

TITLE:	Study of Encounters of Enterprises with Crime
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SUMMARY

In 2007 the Criminal Policy Department of the Ministry of Justice conducted a study on offences committed against undertakings and by undertakings which aim was to analyse:

- 1) the forms and extent of crime directed against enterprises (estimations of enterprise managers of the problem);
- 2) the nature of the offences directed against the employees of undertakings and agencies (personal experience of the employees with offences committed with respect to them, including by the employer, at the workplace).

The study contained two different interviews with a different questionnaire for each target group:

- 1) a telephone interview with the managers of 702 enterprises in April 2007¹;
- 2) a laptop assisted interview at the homes of 526 employees in June-July 2007.

For both interviews a separate questionnaire was prepared for enterprise managers and for employees the questions of which overlapped in the main part. The questions on crime victimization concerned only the cases that took place in 2006.

Information on enterprises was obtained by random choice from the commercial register, taking account of their classification by size (on the basis of the number of employees). The results of the interview were weighed later in order to obtain the breakdown of replies corresponding to the actual structure of the enterprises.

The employees to be interviewed were found by a random choice from the database of the Statistical Office. The sample covered the residents of 15–74 of age who were employed most of the time in 2006 (including salaried employees and enterprise managers and sole proprietors). The sample formed in the course of the interviews was compared to the population and the results of the interview were weighed accordingly.

The interviews were conducted by AS Emor; the statistical data analysis was conducted in the University of Tartu.

MAIN RESULTS

36 per cent of Estonian enterprises fell victim to at least one crime in 2006.

1. 24 % of the enterprises fell victim to several crimes and 10 % fell victim to five or more crimes.
2. Most often the enterprises fell victim to theft or fraud committed by a customer or partner (20% of the enterprises), most of them repeatedly.² By frequency these offences were

¹ In the interview an “enterprise manager” was Chief Executive Officer, Director, Board Member, Security Manager or owner of the enterprise.

² E.g. theft by shop visitors, non-payment of invoices, non-delivery of goods, false invoices.

followed by theft (including burglary) from the territories of enterprises by uninvolved persons (15%), vandalism (7%), theft from vehicles of the enterprises (6%) and theft by employees (4%).

3. The likelihood of falling victim to a crime was the greater, the greater the enterprise was: an average of 0.7 criminal offences were committed against enterprises with up to four employees, an average of 3.4 criminal offences were committed against enterprises with more than 50 employees.
4. Enterprises of the secondary sector and primary sector fell victim to crimes most often, but in these sectors the enterprises were bigger than on average. There were relatively few victims in the financial and real estate sector (where the percentage of small scale enterprises was the highest) and in the social sector.³
5. The median of the material damage caused by the last criminal offence was 10,000 kroons, i.e. in case of fifty per cent of the enterprises which suffered damage the amount of damage was below that and in case of fifty per cent of the enterprises the damage exceeded the amount. The material damage caused by crime in a year was estimated to be the biggest in the trade sector and in the transport and communications sector.
6. The moral damage caused by crime noted most often was deterioration of the working moral of the enterprise. Enterprise managers in the primary and transport and communications sectors considered the moral damage to be relatively big.
7. In 2006, 8% of the enterprises fell victim to defamation by a competitor; these were mainly large scale enterprises. The enterprises of the primary and transport and communications sector had the biggest number of encounters with defamation. One per cent of the enterprises fell victim to forgery or piracy. Competitors came into possession of business secret in 0.6% of the enterprises.
8. 9% considered agreements for the division of market to be very widely spread or rather widely spread in the area of activity of their enterprises. This was noted most often by the managers of the enterprises of the transport and communications sector.
9. 7% of the managers of the enterprises considered cyber-crime to be very widely spread or rather widely spread in the area of activity of their enterprises. This was noted most often by the managers of the enterprises of the financial, real estate and transport and communications sector.
10. 6% of enterprise managers knew personally officials who received benefits for processing documents, 5% knew enterprises which operated in the same field without an activity licence and 3% knew of agreements between competitors and officials for public procurement or award of contract in 2006.

