidence in court. This tends to support the hypothesis that the "private justice system" is a primary mechanism for resolving criminal incidents, especially those involving employee theft.

Proprietary security employees and alarm runners are much more likely than contract guards to detain suspects or to use force. A similar pattern was apparent when security workers were asked if their employers expected them to use detention or force.

Fully two-thirds of the contract security employees understood that their legal powers were limited to those of other private citizens. However, 13 percent incorrectly stated that they had greater powers if they were on duty in uniform.

The following conclusions emerge from the data and the site interviews:

- * There is less abuse -- and fewer opportunities for abuse -- than media stereotypes would suggest, especially for contract guards.

- * Contract security companies and their clients appear to discourage security employees from detentions, searches, and use of force in most situations.

- * The legal training required for security personnel seems to be minimal, but that minimum should be provided for all security employees so that they will clearly understand the limits of their authority.

Armed security personnel

Contrary to frequently expressed concerns about "armed guards," the contract and proprietary security managers in the Hallcrest national survey indicated that less than 10 percent of their personnel were armed. At the field study sites the proportion was higher, with about 31 percent of the

proprietary employees and 8 percent of contract guards saying they carried firearms. However, the site-study figures may be influenced by the fact that the Baltimore sample includes defense contractors, high-tech manufacturers, and a major utility, some of which may have requirements for armed guards. In the national surveys, by contrast, fully one-third of the responses were from retailing, lodging, and health care organizations where the need for firearms would likely be minimal.

The survey data, the literature review, and the field interviews reveal a dramatic decrease in the carrying of firearms by contract security personnel over the past decade. It is more difficult to assess the status of proprietary security, but, in general, the national surveys and the field interviews suggest a lower incidence of armed proprietary security personnel as well.

It is noteworthy that, for alarm runners and proprietary security employees, the percentage who had ever used a firearm was virtually the same as the percentage who had ever carried a firearm. Similarly, the percentage of security employees who were presently armed was roughly the same as the percentage who felt that their jobs required the use of firearms. Two conclusions emerge: 1) when firearms are carried, they tend to be used, and 2) those who carry firearms generally believe that their jobs require them.

Overall, the potential for firearms abuse seems to be greater in proprietary security, both because of the larger number of firearms and because of the greater potential for interaction with the public.

The Hallcrest national surveys and site surveys indicate that firearms training for armed security personnel probably does not exceed eight hours on the average. This does not necessarily indicate a lack of firearms instruction, since many security personnel reported prior firearms training by the military or by law enforcement. Nearly half of the security personnel in the site surveys felt that their firearms training was "very good." However, about a third of the contract personnel and half of the alarm runners did not believe they had sufficient firearms training -- this despite the fact that the alarm runners most frequently reported receiving more than 40 hours of firearms training. There are two disturbing aspects to the site study responses:

- * It appears that much firearms training concentrates on the mechanical aspects of firing a gun and on weapons safety, rather than on situations which could be encountered in actual assignments.

- * About 40 percent of armed contract security personnel report being "self-taught" in the use of firearms. While sports or recreational weapons training may be technically excellent, it is hardly relevant to the situations to be encountered by security personnel.

The Private Security Task Force called for 24 hours of firearms training (or evidence of competence) prior to assignment, including three hours devoted to legal and policy restraints upon firearms use. This seems entirely reasonable, yet only four States meet the PSTF standard. In the absence of State requirements, contract security personnel apparently have not taken the initiative to provide adequate levels of firearms training.

Training

For contract security firms, pre-assignment training is almost always an overhead expense, so it is to the company's advantage to pass on as much training as possible to the client's job site. Proprietary security, on the other hand, can afford to provide more training for their personnel, and this is one of the distinct advantages of maintaining a proprietary security force.

The Private Security Task Force recommended that contract security personnel complete at least 8 hours of formal pre-assignment training. This was to be followed within three months of assignment by a basic training course of at least 32 hours, with no more than 16 hours consisting of on-the-job training.

Hallcrest researchers found a number of audio and video cassette programs for entry-level security guards that encompass most of the PSTF pre-assignment course, plus additional materials. Most of these programs can be purchased as a complete package for \$1,200 or less, which should not pose a barrier even for a small firm. Indeed, one program was produced in cooperation with an insurance underwriter, which guaranteed reduced premiums for security firms utilizing the program. Another, developed by the National Academy for Criminal Justice, enabled security personnel to obtain college credit. In addition, many training films and cassettes used in law enforcement training are also suitable for security personnel, covering such topics as first aid, self defense, conflict resolution, and handling disturbed or hostile individuals.

State-mandated training requirements have led to the development of other training resources, as have Federal security requirements for defense-related industries and nuclear power plants. Some police agencies conduct training for private security personnel. Certification programs have been developed by the American Society of Industrial Security, the International Association for Hospital Security, and the International Association for Shopping Center Security; the last two are 40-hour programs which in effect constitute the pre-assignment and basic training courses recommended by the Private Security Task Force.

Given the availability of training resources, what is the extent of their use? Based on its surveys and interviews, Hallcrest estimates that the typical uniformed guard receives four hours of pre-assignment training. Thus, in the field study sites, the majority of guards had completed some pre-assignment training. Many, however, reported that they had received only on-the-job training, including 60 percent of the contract guards. (For many assignments, of course, public interaction is limited. The training emphasis is therefore on such subjects as equipment, patrol tours and activities, and emergency notification procedures -- subjects best covered through on-the-job training, since every assignment has its unique requirements.)

Training levels for proprietary guards are consistently higher than for contract guards. In the field study sites, proprietary employees reported three times as much pre-assignment training and five times as much on-the-job training, compared to contract employees.

3 - TRAINING SUBJECTS REPORTED BY SECURITY EMPLOYEES

	PROPRIETARY EMPLOYEES	CONTRACT GUARDS	ALARM RUNNERS
Fire protection/prevention	76%	81%	82%
First aid	69%	48%	55%
Legal powers: arrest, search, and seizure	83%	74%	55%
Investigation and 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: Hallcrest site surveys of security employees, Baltimore County and Portland/Multnomah County, 1982

At the field study sites, as shown in Table 3, the most frequently reported types of training for all security employees were fire protection and prevention, report writing, legal powers, building safety, and investigation and detection procedures. Interestingly, lower levels of training in legal powers and crisis handling are reported by alarm runners, who are most likely to need training in these areas. The most frequent methods of training were manuals, lectures, films, and slides. Most respondents felt that their training was "adequate," but this is not a reflection of client satisfaction with the levels of training.

Compensation

A vicious circle exists in the private security industry, with low wages leading to high turnover and ineffective performance. The owners and managers of contract security firms insist that clients are unwilling to pay higher rates; clients argue that they would pay higher wages for higher caliber personnel. Nevertheless, many large contracts in government and

industry virtually require wages for security guards that are near Federal minimums.

In the Hallcrest national survey, nearly 50 percent of contract guards were earning less than \$4 per hour in 1981, and fully 78 percent were earning less than \$5. By contrast, the median hourly wage for proprietary guards was between \$6 and \$7. In the field study sites, the sample of contract guards earned an average of \$4.35 per hour, while most proprietary guards earned over \$7 per hour. Both the generally low wages for security personnel, and the differential between contract and proprietary employees, are confirmed by other studies.

At the field study sites, the difference between the wages of guards and their supervisors was larger in contract firms than in proprietary security. This difference, too, is confirmed by another study, and may reflect the emphasis placed upon supervision in contract security: competent supervision helps make up for minimal training and low wages.

As might be expected, proprietary employees reported receiving more fringe benefits than did contract employees. The most frequent benefits received by both groups were uniforms, medical insurance, and holiday and vacation pay, with at least two-thirds of all security employees receiving each of these benefits. In addition, at least two-thirds of proprietary employees received sick pay, life insurance, and the opportunity to participate in a pension plan. Nearly half the contract employees also received life insurance. And about a quarter of contract and proprietary security personnel received bonus or merit pay and took part in profit sharing plans.

Perceptions of performance

Contract security managers in the Hallcrest national survey did not have a high opinion of the performance of workers in their industry, rating private security firms in their geographical area as "poor" in quality of personnel, pre-employment background checks, training, supervision, and familiarity with legal powers.

Similar ratings were given by police chiefs and sheriffs, and also by proprietary security managers who are large users of contract security. (The proprietary security managers rated their own personnel higher.)

Interestingly, contract security fared well on the important matter of using force and firearms. Both contract security managers and law enforcement officials gave "good" or "don't know" responses in this area.

MANAGERIAL PERSONNEL

The Hallcrest national surveys show that proprietary security managers were likely to have military or law enforcement experience, or both, plus previous experience in private security. Three quarters of the proprietary managers had a multi-faceted background, as compared to less than half of the contract security managers. More often, the experience of contract managers was limited to the private security field.

