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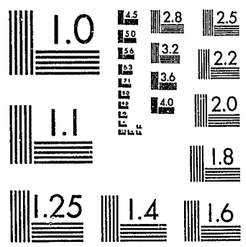

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Research in Brief

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ACQUISITIONS

The Growing Role of Private Security

William C. Cunningham and Todd H. Taylor

Traditionally, society's efforts to prevent and control crime have relied almost exclusively on the police and on other parts of the criminal justice system. Less visible are the private security resources of business, industry, and institutions.

Today, private security plays a major protective role in the Nation's life. It employs an estimated 1.1 million persons, and total expenditures for its products and services are estimated at $22 billion for 1980. In 1979, Federal, State, and local law enforcement expenditures were only $14 billion.

Private security today

To obtain a clear and current picture of the extent and nature of private security efforts, the National Institute of Justice began, in 1980, a comprehensive study, conducted by Hallcrest Systems, Inc. The research had three aims:

1) To gather information on the general character of the private security industry in the United States, updating previous research.[1,2]

1. James S. Kakalik and Sorrel Wildhorn. *The Private Security Industry—Its Nature and Extent*, vols. I–IV. Santa Monica, Calif.: The Rand Corporation, 1972.

2. National Advisory Committee on Criminal Justice Standards and Goals. *Report of the Task Force on Private Security*. Washington, D.C.: U.S. Government Printing Office, 1976.

From the Director

Criminal justice agencies, particularly the police, have long maintained that they need private sector cooperation. The success of citizen involvement in crime prevention programs already demonstrates the importance of private participation in neighborhood and community crime control.

In the private security industry, more than a million persons contribute daily to crime prevention and reduction. Private security, in fact, is an often overlooked resource available to complement police efforts.

The National Institute of Justice funded the private security study reported here as part of its priority research on effective use and deployment of police resources. Smaller local budgets and fewer police personnel require law enforcement agencies to make more efficient use of what they have. Cooperative programs with private security could provide a way to do more with less.

This *Research in Brief* summarizes the 30-month study undertaken by Hallcrest Systems, Inc.—the first comprehensive look at private security in more than a decade. It outlines specific strategies to better utilize the joint resources of law enforcement and private security. Potential areas in which the private security industry may play a role are burglar alarm response, prosecution policies in cases of internal theft, moving hazardous materials, helping to counter terrorism, and security for public events.

The views and conclusions summarized here are, of course, those of the authors and not necessarily the official position of the National Institute of Justice.

The Institute, however, is committed to a continuing dialog between the public and private sectors, fostering improved delivery of protective services to all citizens—both corporate and private.

James K. Stewart
Director
National Institute of Justice

2) To describe the contribution private security makes to crime control and order maintenance and to identify opportunities for improvement.

3) To describe the working relationships between private security and public law enforcement agencies and to develop recommendations for improved cooperation and coordination.

The research included interviews with more than 400 people in law enforcement and all areas of proprietary and contractual security, a survey of State agencies regulating private security and of 1,600 law enforcement and security managers, and an economic analysis and forecast of the private security industry. In addition, field studies were carried out in two urban counties—Multnomah County (Portland), Oregon, and Baltimore County, Maryland.

Major findings

Research findings included:

- Private security resources, both expenditures and employment, now exceed those of law enforcement and will continue to increase as resources for public law enforcement stabilize.

- Business, industry, and institutions together spend more than $20 billion annually for security in their organizations.

- Both police and security managers are receptive to the ideas that private security respond to some minor criminal incidents occurring on the property it protects and that some non-crime-related police tasks be contracted out to the private sector.

- There is limited interaction and cooperation thus far between the public police and the private security industry in crime prevention and public safety.

- Law enforcement executives tend to view private security programs as largely ineffective in reducing crime; they rate its performance generally low.

- The quality of security personnel is a major concern to the police, who favor (as does most of the security industry) State legislation to license and upgrade the quality of security personnel.