Most of the crimes were not reported to the police.

11. In 40% of the cases the last criminal offence concerning the enterprise or the employees thereof was reported to the police. The criminal offences committed by unknown persons were reported more often and the criminal offences committed by persons connected with the enterprise (customers, partners, employees) were reported more seldom.
12. The criminal offences connected with vehicles, proprietary damage to the enterprise and theft by uninvolved persons were reported most often (all in more than 60% of the cases) . Theft or fraud committed by a customer or partner was reported most seldom (8%).

³ The number of enterprises covered by the interview was 27 in the primary sector and 29 in the social sector.

13. In case of all types of criminal offences the criminal offences which caused bigger damage were reported to the police in the first place.
14. Large scale enterprises were more likely to report criminal offences to the police than small scale enterprises.
15. Non-reporting the last criminal offence to the police was most often grounded by the opinion that the police would not have been able to do anything to solve the crime (40%). The fact that the enterprise could solve the case by itself was also mentioned as an argument (21%). 22% marked "other reason", from among whom most of the people thought that the case was not within the competency of the police.

33% of the employees encountered at least one criminal offence at their place of employment in 2006.⁴

16. 24% of the employees encountered several criminal offences and 13% of the employees encountered at least five criminal offences at their place of employment in 2006.
17. Most often the employees fell victim to theft from the enterprise by an uninvolved person (15%), most of them repeatedly. By frequency these were followed by theft or fraud committed by a customer or partner (12%), vandalism (8%), theft by an employee of the enterprise, threat or assault (excluding robbery) of an employee of the enterprise and theft from a vehicle of the enterprise (all 7%).
18. The employees of the financial, real estate, trade and transport and communications sector encountered crime at their place of employment more often than others; the employees of the primary sector and secondary sector encountered crime more seldom.⁵
19. 8% of the employees were threatened verbally at their place of employment in 2006; one fourth of them (2%) were threatened by violence or use of a weapon. No actual assaults were committed against employees during their working hours.⁶
20. No significant connection was discovered between the encounters of employees with crime and the size of the enterprises, but the number of such encounters was the smallest in the enterprises with up to four employees.

In 2006, 9% of the employees experienced violation of labour laws with respect to themselves by the employer and 21% of the employees experienced other kind of unfavourable treatment.⁷

21. In the employees' opinion the most widely spread violation of law was incorrect calculation of wages (5%).
22. The unfavourable treatment by an employer noted most often was assignment of tasks not prescribed in the employment contract or job description (9%), disregarding the wishes or proposals of employees (7%) and assignment of duties below the level of the employee's actual skills (5%).

⁴ Here and in clauses 16-18 and 20 "the principal place of employment" in 2006 has been taken into account, i.e. in the case of change of employment it might not have been a full year.

⁵ The number of employees interviewed in the primary sector was 24 and in the financial and real estate sector 26.

⁶ Threats and assaults against the respondent in 2006 have been taken into account, independent of his or her place of employment.

⁷ Here and in clause 21 and 22 the whole year of 2006 has been taken into account independent of the place of employment of the respondent.

23. 10% of the employees noted that his or her employer violated occupational safety requirements. This was noted more often by the employees of the secondary sector and the employees of the enterprises with 11-50 employees.⁸
24. Violation of various work-related requirements by the employer was noted much more often by the non-Estonians than by the Estonians. This may indicate that in the enterprises with mainly Russian employees less attention is paid to compliance with the requirements concerning working conditions, although this cannot be claimed with certainty on the basis of this study.

Most of the enterprises used technical protection measures and fifty per cent of the enterprises had insured themselves at least against one risk.