The Hallcrest interviews revealed that many senior law enforcement managers were interested in a second career in private security, perhaps

because most security directors (and many security managers) earn more than police chiefs and sheriffs in the same geographical area. In 1981, security directors with national and international responsibilities earned a median base salary of over \$40,000. Those responsible for a corporate division earned \$35,000, while local facility security managers earned \$30,000. Contract security managers earned less -- about \$26,000 -- but many security firms reward their managers with cash bonuses or profit sharing.

The educational level of security managers is significantly higher than that reported by security employees. One study indicated that two-thirds of security managers had earned an associate's or higher degree, compared to 15 percent of the contract employees and 32 percent of the proprietary employees in the Hallcrest site surveys.

6 - RELATIONSHIPS WITH LAW ENFORCEMENT

MUTUAL PERCEPTIONS

Early studies focused upon security guards to the near exclusion of all other components of private security. The guards were looked upon as "private police" who complemented the public police in a shared goal of detecting and preventing crime. Thus, in the words of the Rand Report, the public police have "primary responsibility for maintaining order, enforcing the laws, preventing crime, investigating crimes, and apprehending criminals," while private security's role is the "prevention and detection of crime on private property and the gathering of information for private purposes." [Kakalik and Wildhorn, 1972] This view has been the cause of misperceptions and stereotypes that, for more than a decade, have undermined the relationship between law enforcement and private security.

The crime control function should be only one element in analyzing the relationship between private security and law enforcement. Chapter 3 identified three major components of a private security program: physical security; information security, including computer security; and personnel security, including employee screening, security awareness, and executive protection. From this broader perspective, the goal of private security is to prevent losses from any source, including crime. (Indeed, researchers are beginning to emphasize the non-crime aspects of law enforcement, with non-crime service requests comprising 80 percent of patrol officer workload, according to a recent study.) Furthermore, private security cannot automatically be assumed to complement law enforcement. Rather, each sector might better be viewed as one element in the range of choices available for the protection of life and property. From this perspective, private security and law enforcement are parts of a larger "community service network" of protective resources. Private security is primarily concerned with loss prevention, while law enforcement is primarily concerned with crime prevention, and the relationship between the two sectors has been graphically depicted as the congruence of two overlapping spheres.

It should be remembered that modern policing evolved from a shift in policing initiatives from the private to the public sector. Following the decentralization and geographical dispersal of industry and commerce at the turn of the century, companies increasingly relied on public policing for protection of their facilities. In the past two decades, however, this trend has been reversed. Non-crime demands on law enforcement have grown, police resources have tended to decline, and business has begun to establish greater internal controls over all facets of production and distribution. These factors have spurred the demand for private protective services, and especially for the services and equipment of contract security firms. In

4 - LAW ENFORCEMENT AND SECURITY PRIORITIES

	LAW ENFORCEMENT EXECUTIVES	PROPRIETARY SECURITY MANAGERS	CONTRACT SECURITY MANAGERS
Protect lives & property	1	1	1
Arrest/prosecute suspects	2	9	9
Investigate criminal incidents	3	6	11
Maintain public order	4	8	6
Crime prevention	5	2	2
Community relations	6	-	-
General assistance to public	7	-	-
Traffic enforcement	8	-	-
Traffic control	9	13	13
Loss prevention	-	3	3
Fire prevention	-	4	4
Access control	-	5	5
Employee identification	-	7	7
Accident prevention	-	10	12
Crime reporting	-	11	8
Information security	-	12	10

Source: Hallcrest national surveys, 1981

the words of one recent study: "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." The private streets and enclosed areas of large industrial, commercial, and residential developments tend to be protected by private security, whereas public areas are protected by the police. The researchers termed this the "new corporate feudalism." Their perspective, if not their wording, was confirmed in an interview with the security director for one of the country's largest corporations:

"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."

This shift from public to private responsibility was expressed as a "turf issue" during the Hallcrest research. Law enforcement has long enjoyed the dominant position in providing protective services to the communities, and it now sees an erosion of that position to private security. Yet interviews with proprietary and contract security managers suggest that this fundamental change has already occurred, through the substitution of technology for labor (e.g., alarms and closed-circuit television for foot patrols). It is now being more visibly manifested in human resources.

In the Hallcrest national surveys, sheriffs and police chiefs were asked to rank nine law enforcement activities from most important to least important; private security managers were asked to rank 13 security functions in a similar fashion. Five activities appeared on both lists.

As Table 4 indicates, law enforcement executives and private security managers agreed that their first priority was to protect lives and property. After that, their goals diverged, with the sheriffs and police chiefs emphasizing criminal justice and order-maintenance activities, while the private security managers emphasized assets protection.

Law enforcement executives and officers were also asked to rate the performance of private security. Overall, they gave private security a fair-to-poor rating in most areas, with the highest ratings in reporting criminal incidents, responding to alarms, reasonable use of force, and proper use of weapons. Low ratings were given to private security training, familiarity with legal powers, supervision, and pre-employment background checks. However, a significant minority of the law enforcement executives and officers gave "don't know" responses, suggesting infrequent interaction with private security.

Similar questions were asked of private security personnel. Proprietary security managers rated their own operations as "good," but gave contract security personnel lower rankings in most performance categories. For their part, contract security managers generally gave "poor" ratings to the

performance of security firms in their geographical area, with the exception of alarm response. Finally, when the security managers were asked how they were rated by law enforcement, their perception proved to be more critical than the reality, suggesting a negative self-image on the part of contract security and, to a lesser extent, of proprietary security as well.

Hallcrest also probed perceptions of private security's contributions to specific areas of crime prevention and control. The results are shown in Table 5. Here again, law enforcement executives gave markedly lower ratings than did the private security managers. They agreed, however, as to which areas deserved the highest and lowest ratings. Thus, both the law enforcement executives and the security managers felt that private security was relatively effective in reducing the dollar loss of crime, and relatively ineffective in apprehending large numbers of criminals. This ranking is consistent with the preventive orientation of private security, which is more concerned with loss control than with arrest and prosecution for crimes. Consistent, too, is the finding that proprietary security managers gave themselves highest marks for maintaining order. Establishing firm controls in the workplace is a major function of proprietary security.

Interestingly, when the private security managers were asked how their performance in these specific crime prevention and control activities was rated by law enforcement, they correctly perceived that they would receive low ratings. Nevertheless (and in contrast to their perceptions of how law enforcement rated their overall performance) the security managers expected higher marks than they actually received.

The national survey results were reinforced by surveys of police personnel in the case-study sites. The conclusion seems clear: the impact of private security on the overall safety and security of communities

5. - PRIVATE SECURITY CONTRIBUTIONS TO CRIME PREVENTION AND CONTROL

	LAW ENFORCEMENT EXECUTIVES	PROPRIETARY SECURITY MANAGERS	CONTRACT SECURITY MANAGERS
Overall contribution	2.2	1.5	1.2
Reducing volume of crime	2.4	1.7	1.5
Reducing dollar loss from crime	2.2	1.6	1.5
Apprehending criminal suspects	2.6	1.9	2.0
Maintaining order	2.4	1.4	1.7

[Scale: 1 = very effective; 2 = somewhat effective; 3 = not effective]

Source: Hallcrest national surveys, 1981

has not been fully recognized by law enforcement administrators and operational personnel. Some law enforcement practitioners recognize the dramatic growth of private security in the past decade, but seem to feel that this growth results from a 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.

Private security executives, for their part, did not correlate the decrease in law enforcement resources with public dissatisfaction over police performance, apathy toward the crime problem, or increased use of private protection. Rather, they perceived private security as filling a role that exists regardless of police performance -- i.e., protecting property and assets that otherwise would go unprotected. Thus, in the national survey, the "inability of police to affect the crime rate" was ranked eighth among twelve factors presented to contract security managers as influencing client requests for their services.

'PRIVATIZING' LAW ENFORCEMENT ACTIVITIES

As a result of its literature review and interviews with security managers, Hallcrest decided to explore the extent to which law enforcement responsibilities and activities have been -- and can be -- transferred to the private sector.

Transfer of responsibility to private security

Many police departments have begun to limit investigations and follow-up on the basis of certain "solvability" or case-management factors. It seems logical, therefore, that some departments might also be interested in transferring the responsibility for handling specific criminal incidents, especially those (such as theft from cars in a large employee parking lot) that have a low probability of clearance. Table 6 shows how law enforcement executives and private security managers rated the possibility of such a transfer in six specific law enforcement activities, with their "yes" and "maybe" responses combined to give an indication of their willingness to discuss what is, after all, a rather radical departure for most police agencies.