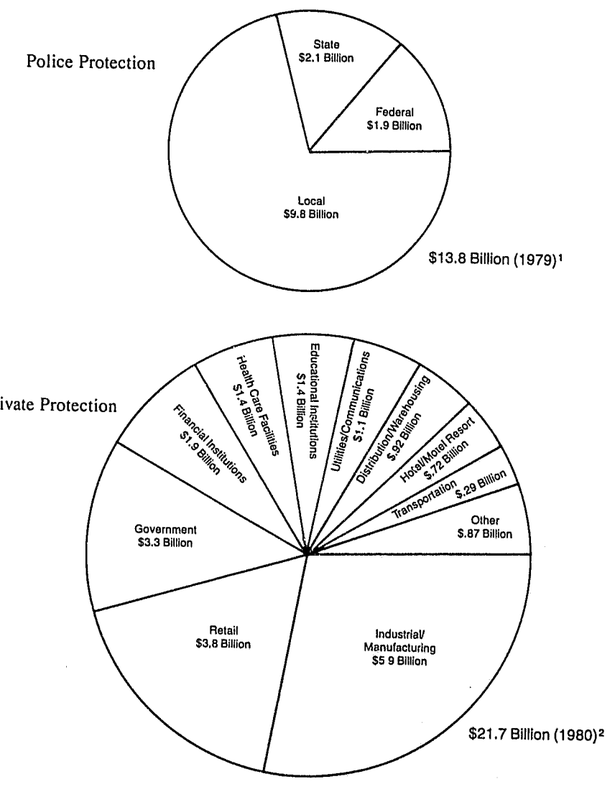
- Two major problems hamper police-security relationships—off-duty police moonlighting in private security jobs and the excessive number of false burglary alarms to which police must respond.

- Crime reporting is a low priority for security managers—sometimes as a policy of the companies for which they work. Partly because of this, the police are rarely called upon to investigate such crimes as internal theft and fraud.

- Businesses and institutions divert many criminal acts from the public justice system by resolving the incidents internally. Little is known about these "private justice systems."

Exhibit 1

Gross Expenditures for Protection in the U.S.



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

The industry's robust growth

In virtually all organizations, the three major components of private security are physical security, information security, and personnel security.

The use of guards for physical security is perhaps the most visible aspect of security programs. But information security is also essential: the theft of customer lists, marketing plans, computer programs, research and development data—especially in high technology industries—has been estimated to cost as much as $20 billion a year. Personnel security includes day-to-day protection of workers, as well as executive protection and protection against terrorism for many if not most multinational businesses.

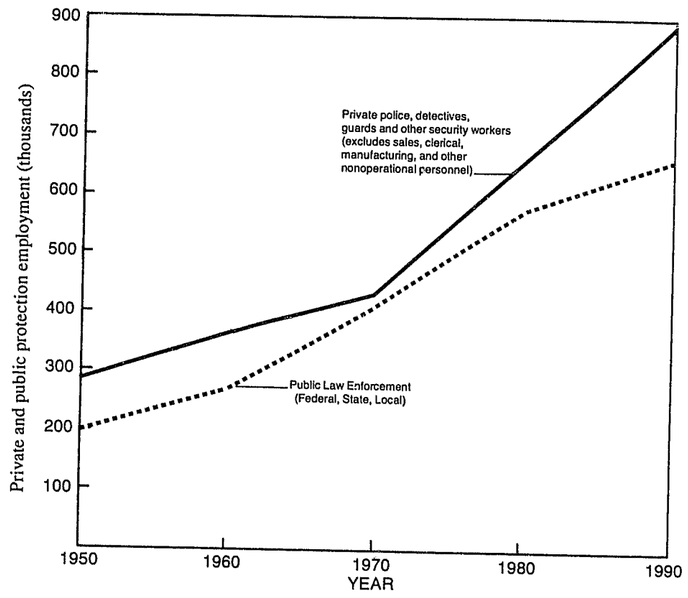
There are two general types of private security programs—*proprietary* security measures undertaken with an organization's own employees and *contractual* services such as guards, investigations, alarm services, and armored car services. To these must be added the *manufacture and sale* of security products, such as safes, electronic access control, and closed-circuit television. For statistical purposes, we have included the provision of security products among contractual services, but it is plain such products are widely used in proprietary security—and, indeed, by public law enforcement and private citizens as well.

Exhibit 1 shows the extent to which private protection resources now exceed those of public law enforcement. Using such indicators as expenditure and revenue data, employment, and number and value of shipments by original manufacturers of security products, robust growth can be expected to continue into the next decade.

Private security personnel also significantly outnumber sworn law enforcement personnel and nonmilitary government guards by nearly 2 to 1. Total private security employment in 1982 is conservatively estimated at 1.1 million persons (excluding Federal civil and military security workers), 449,000 in proprietary security and 641,000 in contract security.

Exhibit 2

Trends in Private and Public Protection Employment



Source: Bureau of Census and Bureau of Labor Statistics Publications

Although Exhibit 2 reflects only operating personnel, it shows the relative growth of private and public protective employment. The Bureau of Labor Statistics forecasts that about 215,000 new operating personnel will join private security employment by 1990.