25. Security alarm systems were used most often for the protection of the property of the enterprises against theft and robbery (68% of the enterprises) which was also considered to be the most effective measure against such crimes. The second measure by frequency was the use of safety doors and locks (60%).
26. 44% of the enterprises used the services of a private security company. Security services were used most often in the trade sector and by large-scale enterprises.
27. 12% of the enterprises used separate measures for the protection of employees against violence or threat of violence. A panic button was installed most often for the protection of employees.
28. The most widely used type of insurance was insurance against fire (40%). 33% of the enterprises were insured against burglary and 26 % against damage caused by another type of crime. Non-insurance was most often grounded by the fact that there was nothing worth insuring in the enterprise.
29. 36% of the enterprises co-operate with other enterprises in their field of activity and 29 % in their region for the prevention of criminal offences.
30. The most widely used measures for the prevention of damage to the interests of the employer were background check of the employees before employment (54%) and training with the introduction of security requirements. More than one third of the enterprises used sanctions or restrictions in the employment contract.
31. Business secret was defined in writing in 36% of the enterprises and 47% of the enterprises covered it in the employment contract.
32. One fourth of the enterprises had established a code of ethics or instructions for behavior in problematic situations.
33. Large scale enterprises used various protection measures more often.

Enterprise managers and employees understand the issues concerning the protection and inspection of employees and reporting of crimes differently.⁹

34. According to enterprise managers, background check of employees and sanctions in the employment contract for the violation of rules was used much more often than supposed

⁸ In clauses 23 and 24 the principal place of employment of the respondent in 2006 has been taken into account.

⁹ The differences in the answers of enterprise managers and employees are to a great extent connected with different samples which is why in case of many questions no reliable comparisons can be made; for example in the cases where the number of answers is too small for the analysis thereof by enterprises of different size.

by the employees in the enterprises of all sizes. The main reason for this may be different informedness of managers and employees, whereas little knowledge of employees of obligations assumed under an employment contract deserves separate attention.

35. In the employees' opinion much more measures were applied for the protection thereof against physical violence than according to the enterprise managers since the employees probably took general measures (e.g. security cameras, the use of security services) also into account. Differences occurred in the enterprises of all sizes.
36. In the employees' opinion crimes were reported to the management or the police much more often than crimes were reported to the police according to the enterprise managers. The difference was the biggest in case of theft and fraud committed by customers or partners: although the employees notified the management of most of the cases, the management informed the police very seldom; in the case of this type of criminal offence the differences in the answers of the employees and employers were several times bigger in the enterprises of all sizes than in the case of other types of criminal offence.

The answers of the enterprise managers and the employees were rather similar in the issues concerning criminal offences against property and the protection of the property of the enterprises.¹⁰

37. The ranking of the types of criminal offence was similar in the answers of the enterprise managers and the employees and the percentage of encounters with different types of offences was similar in several cases, especially in case of criminal offences against property (certain differences were inevitable taking into account the different samples).
38. The answers of the managers and employees of the enterprises in the issues concerning the use of measures for the protection of the property of the enterprise were similar in the enterprises of all sizes.
39. By frequency of the use of the measures applied by an employer for the protection of the interests thereof the ranking of the measures was in general similar in the answers of the enterprise managers and the employees, although in the employees' opinion some measures were used much more seldom than according to the enterprise managers.
40. The ranking in the answers of the enterprise managers and employees concerning the existence of the code of ethics or instructions for behaviour in problematic situations were relatively similar in the enterprises of all sizes.

Based on the study the rate of crime against Estonian enterprises is not higher than in the results obtained in the developed western countries and some East-European countries.

41. The results of the Estonian study are not strictly comparable with the results of the studies of other countries due to the differences in the interview method, but in several countries similar or higher indicators were obtained in the case of similar questions concerning the percentage of enterprises which have fallen victim to criminal offences (including by different types of criminal offences).¹¹

¹⁰ See the previous note.

¹¹ See e.g. studies in Great Britain (Shury *et al*, 2005), Australia (Crimes Against ..., 2004), Finland (Holm *et al*, 2000) and in the capitals of nine East-European countries (Alvazzi del Frate, 2004).

42. In general, the results of the Estonian study are similar to the results of the studies conducted in other countries: most often enterprises fall victim to theft and fraud; primarily large scale enterprises fall victim and a considerable number of criminal offences are committed against a relatively small number of enterprises; a large number of criminal offences are not reported to the police.

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