Law enforcement executives showed a surprising level of interest in the possibility of transferring responsibilities, considering the low ratings they gave to private security performance and contribution to crime control. Overall, the greatest interest was indicated in turning over responsibility for responding to burglar alarms and for completing incident reports where the victim declines prosecution or files for insurance purposes only. No statistically significant differences were found in the responses of municipal police, sheriffs' departments, and county or consolidated police departments. However, when the data were controlled for size of department, it was clear that -- with one exception -- the interest in transferring responsibility becomes greater as the department becomes smaller. (The exception is responsibility for responding to burglar alarms, which nearly 70 percent of large departments were interested in transferring to the private sector.) On a regional basis, law enforcement executives in New England and the Pacific Northwest were the least receptive to transferring responsibility for

6 - POSSIBILITY OF TRANSFERRING RESPONSIBILITY TO PRIVATE SECURITY

	LAW ENFORCEMENT EXECUTIVES	PROPRIETARY SECURITY MANAGERS	CONTRACT SECURITY MANAGERS
Responding to burglar alarms	57%	69%	68%
Preliminary investigations	40%	88%	68%
Completing incident reports:			
a) victim declines prosecution; for insurance purposes only	68%	87%	66%
b) misdemeanors	45%	81%	63%
Supplemental case reports	38%	78%	60%
Transporting citizen arrests	35%	32%	38%

Source: Hallcrest national surveys, 1981

responding to burglar alarms, but the most receptive in all other areas. (It is perhaps noteworthy that these two regions pioneered in the use of private security, with the development of merchant police in New England and railroad police in the Northwest.) In the site surveys, officers in Baltimore County supported the transfer of all the suggested activities to private security, while the Multnomah County officers were overwhelmingly opposed to the transfer of burglar alarm response.

As for private security managers, they predictably were more interested than the law enforcement executives in the possibility of transferring responsibility to the private sector, with the single exception of transporting citizen arrests. Clearly, private security managers do not want their personnel diverted from their primary mission of protecting the premises to which they are assigned. When security manager responses were controlled for type of organization -- commercial, institutional, and industrial -- there was little variation in their support for transferring responsibility to the private sector, although commercial organizations were less enthusiastic about the prospect of private-sector response to burglar alarms. This reluctance is perhaps understandable, since banks, financial institutions, and retail merchants often have hold-up alarms directly connected to the police communication center.

Contracting out police activities

In an open-ended question, 40 percent of the responding law enforcement executives identified activities that "potentially might be more cost-effectively performed by contracting with private security." The most frequently identified activities: public building security, parking enforcement, parking lot patrol, school crossing guards, public parks patrol, animal control, traffic control, non-injury accident investigation, special events security, city/county code violations, funeral escorts, court security, prisoner transport, and housing project patrol.

Subsequently, law enforcement officers in the field-study sites were asked for their opinion. Baltimore County officers favored contracting out all listed activities except code violations and prisoner transport. Multnomah County officers favored contracting out all activities except public park patrol, court security, and prisoner transport.

Executives of major contract guard service companies said they were currently performing a number of these activities -- including parking enforcement, parking lot patrol, housing project patrol, and traffic control, plus providing bank deposit escorts -- and they identified several others as areas of potential business growth over the next five years.

Legal powers are a clear point of differentiation between law enforcement and private security. About 25 percent of medium and large departments deputize private security personnel or give them special police powers. The major contract security companies reported that they would like to have special police powers for selected situations: when handling large crowds at public and quasi-public facilities; when guarding banks, utilities, and other facilities with a high risk of loss; and when providing parking lot security and traffic control outside of the bounds of private property. However, they indicated that they seldom received such powers.

The Hallcrest surveys addressed only the contracting out of non-crime police services, but some communities have privately contracted for total police services. Wackenhut, among the top three contractual firms, currently provides police support services, fire protection, or emergency medical services to several communities; proposals for policing services have been submitted to 20 other communities. Police services, however, are rooted in Constitutional responsibilities, and may be one of the few truly "mandated" services that only government can and should perform.

More likely is a return of non-crime services to the private sector, thus removing extraneous activities from the workload of law enforcement agencies. The use of limited police powers in selected locations and client situations would enhance the potential for such a shift. For their part, law enforcement officials might be more ready to forge this sort of partnership with private security if they felt that private-sector alternatives gave their officers more time for "real" police work. As for the competence of private security to provide these alternatives, the Hallcrest research indicates that some private security personnel are comparable to police officers in training and experience. Supply and demand, and tight contract specifications, can probably be trusted to produce a sufficient number of firms qualified to handle the non-crime activities contracted out to them.

INTERACTION BETWEEN POLICE AND PRIVATE SECURITY

Law enforcement officers, with their higher levels of education, training, and pay, tend to regard themselves as "professionals" while viewing private security personnel as "nonprofessionals." The perceived status differential is surprising, since more than half the proprietary security managers in the Hallcrest national survey indicated some law enforcement experience, suggesting a career path from law enforcement to private security. The site surveys, however, revealed that operational law enforcement personnel had slight interest in private security as a career alternative: less than 20 percent had ever considered becoming a security director, private investigator, or proprietary security investigator. It appears from the Hallcrest reconnaissance interviews that private security does not become an attractive career alternative until the law enforcement official attains senior rank or a management position, or is nearing retirement.

Law enforcement executives who did make the transition to private security consistently related to the project staff how little they had understood about the day-to-day operations of private security. Indeed, it appears that, on the whole, the private security manager has more realistic expectations of the police than the law enforcement manager has of private security.

In the Hallcrest national surveys, 55 percent of law enforcement executives reported daily contact of their patrol officers with private security personnel. For their part, only about 33 percent of the private security managers reported daily contact of their personnel with patrol officers. At the field-study sites, the figures were very different, with 10 percent or less of the law enforcement officers reporting daily contact with private security guards and alarm runners.

About 75 percent of the private security employees in the site surveys said that they had had occasion to call for police assistance, most frequently for incidents involving theft, trespassing, vandalism (proprietary security employees), and burglary or breaking-and-entering (contract security employees). Of the patrol officers who had been involved with private security personnel, the most frequent interactions were in response to shoplifting incidents or activated burglar or hold-up alarms -- i.e., in the retail environment.

In general, private security managers felt that the police cooperated with their investigations, and private security employees were satisfied with the speed of the police response and the degree to which the police supported the decisions they had made. However, the degree of satisfaction in all cases was higher for proprietary security personnel than for those employed in contract security:

Police officers....	PROPRIETARY	CONTRACT
a) respond promptly	59%	35%
b) cooperate fully	71%	34%
c) support decisions	75%	52%

By contrast, only 20 percent of patrol officers and law enforcement supervisors at the field-study sites were satisfied with the way security personnel handled incidents in which they were involved. Among police detectives, about 50 percent were satisfied with their private security interaction.

The Hallcrest reconnaissance interviews and discussions with the project's national advisory panel indicated that private security occasionally assists law enforcement investigations. Typically, this assistance takes the form of providing the law enforcement agency with investigators, undercover operatives, or investigative accountants; with photographic, CCTV, or surveillance equipment; with money for rewards, "buys," or overtime pay; and of course with information. Of these resources, the last appears to be the most frequently exchanged. In the Hallcrest national surveys, about 50 percent of proprietary security managers and about 20 percent of contract security managers said that they "frequently or occasionally" provided information to law enforcement on internal investigations, criminal intelligence, and business operations and procedures; and just under 50 percent of the proprietary security managers said they obtained information from criminal justice agencies, usually verifications of arrests and convictions, checks of driver licenses and motor vehicle registration, and case information. Of the law enforcement executives, 25-30 percent reported that they had received information from private security to assist them in criminal investigations.

When asked about the existence of cooperative programs, the law enforcement executives reported such programs only with proprietary security, and only in the area of crime prevention. No cooperative programs were reported by 67 percent of police chiefs and sheriffs; of this group, virtually none even maintained a list of security directors and managers in the area, and most did not maintain lists of firms offering security services. This situation may improve in the future, however, following a 1982 IACP resolution encouraging chiefs "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."

For their part, 54 percent of the proprietary security managers reported cooperative crime prevention programs with law enforcement, while some (less than half) reported cooperative programs or procedures in such areas as moving hazardous materials, protecting VIPs or executives, disaster management, traffic control, crowd control, terrorism countermeasures, and economic crime investigation. Less than 20 percent of contract security firms reported any cooperative programs with law enforcement.

Law enforcement and security personnel were also asked to rate their overall relationships. In the national survey, chiefs and sheriffs rated their relationships as "good," at best; 46 percent thought relationships were "poor." In sharp contrast, about 45 percent of private security managers rated their relationships with law enforcement as "excellent." For proprietary security managers, there were several correlates with a good working relationship: the number of cooperative programs which were in existence, the frequency that information was sought from criminal justice agencies, and the degree of cooperation received from law enforcement agencies with respect to investigations and responding to criminal incidents.