Shift in protection resources

The most rapid growth for private security appears to have occurred in the last 5 to 7 years, even in the midst of an economic recession and corresponding with slowed increases, tending toward stabilization, in police resources. A survey of law enforcement agencies found that 44 percent of police and sheriff's departments reported the same or fewer personnel in 1981 as 5 years earlier. Reductions in force, hiring freezes, and normal attrition contributed to this stabilization or decline in law enforcement jobs.

During this period, growing numbers of Americans undertook self-help measures against crime, increasing the use of locks, lighting, guns, burglar alarms, citizen patrols, and security guards. One National Institute of Justice study found that 40 percent of respondents in 10 major U.S. cities had installed some form of security device in their homes. Similar data were found in the two urban counties studied in the current project.

Such expanded use of private security and increased citizen involvement signals an increasing return to the private sector for protection against crime. The growth and expansion of modern police reflected a shift from

private policing and security initiatives of the early 19th century. Now the pendulum appears to be swinging back. Despite the expanded role of the police in crime prevention in recent years, it appears that the private sector will bear an increased prevention role while law enforcement concentrates more heavily on violent crimes and crime response. Economic realities are forcing law enforcement to seek ways to reduce workloads.

National surveys of proprietary and contract security managers also indicate their willingness to accept more responsibility for minor criminal incidents occurring in their bailiwicks. These new responsibilities could include responding to burglar alarms, investigation of misdemeanors and completion of official misdemeanor reports, and initiating preliminary investigations of other crimes. The 384 law enforcement administrators surveyed in this study indicated a willingness to discuss such a transfer of responsibilities to private security. They cited a number of police tasks "potentially more cost effectively performed by private security"—among them public building security, parking enforcement, and court security. In some parts of the country, contract security firms already are performing some non-crime-related tasks.

Police and security cooperation

Law enforcement executives surveyed rated the overall contribution of private security and its reduction of direct dollar crime loss only "somewhat effective"; private security's contributions to reducing the volume of crime, apprehending criminal suspects, and maintaining order were judged ineffective. In fact, law enforcement gave private security low ratings in 10 areas, including quality of personnel, training received, and familiarity with legal authority.

A major detriment to police acceptance of the security industry is the question of training. Fewer than half the States have provisions for licensing and training security officers, despite the existence of standards[2] and model statutes[3] produced in earlier national research projects.

Private security has undertaken some efforts to upgrade the quality of its personnel, including certification programs and a proliferation of academic degree programs. Nevertheless (and although actual contact between police officers and security officers is quite limited), the police are inclined to stereotype private guards as heavy-handed in their use of force and weapons. Our research data dispute the accuracy of this image.

Strong criticism of private security by the police is not muted despite the fact that an estimated 150,000 police officers work as regular off-duty employees of private security. Their role, in fact, is a source of much of the contention. Some say that the moonlighting police are "hired guns"—that their value to private security is in part the fact that they can carry weapons while other security employees might have difficulty obtaining a license. Other problems occur over the question of liability—is the police force or the off-duty employer legally responsible for the moonlighting officer's acts? Still other criticism arises from the possibility of conflict of interest—particularly when a police officer operates his own private security firm as a sideline or when an officer wears his uniform and badge while working in his private employment.

Another major source of contention between the police and private security is the excessive number of responses to false burglary alarms. False alarms are often reported to make up 10 to 12 percent of all calls for police services and, as public safety personnel struggle to provide current levels of service in the face of declining tax revenues, the accelerated rate at which new alarm systems are being installed threatens to swell police workloads further.

False alarms, moonlighting, and negative police perceptions of private security competence have all contributed to a situation in which there is little formal interaction or cooperation between the police and private security. Security managers report some sharing of information, personnel, equipment, and other resources with law enforcement, but most cooperative efforts appear to be initiated by the private sector. Those areas in which cooperative efforts have been reported include hazardous materials movement, protection of dignitaries and executives, disaster management, traffic control, crowd control, measures to counter terrorism, and economic crime investigation.

Hidden economic crime

There is no question that much "ordinary crime"—burglary, larceny, robbery, for example—substantially affects business. In retailing, the U.S. Department of Commerce estimates that the combination of shoplifting by customers and internal pilferage by employees adds as much as 15 percent to consumer retail prices. In addition, our study's survey of security managers found that employee theft in the workplace—from the broom closet to the executive suite—was considered the greatest single crime problem for all types of businesses, institutions, and government.

Crime in the workplace includes such white-collar crimes as fraud and embezzlement. Computer-related crime is perhaps the most devastating of these crimes, because losses are often in hundreds of thousands of dollars. