
CRIME AGAINST THE PRIVATE SECTOR IN LATIN AMERICA:

**Existing data and
future orientations to analyse the victimization of businesses.**

First International Conference on statistical information on government, public safety,
victimization and justice

UNODC-INEGI

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AIMS OF THIS PRESENTATION

- To identify and to review existing measures of the victimization of the private sector in Latin America and,

on the basis of the existing experiences at European and International level,

- To suggest future orientations to better analyse this phenomenon in Latin America.

WHAT IS INTENDED HERE FOR...

Crime against business: “those offences affecting businesses or individuals because of their employment” (*Ewart and Tate, 2007, p. 36*).

To be distinguished from

Economic crime, or business and corporate crime: those offences “committed to gain profit within an otherwise legal business” (*Sjögren & Skogh 2004, pp. 1-2*).

WHY MEASURING CRIME AGAINST BUSINESS?

Crime against business is **FREQUENT**:

- **At European level:** annually around 19% of businesses (*ICBS 1993, 1999*) vs 1.7% of individuals (*EU ICS 2004/2005*) are victims of burglary.
- **In UK:** in 2001, 7 out of 10 thefts of personal properties took place at work (*CCS, 2002*).
- **In Italy:** between 2007 and 2008, the victimization of businesses was 10 times higher than the victimization of individuals (36% vs 3,7%) (*IBVS, 2008*).
- **In Switzerland:** between 2008 and 2010, 24% of businesses were victims of crimes committed by people working within the enterprise (*SBCS, 2009*).
- **In Nigeria:** in 2005, 48% of businesses were victims of common crimes (*CCBS Nigeria, 2006*).
- **In China:** between 2004 and 2005, 26.2% of businesses were victims of common crimes (*ICBS China, 2004/2005*).
- **IN LATIN AMERICA:** in 2008, 1/3 of the firms surveyed experienced one or more incident of crime (*WB Enterprise survey, 2009*).

WHY MEASURING CRIME AGAINST BUSINESS?

Crime against business is **COSTLY**:

- **At global level:** shrink exceeds the 1.45% of the total retail sales (*Global Retail Theft Barometer, 2011*);
- **IN LATIN AMERICA:** crime-related losses for firms in 14 countries represent on average 2.7% of annual sales (*World Bank Enterprise Survey, 2009*).
- **MOREOVER:** crime against business does not involve only direct costs as a consequence of crime but also costs for crime prevention measures and costs in response to crime.

WHY MEASURING CRIME AGAINST BUSINESS?

Crime against business is **LIKELY TO BE CONNECTED TO OC:**

- **In some countries, specific types of crime against businesses (e.g. extortion, protection money, intimidation and threats) are often related to the activities of organized crime groups.**
- **In Italy:** the 26% of the businesses victims of at least one incident of intimidation and threats and the 77.5% of the businesses victims of at least one incident of extortion reported that these crimes have been committed by local organized crime groups (*IBCS, 2008*).
- **IN LATIN AMERICA:** organized crime is a major problem that needs to be investigated in all its components which are often connected to the businesses' environment and activities (*Bergman, CIDE MEXICO*).

WHY MEASURING CRIME AGAINST BUSINESS?

Crime against business has a **STRONG IMPACT ON THE BUSINESSES INVESTMENTS' CLIMATE**. Especially on small and micro enterprises.

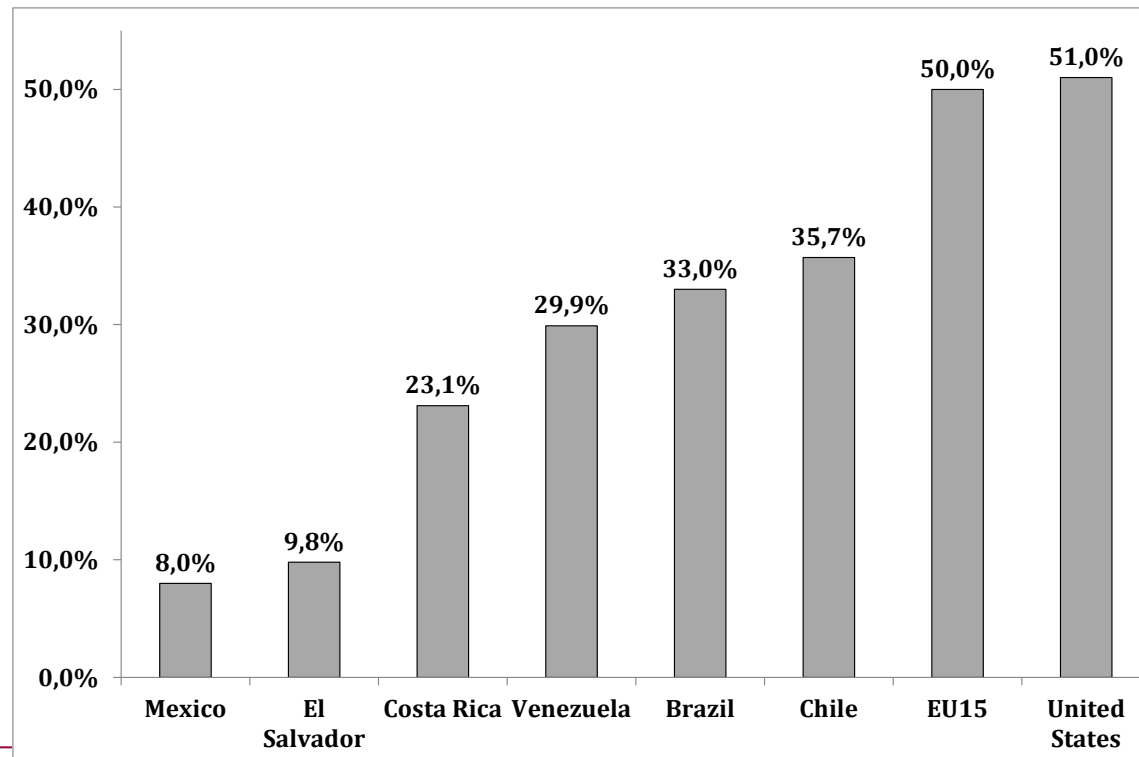
- **In Eastern Europe:** 18% of businesses stated that their investments' decisions are strongly affected by corruption (*ICBS, 2000*).
- **In Italy:** 14% of micro businesses stated that their investments' decisions are strongly affected by the risk of being victims of crime (*IBCS, 2008*).
- **In the EU and the CIS:** according to businesses interviewed, crime and theft and corruption are among the most impeding obstacles for doing business (*WEF, 2010*).
- **IN LATIN AMERICA:** 34% of the businesses interviewed perceived crime, theft and disorder as major constrains for their activities (*World Bank Enterprise Survey, 2010*). Businesses operating in 15 out of 22 countries ranked corruption among the fifth worst obstacles for doing business, in 6 out of 22 Latin America countries, they included also crime and theft among these factors (*WEF, 2010*).

WHY MEASURING CRIME AGAINST BUSINESS THROUGH A VICTIMIZATION SURVEY IN LATIN AMERICA?

- 1. Administrative statistics provide no data on the extent of crime affecting the private sector**
 - lack of a crime classification to identify crime against the private sector (“lack of a legal framework which define crime against the private sector”, *Guerrero 2012*).
- 2. Administrative statistics are affected by the “dark figure” of crime**
 - this represents a serious problem in Latin America (see Fig. 1 below)

Fig. 1 - % of crimes reported to the police in Brazil (2002), Chile (2007), Costa Rica (2008), El Salvador (2009), Mexico (2010), Venezuela (2010), United States (2010), EU15 (2005).

Source: Different victimization surveys on households. For details see Mugellini 2012, p. 41.



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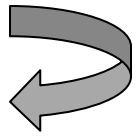
WHY MEASURING CRIME AGAINST BUSINESS THROUGH A VICTIMIZATION SURVEY IN LATIN AMERICA?

3. **To obtain more reliable information on NON-CONVENTIONAL CRIMES targeting businesses**
 - such as **fraud, cybercrime, bribery and corruption and extortion** which frequently target the private sector but they are very often not reported to the police.
4. **To obtain data on crime against business COMPARABLE ACROSS DIFFERENT COUNTRIES**
 - administrative crime statistics in Latin America present many deficiencies from the point of view of the data comparability at regional and international level;
 - the **Organization of America States (OAS)** collects data on crime from different Latin American countries according to the national definitions of the crimes. It lacks a process of harmonization of the information collected towards standard definitions.
 - the data on Latin American countries collected by the **UN CTS** presents some problems in terms of data availability, interruptions in the trends and consistency.
5. **To assess the COSTS OF CRIME against enterprises**
6. **To identify CASUAL FACTORS FOR CRIME**
 - Economic sector, size of the businesses, country and environment in which they operate.
7. **To help governments and managers in IMPROVING CRIME PREVENTION ACTIVITIES and in ASSESSING THE EFFICIENCY of any SECURITY POLICIES undertaken on businesses.**

HOWEVER...

✓ **Little research** has been conducted so far to measure crime against the private sector, **especially in Latin American countries.**

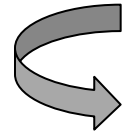
EXISTING AND FORTHCOMING SURVEYS ON CRIME AGAINST BUSINESS IN EUROPE



EXISTING BCS

- Only **3 surveys at international level by public organizations** (*UNODC/UNICRI*): ICCS (12 countries), ICBS (9 capital cities), CCBS (4 countries).
- **9 surveys at national level by public organizations** (*National Statistical Institutes, Ministry of the Interior, Ministry of Justice*): Netherlands, England and Wales, Finland, Bulgaria, Scotland, Estonia, Italy, Cyprus, Switzerland.
- Some surveys at international, national and local level **by private organizations and large private accounting/audit and insurance multi-nationals** (*PricewaterhouseCoopers, KPMG, Ernst & Young*).

FORTHCOMING BCS



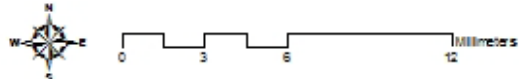
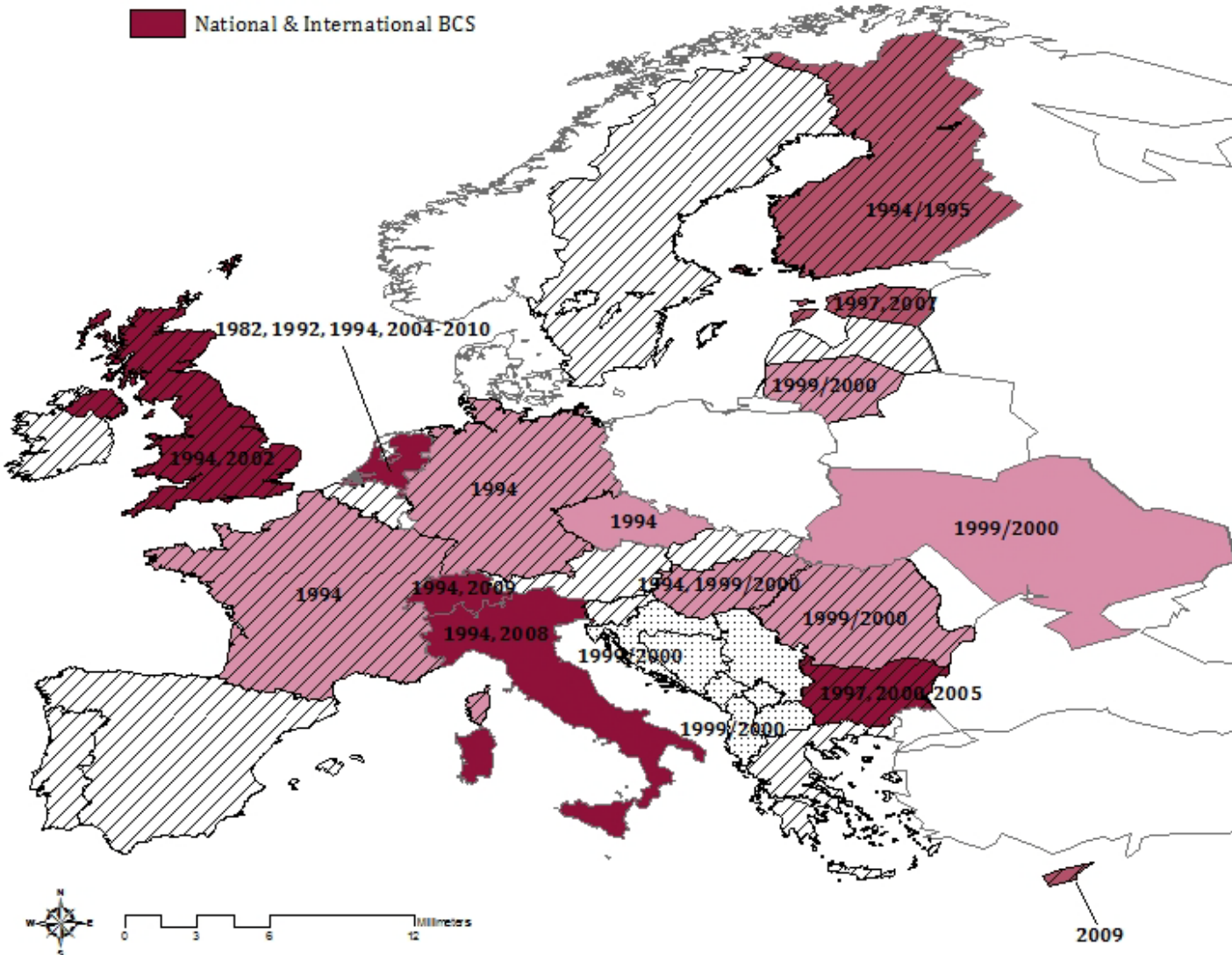
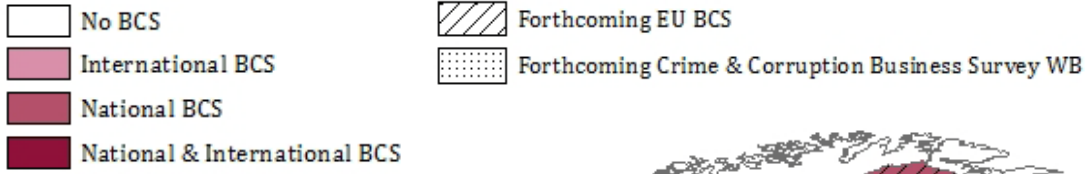
- **EU BCS**, focused on 20 EU MS and CCs. First large-scale survey at European level. (*European Commission, Gallup Europe, Transcrime-UCSC*).
- **Crime and Corruption Survey on Businesses in the Western Balkans**. Focused on corruption practices and crime experiences among businesses in Albania, Bosnia and Herzegovina, Croatia, Kosovo UNSCR 1244, FYR of Macedonia, Montenegro, Serbia (*European Commission, UNODC*).