In Baltimore County and Multnomah County, the operational personnel proved to have a better opinion of the law enforcement/private security climate than did the respondents in the national survey. Overall relationships were rated as "very good" or "excellent" by 61 percent of the law enforcement officers, 60 percent of the proprietary guards, 57 percent of the contract guards, and 56 percent of the alarm runners.

Finally, survey respondents were asked for recommendations. With respect to improving the quality of private security, the law enforcement and security managers made the following suggestions, rank-ordered by frequency of response: 1) provide more or better training, 2) mandate training, 3) improve personnel selection processes, 4) pay higher wages, and 5) establish or improve licensing and regulation. It is interesting to note that these recommendations address the major components of the "vicious circle" discussed earlier: low wages, marginal personnel, inadequate training, few advancement opportunities, and high turnover, all contributing to ineffective performance.

When it came to suggestions for improving working relationships between law enforcement and private security, the five most frequently recommended measures were: 1) closer cooperation, 2) management meetings, 3) understanding respective roles, 4) information exchange, and 5) improved communication.

The survey respondents were also asked for recommendations for making more effective use of law enforcement and private security resources in order to prevent and control crime. The majority of these recommendations also dealt with improved communications and information exchange. Some of the recommendations by private security managers resembled the community-based policing initiatives undertaken by some law enforcement agencies in recent years: joint involvement in neighborhood crime prevention meetings, and "park and walk" programs to acquaint patrol officers with security guards. Other recommendations included the establishment of mutual aid compacts and joint funding and use of equipment and facilities. These suggestions had little specificity, but the intent was clear: to mobilize resources for extraordinary events, so that private security personnel could be deputized during a disaster or civil disturbance; or else to share the cost of expensive but seldom used equipment (e.g., crowd-control barriers) and facilities (e.g., an indoor firing range).

When operational personnel were asked for recommendations, they most commonly recommended increased training for private security personnel. The second most frequent response for law enforcement officers was to improve the selection process for private security personnel. On the other hand, the second priority of private security personnel was to gain the respect of law enforcement. Security personnel most frequently offered these recommendations: 1) establish "ride along" programs with the police, 2) familiarize police with security personnel on the beat, 3) police should tour security facilities and operations, and 4) police should offer constructive criticism on security officer handling of incidents.

7 - TWO PROBLEM AREAS

In addition to the problems touched upon in the previous chapter, there are two which have a particular impact upon the relationships between law enforcement and private security. These are 1) the problem of police officers who engage in secondary employment as private security officers, and 2) the problem of how police should respond to activated alarms, which are largely false.

POLICE MOONLIGHTING IN PRIVATE SECURITY

Police officers working for private business or contract security firms often use their departmental uniforms and equipment in this employment. Indeed, in some cases police officers have their own security firms and compete directly with contract security companies. From the perspective of the private security manager, both practices may appear as unfair competition. From the perspective of the law enforcement executive, they raise questions about the department's liability for the police officer engaged in private security work, as well as the effect of excessive overtime upon the officer's fitness for assigned duty.

While 90 percent of the law enforcement executives in the Hallcrest national survey reported that their departments had a policy on moonlighting, there was a clear lack of consensus about what constituted moonlighting. In many departments, police officers are regularly engaged in "paying details" and "special duty" assignments for private employers. Fast food restaurants often hire officers to provide security at the premises, and contractors often secure their services to direct traffic at a construction site. Sometimes, indeed, such practices may be obligatory: 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.

Public agencies may also use police officers to perform security functions. In the Chicago Public Library, for example, 81 of the 125 security officers were reported to be members of the Chicago Police Department. The security director reported an improved response to emergencies, as well as reduced problems with vagrancy, vandalism, theft, and assaults upon librarians.

In such instances, wearing a police uniform is usually a condition of the employment. Police officers may also be hired in a plainclothes security capacity -- as store detectives, low-profile guards at shopping malls, bodyguards (especially where concealed-weapons permits are difficult to obtain), and even as cashiers and baggers in supermarkets.

A key issue in defining "moonlighting" is the method by which the services of police officers are obtained by the outside agency. In some departments, any outside employment entailing police uniforms and equipment is administered by the department, and income from these activities is part of the department's regular payroll. In others, the police association or union may play a role in scheduling extra-duty assignments, while the officers may or may not be paid by the outside employer. Finally, the police officers may make their own arrangements for extra-duty employment.

In the Hallcrest national surveys, just over one-third of the law enforcement executives said their departments permitted officers to own or to take a leading role in private security firms, and nearly half permitted officers to own stock in private security firms. In the Baltimore County Police Department survey, 10 percent of the officers listing outside employment in private security were believed to be independent contractors or owners of private security services.

In 81 percent of the departments in the national survey, police officers could be employed to perform private security functions during off-duty hours. The majority estimated that, of their officers, 20 percent or less were engaged in such employment, with the percentage rising in the larger departments. In Prince Georges County, Maryland, police employment in private security -- using department uniforms and equipment -- was estimated as high as 85 percent. In the Baltimore County study site, 42 percent of the department's sworn personnel at the rank of captain and below were secondarily employed in private security with the department's permission.

Of the departments in the national surveys which permitted private security employment, 71 percent allowed the use of departmental uniforms while moonlighting, and 89 percent permitted their officers to perform private security tasks in plainclothes. Employment as a uniformed security guard (or security supervisor or manager) was permitted by 44 percent of the departments, and employment in private investigations was permitted by 39 percent.

The security managers in the national surveys agreed that moonlighting by police officers was an extensive practice in their areas. Thus, 75-80 percent said that business firms hired police officers for security duties, 40-45 percent said that private security companies did so, and about 40 percent of the proprietary managers said that they themselves employed off-duty officers.

Overall, across all population groups and department types in the Hallcrest surveys, 24 percent of police personnel were engaged in off-duty security employment. Thus, based upon the number of police personnel reported earlier, Hallcrest estimates that approximately 150,000 local law enforcement officers are regularly engaged in off-duty private security employment in the United States.

Although moonlighting in private security is an extensive practice, law enforcement executives do not always support it. Generally, they do not see a conflict of interest in cases where the officer obtains extra-duty employment through the police agency or is hired directly by the business. However, they do consider the following as conflict-of-interest situations:

- * Police officers hired by private security firms.

- * Police officers acting as private security contractors.

- * Involvement of the police association or union in obtaining security employment for its members.

One source of conflict in such cases is that police authority may be used for personal or financial gain, or that duties which should be part of the officer's public responsibility will be selectively provided for pay. Thus, a detective moonlighting as a private investigator could compromise departmental information, obtain criminal history records, or overlook the involvement of a client in a police investigation. A patrol officer might provide differential response to firms or citizens who are paying for security services. Or it may even happen that merchants are threatened with loss of police services unless they hire off-duty officers. In Houston, the manager of a contract security firm alleged that a contract for a national convention had been cut back to ushering and ticket taking following police complaints, and a sergeant was alleged to have threatened to tow vehicles and issue traffic citations if police officers were not used for security.

A more general concern exists in departments which expect their officers to react to criminal incidents, or even carry their weapons, 24 hours a day. In such cases, departmental policies and procedures may conflict with the priorities of the private concern which is paying the officer's off-duty wages. In Missouri, for example, the State attorney general has issued an opinion that deputy sheriffs may not moonlight in private security since they would be receiving compensation to take actions that are required as part of their statutorially prescribed duties.

Thirdly, there is the problem of liability. Once a police officer 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 even whether he or she was employed specifically for security purposes. The department may be held liable for the officer's actions, as well as for disability claims if the officer is injured. On the other hand, there have been cases in which an arrest by a moonlighting but uniformed officer was ruled invalid because he had come under the control of a private employer. Some police executives have attempted to address the liability problem by obtaining a third-party waiver of liability from the officer and the off-duty employer.

Finally, police executives have expressed concerns about the officer's fitness for duty after long hours of moonlighting. Some departments have established a limit of 20 hours of off-duty employment per week; others have established a similar limit, but apply it only to the officer's normal work week and not to days off or vacations.

For their part, less than 20 percent of the officers in the Baltimore County field-study site saw any conflict of interest in private security employment. The Multnomah County Department of Public Safety prohibits all forms of outside employment, and the officers strongly supported this prohibition, opposing all forms of private security employment unless it was arranged and paid for through the department. Hallcrest speculates that the

higher educational level of the Multnomah County department (which requires that entering officers be college graduates) helps inculcate a sense of professionalism in its officers, and makes them unwilling to associate themselves with the negative stereotypes of the security industry.

In the national surveys, contract security managers and owners were opposed to moonlighting by uniformed police officers, arguing that this practice was unfair competition to them and a misuse of public resources. There is some merit to these charges. The cost to a customer of a moonlighting police officer is usually the officer's overtime wage rate, plus in some cases a nominal amount for administrative overhead -- seldom enough to pay the actual costs of uniforms and equipment. And, while the moonlighting police officer would typically cost more per hour than a contract security guard, customers may feel that they are getting more protective value for their dollars in the former case, through the deterrent value of a police uniform or through the anticipation of a more rapid police response to any call-for-service.

Proprietary security managers, on the other hand, clearly favored the availability of moonlighting police officers as a method of providing certain security services, such as bodyguards.

It should also be noted that many contract security firms hire off-duty police officers for executive protection assignments. Armored car firms also employ off-duty police personnel, because of the officers' firearms training and experience in reacting to emergency situations. Indeed, a Hallcrest analysis of Yellow Pages advertising indicated that contract security firms controlled by police officers are not uncommon. Some such firms flaunt their status: "our staff consists of former and off-duty police and sheriff deputies," read an advertisement for Greystone Security in Denver, Colorado.

POLICE RESPONSE TO FALSE ALARMS

Using a very broad definition of false alarms -- i.e., no intrusion was attempted or detected -- police studies around the country have consistently showed that 95-98 percent of alarm service calls were "false." These false alarms, in turn, constituted 10-12 percent of all calls-for-service in many police departments. As a result, many communities have enacted alarm control ordinances, often failing to distinguish between types of installation or installers.

To be sure, the police definition of a false alarm leaves much to be desired. From the law enforcement perspective, a "false alarm" is any burglary or hold-up signal that does not involve an actual perpetrator or attempt; the "false alarm rate" is the number of dry runs compared to the total of all calls for police service. These definitions ignore the fact that the system may actually be giving a "true" signal, in that the sensor is responding to a condition it was designed to detect, such as motion, sound, or electromagnetic impulse. Such false alarms are most often caused by 1) users of the system, inadvertently tripping the sensor device, or 2) environmental conditions beyond the control of the user or the alarm company, such as a window broken by a branch or a door switch jarred by a wind-storm.

Accordingly, alarm companies prefer to define the problem in terms of "avoidable" activations that cause "excessive" numbers of false alarms per installed system. Such an approach recognizes that some false alarms may be inadvertently set off, but that the number of such signals can be reduced through proper installation, adequate service and maintenance, and education of the customer.

Over the past several years, the alarm-response workload has continued to grow. Hallcrest estimates that there are about 10,000 alarm companies in the U.S.; their marketing efforts, coupled with police crime prevention programs and the availability of low-cost, self-installed alarm systems, have led to growth rates as high as 35 percent per year in some communities. Even where the police work with alarm industry representatives to isolate problem systems and encourage responsible citizen use of alarm systems, the burden on police resources can be great. Sacramento has an estimated 13,000 alarm systems in place, with less than one false alarm per system per year, yet even this low rate generates about 9,600 false alarm dispatches each year. Similarly, Houston has an estimated 70,000 alarm systems, and the police department responded to 78,652 false alarms in 1982, taking up 15 percent of police time at a cost of \$7 million.

At the upper end of the scale, the New York City Police Department responded to 400,000 alarm calls in 1981, accounting for 15 percent of the 2.8 million police radio-car runs in that city. Fully 98 percent of these alarm responses were classified as false.

Not surprisingly, private security managers in the Hallcrest national survey perceived a low priority by the police for responding to activated burglar alarms. For their part, 57 percent of the law enforcement executives in the national survey favored transferring burglar alarm response to the private sector.

What triggers false alarms? The National Burglar and Fire Alarm Association lists three major causes, as suggested by police, government, alarm industry, and insurance industry research:

- * Customer misuse and abuse of the alarm system, accounting for 40-60 percent of all false alarms. Such "internal" failures are typically the result of forgetting to lock doors or windows, improperly entering a secure area, or failing to notify the alarm company when re-entering the premises, testing the alarm system, or changing the firm's opening or closing procedures.

- * Incorrect installation or service, accounting for 15-25 percent of all false alarms. A particular problem is the use of sensors in situations for which they were not designed, with the result that a household pet sets off a passive infrared device, or the ventilating system activates an ultrasonic sound device.

- * Faulty equipment, accounting for 10-20 percent. Alarm systems have become more technologically advanced, with as many as 20,000 electronic components in the average system, any one of which is subject to malfunction.

Telephone line problems and weather conditions were also frequently cited as causing a small proportion of false alarms, and most studies also listed a category of "unknown" or "undetermined" causes that ran as high as 25 percent. A temperature drop, for example, can activate ultrasonic units when air molecules move closer together and thereby extend the protection pattern beyond the design area. Similarly, a major change in the amount or location of a firm's inventory can upset the engineered interior space protection system.

Among the "unknown" causes, too, may be actual break-in attempts. The newer systems are difficult to defeat, and Underwriters Laboratory field surveys have shown that only about 5 percent of alarm system attacks succeed in circumventing the system. The result is that many attempts are deterred, with the perpetrator leaving before he or she can inflict damage or leave other evidence of attempted entry. Alarm companies argue that such situations account for many of the "unknown" causes. Furthermore, they complain that responding patrol officers often perform a cursory survey, or none at all, when they see no readily apparent sign of a break-in after responding to an alarm.

Rather than emphasize the false-alarm rate, the industry prefers to use two other indicators of system effectiveness:

* Alarm systems are responsible for capture of criminals at the scene, leading to high conviction rates with a minimal expenditure of police investigative resources. The National Burglar and Fire Alarm Association in 1977 estimated that 1.4 million residential and 2.2 million commercial alarm systems in the U.S. at that time were responsible for the capture of 25,000-30,000 offenders, far more than the number directly attributable to police investigations. A UL field survey of approximately 40,000 systems indicated that they had effected over 1,500 captures. And the Western Burglar and Fire Alarm Association maintains records showing that, during the period 1974-1980, 34,640 California burglars were captured at the scene because of alarm systems, for an estimated "taxpayer savings" of nearly \$13 million.

* Alarmed premises are alleged to be less vulnerable to criminal attempts. In Scarsdale, New York, during the period 1975-1981, a comparison of 1,000 homes with alarm systems and 4,000 without such protection showed that the burglary rate for the unprotected homes was six times greater. A similar result was obtained in a study of about 5,200 alarm systems in Multnomah County, Oregon, from March 1976 to February 1977, with unprotected residences six times more likely to be burglarized than those with alarm systems (in commercial installations, the burglary rate for unprotected establishments was twice that of premises with alarms). Given the vast differences in socio-economic levels, other demographic characteristics, and proportion and type of alarm systems, the similar results from Scarsdale and Multnomah County are impressive.

Police efforts to control the false-alarm problem have largely centered on the enactment of alarm control ordinances. The NBFAA estimates that there are over 2,000 such ordinances, typically providing a grace allowance of four or five false alarms per system per year, followed by punitive action of some sort. Some jurisdictions assess a graduated scale of fines, while others move directly to denial of response. Los Angeles, for example,

collects a \$42.50 service fee for the fifth through tenth false alarm. San Jose imposes a \$250 fine for the fourth false alarm in a three-month period.

Hallcrest reviews of alarm control ordinances suggest that they are most successful when they foster cooperation among users, alarm companies, and law enforcement agencies.

Ordinances which include a permit system have several important benefits. Baseline data can be established, so that the department can determine the number of false alarms per 1,000 systems, measure any reduction in false alarms, and assess the effectiveness of the ordinance. The cause of the false alarm can be tracked by system type. Sometimes, valuable information can be provided to the responding officer -- for example, whether the premises recently experienced a burglary attempt or a rash of false alarms. Warning and reminder letters can be sent to the user, either by the police or by the local alarm company, as is done in Cincinnati and Oakland.

Miami is an example of a community with a permit system. There, the police department will not respond to an alarm call from premises which do not have a permit, or whose owner has not paid fines assessed from prior false alarms. Some merchants disagree sharply with the policy of denying response, but Miami has achieved excellent results from its program, which also includes a public awareness campaign, alarm licensing, and strict repair and inspection requirements. In the year after the Miami ordinance was implemented, alarm dispatch calls dropped from 26,359 to 22,279, for an estimated savings of \$500,000. In Multnomah County, the false alarm rate per system reportedly has been cut in half by adoption of an alarm control program, from 3 per system in 1979 to 1.1 per system in 1983.

Some departments have found that an abatement program that communicates directly with the alarm user and alarm company can be an effective alternative to an ordinance, especially since analysis of false alarm frequencies often reveal that a small number of locations account for a large proportion of false alarms. In Georgia, the Fulton County Police Department adopted an education and information program for high frequency locations and those experiencing one alarm per month. In 1981, the program reportedly reduced the overall false alarm rate by nearly 80 percent and cut in half the patrol time devoted to false alarm calls.

8 - SUMMARY AND RECOMMENDATIONS

PRIVATE SECURITY AND COMMUNITY CRIME PREVENTION

In the 1980s, even as crimes rates have stabilized in the U.S., the fear of crime has continued to grow, and Americans have become more security conscious. At the same time, police resources have also stabilized or even declined in many communities. As a result, growing numbers of Americans have undertaken self-help measures to protect themselves, acquiring guns, installing locks, security lighting, or burglar alarms, forming citizen patrols, employing security guards, and engraving valuables. An NIJ-sponsored survey revealed that 40 percent of the respondents had installed some form of security device in their homes in the past few years because of their perception of crime. Law enforcement agencies, too, began to support citizen crime prevention programs, including some they had previously disparaged as "urban vigilantes."

Conspicuously absent from police-supported crime prevention programs, however, is the input of the 1.1 million persons employed in private security. Crime prevention and "proactive" approaches have long been the primary orientation of private-sector protection programs. Yet there is little cooperation between law enforcement and private security in crime prevention programs.

Recommendation

* The resources of proprietary and contract security should be brought to bear in cooperative, community-based crime prevention and security awareness programs. For example, proprietary programs attempt to instill in their employees a vested interest in reducing losses; similar concepts could be transferred to neighborhood and business groups to increase their sense of involvement with the safety of their environment. Larger organizations could share their crime-prevention expertise with merchants, business associations, and civic groups. Similarly, security products and service firms could contribute to Neighborhood Watch and other crime-prevention programs, and law enforcement agencies could utilize the skills of contract security firms, especially in making the public aware of self-help measures which could offset demands for some police services.

THE EXTENT AND COST OF ECONOMIC CRIME

Economic crime -- including both white collar crime and the "ordinary crimes" of burglary, robbery, larceny, etc. -- has a tremendous impact on business, government, and institutions. Internal theft is particularly

troublesome: the Hallcrest survey of security managers confirms that theft by employees is the greatest single crime problem for organizations, from the lowest levels to the executive suite.

No sound data base exists to measure the impact of economic crime, which Hallcrest estimates at \$67 billion in 1980. Other estimates suggest an annual direct loss of \$200 billion due to crime. Numerous indirect costs have also been identified, not the least of which is the failure of small businesses due to crime-related losses.

Recommendations

- * Establishment of a nonprofit Economic Crime Institute with Federal and private funding would help standardize terminology and definitions, develop indices for measuring economic crime and its impact on the gross national product, coordinate the collection of crime loss data by trade and industry associations, fund research on the nature and perpetrators of economic crimes, and promote awareness and countermeasures through publications and seminars.

- * Organizations of all sizes and types should conduct security awareness programs to foster a proprietary interest on the part of employees in the assets of the organization. Removing the perception of workplace theft as a "folk crime" might also carry over into attitudes about crime in the nonwork environment -- a hypothesis that should be tested in a controlled environment, such as a small community with only a few major employers.

- * The Critical Technology Task Force, established in 1982 in California's "Silicon Valley," could serve as a model for other joint efforts to stem the tide of high-technology thefts, whether by Soviet-bloc nations or by business competitors.

- * Law enforcement agencies should be included in the crisis-management planning of private organizations, including executive-protection measures. Similarly, private security should be consulted when law enforcement agencies are developing SWAT and hostage-negotiation teams. The Federal government should provide channels of communication with private security with respect to terrorist activities and threats.

THE PRIVATE JUSTICE SYSTEM

UCR Index crimes are generally reported directly to a law enforcement agency, but economic crimes are more often resolved through direct contact with the prosecutor or by sanctions within the organization. For example, security managers in all sectors (industrial, commercial, and institutional) report that the most frequently investigated crime is employee theft, and nearly half of them resolve such incidents within their own organizations. For one reason, economic crimes have a low priority for law enforcement agencies, and indeed for the criminal justice system. For another, criminal justice objectives and procedures may be at odds with those of the organization, which is typically more interested in deterrence or financial recovery than in punishing the malefactor.

Recommendations

- * Security managers, law enforcement executives, and prosecutors should construct a formal mechanism to discuss and evaluate public- and private-sector objectives and practices in prosecuting economic crimes, especially shoplifting, employee theft, management fraud, computer-related crime, and check and credit card fraud.

- * Further research should be conducted with respect to the deterrent value of aggressive, moderate, and selective criminal prosecution and civil litigation policies for different crimes -- especially shoplifting and employee theft -- across different types of organizations.

- * Research should also attempt to delineate the characteristics of the private justice system; identify the crimes most frequently resolved; assess the types and amount of unreported crime in organizations; quantify the redirection of public criminal justice workload; evaluate standards of fairness; document the contribution of private justice systems to crime deterrence and loss prevention; and examine their impact on the relationships between private security and the components of the criminal justice system.

PROTECTIVE ROLES AND FUNCTIONS

The evidence clearly shows that private security makes a sizable contribution to crime prevention and control. Crime, however, is just part of the broad range of threats addressed by the loss-prevention programs of private security, which include fires, accidents, information security, materials movement, and the like. Thus, self-rating of job tasks by all types of security employees indicates that most of them do not perform tasks similar to police officers, although distinctions in job tasks become less clear when security employees are granted special police powers.

Hallcrest views the recent stabilization in law enforcement resources, increased use of private security, and increased citizen involvement in crime prevention programs as signs of a return of the primary responsibility for protection to the private sector. Further, we speculate that the private sector will begin to bear more of the burden for crime prevention, while law enforcement will narrow its focus to activities directly related to crime control.

In this research project, proprietary and contract security managers indicated a willingness to accept more responsibility for criminal incidents occurring on property protected by them, including responding to burglar alarms, completing misdemeanor reports, and conducting preliminary investigations. In general, law enforcement executives were willing to discuss the transfer of responsibility for such activities. The police chiefs and sheriffs also identified a number of police tasks as "potentially more cost-effectively performed by private security," and contract security companies expressed an interest in contracting for non-crime police services such as public building security, parking enforcement, and court security.

Industry, which is frequently located in small communities with limited

public safety resources, may be willing to play a greater role in protecting its facilities, especially where tax relief is involved.

Recommendations

* The interests of the public may best be served through constructive dialogue and creative planning by law enforcement and private security to facilitate transfer of responsibility for minor criminal incidents and contracting of certain noncrime activities. 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.

* An assessment should be made of 1) the basic police services the public is willing to support financially, 2) the types of police services most acceptable to police administrators and the public for transfer to the private sector, and 3) which services might be performed for a lower unit cost by the private sector with the same level of community satisfaction. Well-defined and homogeneous commercial and industrial districts and residential neighborhoods should have the opportunity to "broker" the mix of protective services which best suits their protection needs and ability to pay. Police administrators, too, might become "brokers" of protective services.

* Just as fire departments have had a long record of "proactive" involvement in the zoning and subdivision approval procedures of local government, law enforcement agencies could also contribute to these procedures. For example, law enforcement has a legitimate interest in recommending the inclusion of environmental security concepts in the design of new buildings and developments, examining large developments for their impact on police and private security resources, suggesting standards for central stations alarms or private security patrols in commercial developments of given densities and types, integrating private security and police services in large developments, and facilitating the creation of special taxing districts where special levels of police services are desired.

* With special-police powers, security personnel could resolve many or most minor criminal incidents prior to police involvement. State statutes providing such powers could also provide for standardized training and certification requirements, thus assuring uniformity and precluding abuses.

* A Federal tax credit for security expenditures, similar to the energy tax credit, might be a cost-effective way to reduce police workloads. Similarly, States and localities might consider reducing corporate or property taxes in exchange for expenditures on security goods and services that offset the need for police services.

PRIVATE SECTOR PROTECTIVE RESOURCES

Private protection resources exceed those of public law enforcement in both expenditures and personnel. The most rapid growth for private security appears to have occurred in the past five to seven years, despite economic downturns. This increase in private protective measures corresponds with an

apparent decline or stabilization of public protection resources.

Total expenditures for private security have been estimated at \$22 billion in 1980, compared to a \$14 billion expenditure in 1979 for Federal, State, and local law enforcement. Hallcrest projects the manufacturer value of security-related products and revenues for security services to reach \$15-\$20 billion by 1985.

Hallcrest conservatively estimates U.S. private security employment in 1982 at 1.1 million persons, excluding Federal security workers, and such employment may well be as high as 1.25 million. Thus, private protective resources outnumber combined Federal, State, and local law enforcement personnel and non-military government guards by a ratio of nearly 2 to 1. If present trends continue, the Bureau of Labor Statistics forecasts about 215,000 new private-sector protective workers by 1990.

Robust rates of growth are projected for most security products and services, with monitoring and detection equipment appearing to be the strongest sector. Particularly high rates of growth are indicated for intrusion alarm systems, electronic article surveillance devices, and closed-circuit television, while alarms directly connected to police departments will decline sharply. Deterrent equipment will also benefit from the anticipated shift from human security resources to electronic/automated systems. The high-tech areas (electronic access control and data encryption units for computer security systems) appear to be extremely high growth areas. Fixed security equipment, with the exception of security fencing, will probably experience lackluster growth.

The growth of protective services will lag the technology categories, in part because of the technological displacement of guards. However, guard and investigative firms will continue to grow as a result of conversions from in-house to contract guards, declining public protective resources, and the considerable potential for contracting out some traditional law enforcement services.

The traditionally strong industrial, transportation, and institutional markets will be outpaced in growth rates to 1985 by commercial and financial markets, and especially by the consumer/residential market.

Recommendations

* A nonprofit Private Security Research Institute, financed by government and private sources, would be useful to monitor growth and trends in private protection resources and technology, and perhaps to develop security standards, strategies, technologies, evaluation techniques, and cooperative programs. This organization might be combined with the Economic Crime Institute recommended above.

* Standard Industrial Classification codes should be developed for security-related products and services. These codes would facilitate measuring growth and monitoring trends in the industry, and could also assist law enforcement (e.g., increases in the manufacture or importation of surveillance and countersurveillance equipment might indicate illegal use of these devices).

* The Federal government should establish a mechanism to assess and transfer security technology information to both private security and law enforcement.

SECURITY PROGRAM COMPONENTS

The major components of a private security program are physical security, information security, and personnel security. Security guards are the most visible aspect of security programs, but technological devices are more widely used, especially 1) burglar and fire alarm systems; 2) safes, vaults, and other fixed security equipment; and 3) closed-circuit television. A majority of security programs maintain investigators on their staffs, and half of surveyed commercial programs use undercover operatives. Due primarily to the perceived cost savings, there has been a trend toward the greater use of contract rather than proprietary guards, and to hybrid arrangements utilizing both proprietary and contract 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.

Recommendation

* Empirical research should be conducted into the cost-effectiveness of specific security measures, or combinations of measures, in combating various types of crime and loss.

GUARD FIRMS AND PRIVATE INVESTIGATORS

Guard and patrol firms may offer an array of protective services, including investigations, undercover operations, polygraph examinations, executive protection, technical surveillance countermeasures, and even alarm and armored car service. However, their main revenue source is security guard services. The industry is dominated by small firms, although a few large regional and national firms control a significant market share in many locations.

Two of the most criticized areas of private security performance by law enforcement are 1) the lack of pre-employment screening and training of security employees and 2) questionable business practices. Contract security users and competitor companies frequently complain about inadequate communications equipment and poor supervision. These are operating expenses which some guard firms are reluctant to incur in an industry with intense competition and low profit margins.

In the past, many guard firms routinely armed a large portion of their personnel, and some still do. Contrary to the stereotype of the armed security guard, however, there has been a significant reduction in recent years in the percentage of armed guards. In the Hallcrest national surveys, the majority of contract security managers and most national and regional security executives claimed that less than 10 percent of their personnel were armed.

Information sources used by private investigators are often the same as those used by law enforcement officers. Communication between the two sectors is frequently through sub rosa channels in which personal relationships are an important factor.

Recommendations

* States should enact legislation permitting private security firms access to criminal history records, in order to improve the selection process for security personnel and also to enable businesses to assess the integrity of key employees. Such legislation would reduce the dependency on sub rosa channels to obtain criminal history records.

* Law enforcement agencies should establish uniform policies governing the release of information to private security personnel, with severe penalties for unauthorized release of information. Private security firms or operatives should have sanctions applied to their licenses for collusion in obtaining such data. The outside employment of police officers in private security should be examined for potential transfer of confidential information to their secondary employers.

ALARM FIRMS

Hallcrest estimates that 10,000 firms are actively engaged in selling and installing intrusion and fire detection systems in the U.S. In addition, about 2,200 locksmiths are secondarily engaged in the installation of alarm systems. Small local firms have a significant market share, but there is an estimated 25-30 percent annual turnover in firms.

In the past, alarm firms often installed tape-dialer devices which called police headquarters with a prerecorded message of an alarm condition. Digital communicators are now more widely used, and large regional and national monitoring services have become a major factor in the alarm industry.

In addition to alarm revenues, firms may also install access control systems, closed-circuit television, perimeter security systems, and fixed security equipment.

Police, community, and neighborhood crime prevention programs have helped educate business and residential consumers about alarm systems. However, a content review of crime prevention literature revealed two common deficiencies: 1) there is little information to delineate the merits of different system types and configurations, and 2) suggested questions for consumers to ask about the alarm company are biased toward the larger firms.

Recommendations

* Research and demonstration programs should be implemented to test different strategies and mechanisms for responding to alarms. Research should also address the question of whether the deterrent value in response comes from police authority or from the mere fact of a uniformed and armed response. The possibility of special-police powers for alarm personnel, limited to alarm response, should also be explored.

* A graded classification system should be developed, based upon company capabilities, training requirements, services offered, and types of system installed, to assist consumers in selecting alarm systems. Industry representatives should develop standards and codes of ethics for product claims, sales literature, and the use of crime data by alarm firms.

* Law enforcement should develop a short curriculum for recruit and in-service training on the nature of alarm systems, false alarms, and techniques for investigating activated alarms.

COMMON OPERATING ASPECTS OF PRIVATE SECURITY

Most security guards, armored car personnel, and alarm runners still use uniforms, badges, and equipment similar to those of law enforcement agencies. In fact, many firms attempt to capitalize on a police image through choice of name and in advertising and sales practices. Police and security personnel in the field-study sites agreed that police-type uniforms tend to enhance security officer effectiveness.

Small security firms appear to be very susceptible to failure, typically as a result of poor business skills rather than inadequate security experience. The practice of "low-balling" bids is still prevalent, forcing contract prices to artificially low rates, keeping guard wages near minimum wage, and resulting in gross profit margins of less than 5 percent -- a vicious circle often resulting in ineffectual performance. Some guard firms have also engaged in questionable practices such as providing less-than-specified services or billing for hours and services never provided. Questionable sales practices have also been cited as a problem for some alarm, armored car, and security equipment firms.

The Hallcrest national surveys indicate that about 75 percent of the surveyed guard and patrol firms, 80 percent of private investigative firms, 50 percent of central station alarm firms, and 33 percent of local alarm firms are regulated by State statute. Security executives expressed a preference for industry participation in the activities of State regulatory bodies, and gave overwhelming support for State -- as opposed to local -- licensing and regulation. On the whole, Hallcrest did not find regulatory provisions to be stringent: liability insurance was required by only 11 States, liability and bonding insurance by 5, training for armed personnel by 13, and weapons permits by 18.

Recommendations

* Security uniforms should be clearly distinguishable from those of law enforcement personnel, yet sufficient to provide a degree of authority in the exercise of security duties.

* Security companies should adopt comprehensive standards with respect to advertising, sales practices, and contract performance. Consumers could then specify these standards as an accepted norm, and security firms would be able to command fees that offset their overhead in meeting the standards.

* General liability insurance and third-party fidelity bonding should be mandatory for security firms.

* Statewide licensing should be required for guard and patrol, private investigation, and alarm firms. (Except for registering personnel and meeting training requirements, proprietary security programs should not be subject to State regulation.) Ideally, licensing and regulatory requirements would be the same for all States, with reciprocity for firms licensed elsewhere. The State regulatory board should be independent of other agencies, should include representatives of private security among its members, and should be designated as a criminal justice agency to gain access to criminal history information and to ensure its investigation and enforcement powers. Some latitude might be granted local law enforcement to impose tighter controls, but these should not be unduly restrictive.

PRIVATE SECURITY PERSONNEL

Recruitment and selection of security employees varies greatly among organization types and security positions. In general, however, our data tends to confirm other research indicating that 1) private security personnel are drawn from different labor pools than law enforcement officers, and 2) their personal characteristics are consistent with the functions they perform.

Pay is still near minimum wage for many contract guards, and their training frequently consists mostly of on-the-job training. Some proprietary guards earn as much as some police officers, and over half expect to hold their jobs until retirement; in general, proprietary guards also have greater levels of training and education than contract guards. However, police officers often fail to distinguish between contract and proprietary personnel.