SURVEYS ON CRIME AGAINST BUSINESS IN EUROPE

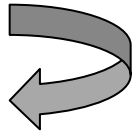
Fig. 2 - Existing Business Victimization Surveys conducted by public national and international organizations across European countries

➤The forthcoming BCSs will provide updated information on the victimization of the private sector across the majority of European countries.

Existing and forthcoming BCS in Europe



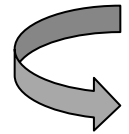
EXISTING AND ON-GOING SURVEYS ON CRIME AGAINST BUSINESS IN LATIN AMERICA



EXISTING BCS

- Only **2 surveys at national level conducted by National Chambers of Commerce**: in **CHILE** (*Encuesta de Victimización del Comercio 2008-2009/2010-2011*); in **URUGUAY** (*Encuesta De Victimización - Comisión Seguridad Ciudadana 2008-2009-2010*).
- **6 surveys at international or regional level by private organizations and large private accounting/audit and insurance multinationals** (*World Bank; PricewaterhouseCoopers, KPMG; Ernst & Young; Centre for Retail Research; World Economic Forum*), covering few countries and few types of crime.

ON-GOING BCS



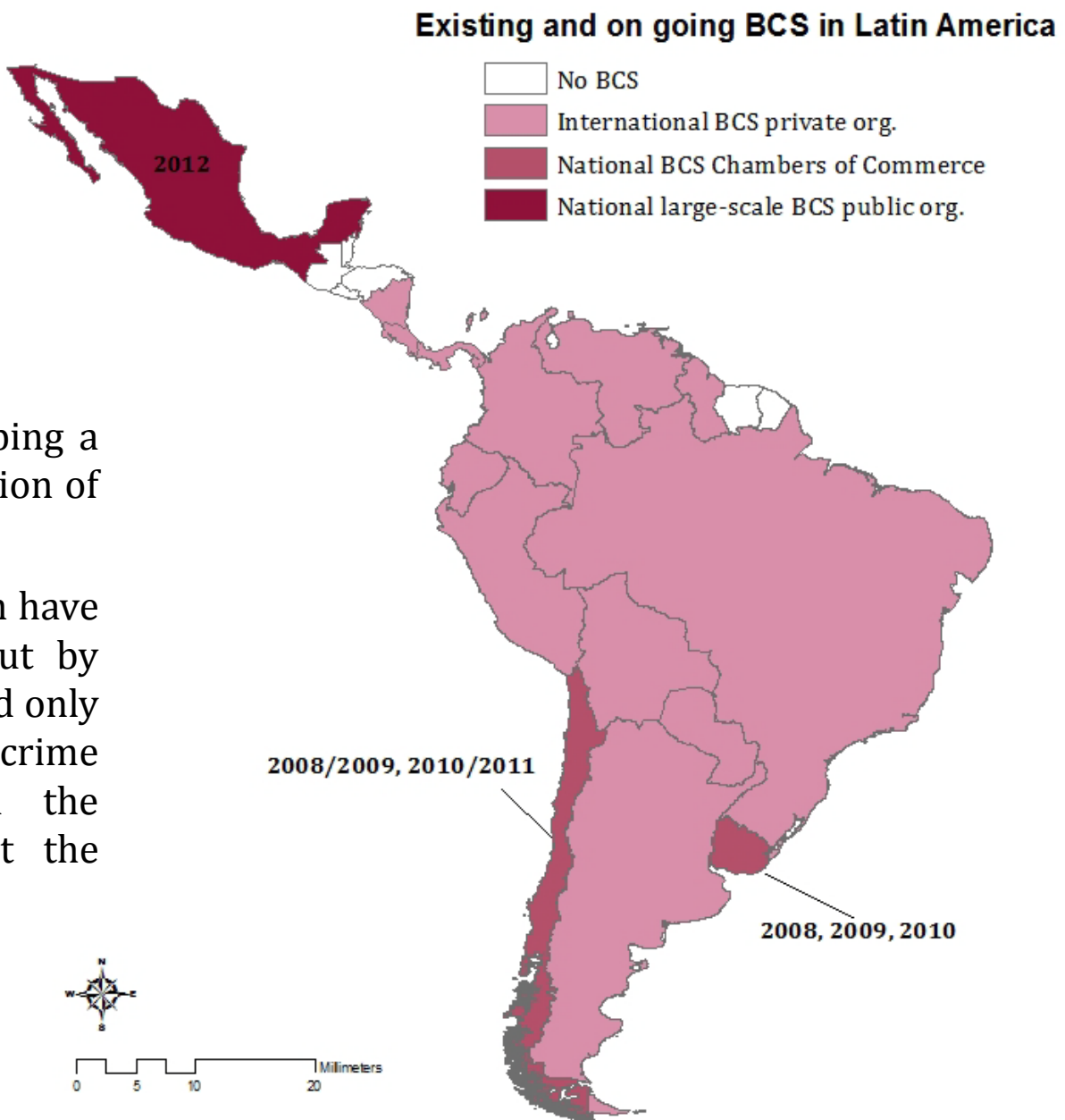
MEXICO - *Encuesta Nacional de Victimization de Empresas* (ENVE), 2012, INEGI – *Instituto National de Estadistica y Geografia* (on going).

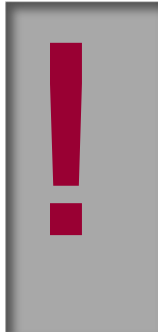
First large-scale survey on the victimization of the private sector.

SURVEYS ON CRIME AGAINST BUSINESS IN LATIN AMERICA

Fig. 3 - Existing Business Victimization Surveys conducted by private and public national and international organizations across Latin American countries

- Only Mexico is currently developing a large-scale survey on the victimization of the private sector.
- The other countries in the Region have been covered by BCSs carried out by private organizations which focused only on one (e.g. fraud) or few types of crime (e.g. economic crimes) or on the perceptions of enterprises about the obstacles in doing business.





Lack of measures of the victimization of the private sector in Latin America, both at national and at regional level.



How to measure this phenomenon in Latin America ensuring the comparability with existing and forthcoming surveys at European and international level?

TYPES OF CRIME COVERED BY EXISTING BCS IN EUROPE AND IN LATIN AMERICA

Ranking	EUROPE (23 existing national and international BCS across European countries)	LATIN AMERICA (National BCS in Mexico, Chile, Uruguay)
1	BURGLARY	Robo con allanamiento en las instalaciones del establecimiento
2	THEFT	Robo de mercancía en tránsito o extraída de transporte terrestre, marítimo o aéreo
3	FRAUD BY EMPLOYEES	Fraude
4	COUNTERFEITING	/
5	THEFT BY CUSTOMERS (INCLUDING SHOPLIFTING)	Robo de mercancía por parte de los clientes del establecimiento
		Robo hormiga
6	BRIBERY AND CORRUPTION	Corrupción
7	THEFT OF VEHICLES	Robo total de vehículo
8	FRAUD BY OUTSIDERS	Fraude
9	THEFT FROM VEHICLES	Robo de accesorios, refacciones o herramientas de vehículos
10	ROBBERY	Robo con Violencia
11	ATTEMPTED BURGLARY	Intento de Hurto con allanamiento en las instalaciones del establecimiento
12	THEFT BY OUTSIDERS	/
13	THEFT BY EMPLOYEES	/
14	CYBERCRIME	Delicto Informático
15	VANDALISM	Daños intencionales a las instalaciones de su establecimiento, incendios provocados o afectación de maquinaria o equipo para impedir la realización de trabajos
16	THEFT BY PERSON UNKNOWN	/
17	ATTEMPTED ROBBERY	Intento de robo con violencia
18	EXTORTION	Extorsión (Venta de protección ilegal)
19	TOBACCO AND ALCOHOL SMUGGLING	/
20	ASSAULTS AND THREATS	/
21	BEING OFFERED STOLEN AND OR COUNTERFEIT GOODS	/
22	PROTECTION MONEY	Cobro de piso
23	USURY	/
	/	Secuestro

Tab. 1 - Comparison between the types of crime covered by existing BCSs in Europe and in Latin America ranked according to the level of priority across European businesses.

➤ Existing Latin American BCSs do not include: counterfeiting, assaults and threats and the distinction between fraud and theft committed by employees and by outsiders.

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WHAT TYPES OF CRIME FOR MEASURING CRIME AGAINST BUSINESS AT REGIONAL LEVEL IN LATIN AMERICA?

TYPES OF CRIME

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graph LR; A[TYPES OF CRIME] --- B[CONVENTIONAL CRIMES]; A --- C[NON-CONVENTIONAL CRIMES]
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CONVENTIONAL CRIMES

1. Burglary
2. Theft,
3. Theft by customers (Robo hormiga),
4. Theft by employees,
5. Theft of vehicles,
6. Theft from vehicles,
7. Robbery (Robo con violencia),
8. Vandalism.

NON-CONVENTIONAL CRIMES

1. Fraud by employees,
2. Fraud by outsiders,
3. Bribery and Corruption,
4. Extortion,
5. Protection money (Cobro de piso),
6. Kidnapping (y secuestro exprés),
7. Cybercrime.

Note: **Counterfeiting** is not covered by the majority of existing BCSs (none in Latin America), however consultations with National Chambers of Commerce in Europe revealed that this is a crime causing lot of concern among businesses. It has been included in the forthcoming EU BCS.

WHAT KIND OF OPERATIONAL DEFINITION FOR MEASURING CRIME AGAINST BUSINESS AT REGIONAL LEVEL IN LATIN AMERICA AND ENHANCING COMPARABILITY?

OPERATIONAL DEFINITION

(The definition used to describe the offence under investigation)

Source: relevant literature dealing with victimization surveys and existing BCSs

Language very standardised, colloquial and non-legal.

Careful wording to allow the same understanding of specific crime types across different countries.

Lot of examples highlighting structural elements of the crime considered

(characteristics of the offender, modus operandi, target of the offence, place in which the offence is perpetrated).

Burglary definition:

Very good definition: *Anyone entering the business premises or getting into vehicles or other means of transportation of the business, in order to steal things. We speak of burglary when there are traces of illegal entry, otherwise we speak of theft.*

Bad definition: *Entering premises without permission in order to steal.*

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WHAT KEY ITEMS FOR MEASURING CRIME AGAINST BUSINESS AT REGIONAL LEVEL IN LATIN AMERICA AND ENHANCING COMPARABILITY?

KEY ITEMS

(Type of information collected on the crime types covered by the survey)

Source: relevant literature dealing with victimization surveys and existing BCSs

Measure of victimization in the past 12 months

Measure of multiple victimization in the past 12 months

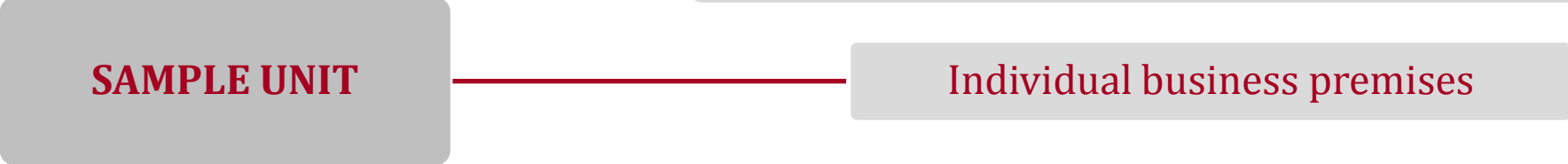
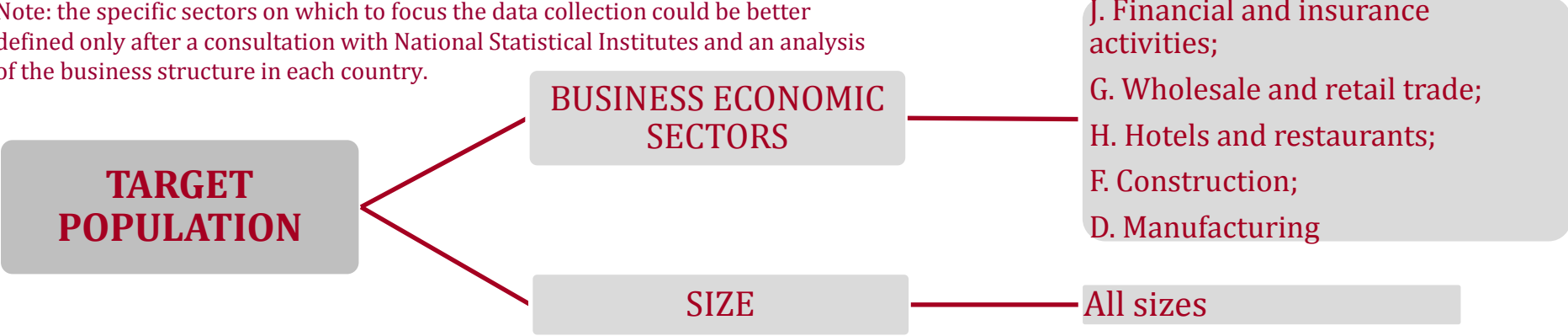
Reporting to the police and reasons for not reporting

Costs as a consequence of crime

Involvement of OC groups, paramilitary groups, juvenile gangs in the commission of specific offence (e.g. extortion)

WHAT METHODOLOGY FOR MEASURING CRIME AGAINST BUSINESS AT REGIONAL LEVEL IN LATIN AMERICA AND ENHANCING COMPARABILITY?

Note: the specific sectors on which to focus the data collection could be better defined only after a consultation with National Statistical Institutes and an analysis of the business structure in each country.



Note: these are very costly methods but still the most reliable to collect consistent data among businesses in Latin America on sensitive topics.

FUTURE ORIENTATIONS FOR DEVELOPING A REGIONAL BUSINESS CRIME SURVEY IN LATIN AMERICA

1. Consultations with **national representatives of Latin American countries (Chambers of Commerce, Ministries of the Interior, Ministry of Justice)** in order to:
 - better define the types of crime which should be covered by a BCS at regional level in Latin America (what are the most frequent? The most burning in terms of costs? In terms of impediment for investments?).
2. Consultations with representatives of **National Statistical Institutes** in order to:
 - **Collect data on the business structure** (number of businesses by geographical location, types of economic sector, size) across Latin American countries.
 - **Collect data on socio-economic indicators** in Latin American countries.
 - **Collect data on technology and information society indicators** (Telephone fixed-line coverage, internet coverage across businesses, etc.) in Latin American countries .
 - **Define the most efficient and affordable methodological tools** to measure this phenomenon across Latin American countries (sampling frame, sample size, sampling methodology, data collection instruments, etc.)

FINAL CONSIDERATIONS

- The forthcoming ENVE in Mexico could be a good starting point to identify the types of crime to be covered and the methodological tools to carry out a regional survey in Latin American countries.
- Its results will provide a first assessment of the feasibility of such a survey, of the comprehension of the questionnaire, of the response rates. Information that could be used to better design a future regional survey.

THANK YOU FOR YOUR ATTENTION

GRACIAS POR SU ATENCIÓN

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