The most common problem encountered by security guards is carelessness, followed by trespassing, fire hazards, vandalism, disturbances, and fire alarms. Private security abuses appear to be infrequent because public interaction is limited, except for those working in retail settings and at public events. Furthermore, company and client policies appear to discourage the use of force in most situations.

Armed contract employees are typically armored car personnel, security supervisors, and alarm runners. Overall, the potential for firearms abuse appears to be higher in proprietary security operations, because more proprietary than contract personnel are armed. Security managers reported a median of about eight hours of instruction on the legal and policy restraints in the use of firearms. However, more than half the armed security personnel in the field-study sites received less than four hours of firearms training from their companies, with much of that involving safety and mechanical aspects, rather than legal restraints or situations that might be encountered in actual assignments.

More than half of the contract security managers in the national surveys reported less than eight hours of pre-assignment classroom training for their personnel. The median reported by security executives was four hours,

which Hallcrest estimates to be typical. In the field-study sites, however, the average guard was a young white male with a high school diploma and probably some college exposure, who had met at least the minimum pre-assignment training (generally in the form of on-the-job training) recommended by the Private Security Task Force.

Recommendations

- * Minimum levels of training should be required for all security personnel according to the degree of discretion they must exercise, the amount of public interaction required of them, and whether or not they carry firearms.
- * Training records and programs should be routinely inspected, and instructors certified, by the State regulatory board.
- * Certification programs should be established for security personnel in order to provide objective criteria for setting wage scales and contract specifications. The mechanism for certification might be a centrally administered program, detailed training manuals for various security positions, or certification of trainers and educators by the State regulatory board or an independent body such as the Academy of Security Educators and Trainers.

RELATIONSHIPS BETWEEN LAW ENFORCEMENT AND PRIVATE SECURITY

Law enforcement executives and officers tended to take a dimmer view of police/private security relationships than did security managers and employees. Hallcrest research confirmed that longstanding obstacles to interaction and cooperation continue to exist, including role conflict, negative stereotypes, lack of mutual respect, and minimal knowledge on the part of law enforcement about private security. Based on perceptions of security managers, it appears that law enforcement personnel prefer to work with proprietary than with contractual security personnel. The field interviews indicate that law enforcement officers also tend to favor certain companies and contract security firms, both in response time and in attitude toward security personnel.

The most frequently shared resource is personnel. Some exchange of criminal investigation and intelligence information occurs, typically on the basis of personal relationships. There are few cooperative programs between law enforcement and private security, and those appear to be initiated by private security.

Recommendations for joint action

- * At the community level, private security and law enforcement managers should foster understanding and interaction by sharing crime-prevention materials, specialized security equipment, expertise, and personnel; holding seminars to explain the role of private security to law enforcement personnel and to discuss areas of cooperation for more effective use of protection resources; and encouraging formal and informal interaction of private security and law enforcement personnel.

- * Private security and law enforcement should establish joint task forces to investigate major or recurring losses in the private sector.

Recommendations for law enforcement agencies

- * The law enforcement agency should appoint a high-ranking officer to act as liaison officer with private security managers.
- * The agency should prepare an inventory of private security firms and proprietary security programs in the community, and should make information on security goods and services available to the public.
- * The agency should identify potential constraints on response to requests for assistance from private security; develop policies and procedures for interacting with security personnel at specific locations and in specific types of incidents; ensure that its officers are familiar with the layout of large facilities protected by private security; encourage patrol officers to acquaint themselves with security personnel, responsibilities, and problems in their patrol areas; and authorize officers to offer constructive criticism when security personnel act inappropriately and to report gross misconduct to security supervisors.
- * The agency should establish uniform policies governing release of criminal investigation information and other public records to private security personnel.
- * The agency should provide contact lists of supervisory personnel to private security managers to facilitate crime reporting and information requests; should provide feedback to private security personnel on investigative and intelligence information supplied by them to the agency; should exchange information with private security investigators and managers with respect to crime patterns, modus operandi, suspects, crime rings, and the like; and should make crime-incident and analysis data used in public crime prevention programs available to corporate and contractual crime prevention programs.

Recommendations for professional associations

- * Private security associations should consolidate the loss and victimization data of their members to assist law enforcement in developing crime profiles for specific types of crime and business. They should also take the lead in developing cooperative programs and disseminate model program guidelines among their membership.
- * In collaboration, law enforcement and private security associations should disseminate positive case histories of cooperation between law enforcement and private security, maintain standing committees on cooperation between the two sectors, and hold joint meetings to explore areas of cooperation (e.g., alarm response procedures, robbery and burglary response procedures, labor unrest, demonstrations, public events, and crisis management in hostage situations).

POLICE MOONLIGHTING IN PRIVATE SECURITY

Secondary employment by police officers -- as security guards, store detectives, private investigators, or even as proprietors of private security firms -- is a major source of conflict between law enforcement and private security. The practice is indeed pervasive: Hallcrest estimates that approximately 150,000 local law enforcement officers in the U.S. are regularly engaged in off-duty employment in private security, either to supplement their present income or to develop a future career.

The issues surrounding police moonlighting are varied and complex. Private security firms regard the practice as unfair competition. Police administrators worry about the department's liability for actions of moonlighting officers, the impact of secondary employment on the officer's fitness for duty, and the potential for conflicts of interest. Conflict of interest issues primarily involve 1) using police authority or police records for private gain and 2) providing services on a selective basis that are normally provided as part of the officer's public responsibilities. Law enforcement executives see these situations as most likely to arise when police officers are hired by private security firms, when officers contract to provide security services, or when the police union or association is involved in obtaining security assignments. The executives see less potential for conflicts of interest when officers are hired through the police agency itself or directly by a business firm.

Recommendations

- * The law enforcement agency should establish an upper limit on the number of hours that officers may devote to secondary employment per seven-day week and during consecutive workdays.
- * The agency should require departmental approval of the specific place of security employment.
- * The agency should require third-party waiver of liability.
- * The agency should prohibit the following practices: police personnel employed as private investigators; having police association or union, any member of the department, or the department itself solicit security business in competition with contract security companies; police personnel having a controlling interest or a position as a corporate officer in a contract security firm.

POLICE RESPONSE TO FALSE ALARMS

Police define a false alarm as any burglary or hold-up signal that does not involve an actual perpetrator or attempt. These "dry runs" are then measured as a proportion of all calls for police service. From this perspective, false alarms are as high as 98 percent in many communities, constituting 10-12 percent of calls-for-service. Alarm companies prefer to measure false alarms against the total number of systems in operation in the community, an approach that indicates a fairly good performance record for most systems. Further, alarm companies argue that many apparently "dry" dispatches represent foiled burglary attempts, and that officers often are

slow to respond and perform cursory checks when finding no readily apparent sign of entry. The problem of police response to false alarms is likely to become more vexing as the market for alarm systems expands and inexpensive retail systems become more widely available.

Hallcrest's review of alarm control ordinances suggests that they are most successful when they foster cooperation among the user, the alarm company, and the law enforcement agency.

Recommendations

- * The skills of alarm installers/technicians should be upgraded through the development of a standardized training curriculum and standardized testing and licensing process, perhaps with "apprentice" and "master" ratings to designate experience in different types and complexity of alarm systems.
- * An Institute for Alarm Technology, or other appropriate body, should be funded to assist the industry and police crime prevention specialists. Such a body could promote the integration of alarm systems with other protective measures; help reduce the cost of alarm systems; promote the development of innovative alarm technology, especially that which contributes to reducing false alarms; and serve as a mechanism for certifying equipment and installers.
- * Wider use should be made of alarm control ordinances with permit systems.
- * Law enforcement agencies should establish an "alarm liaison officer" to develop and monitor programs for false alarm reduction and maintain liaison with the local alarm industry. In smaller departments, this individual could be the "private security liaison officer" recommended above.
- * Multi-city studies should be conducted on the false alarm problem and alarm system effectiveness in deterring property crime and reducing the level of burglary and robbery investigations.
- * Some product testing or consumer research group should begin to develop standards for alarm systems, with manufacturers voluntarily submitting equipment for testing, perhaps with a "seal of approval" for equipment meeting certain standards.

CONCLUSION

Citizen fear of crime, and an awareness that public resources alone are insufficient to combat crime, have led to a growing use of individual and corporate protective measures. The early 1980s saw an overall decrease in reported crime in the United States, in the face of stable or declining police resources; among the contributing factors must have been the increasing use of private security services and products. In addition to the capacity of the private sector to fight crime in this country, this report has also demonstrated that much crime is resolved through the "private justice system," with consequent savings to the public justice system.

Law enforcement can ill afford to continue its traditional policy of isolating and even ignoring the activities of private security. Indeed, 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 calls for service. The creative use of private security personnel and technology may be the one viable option left to control crime in our communities.

END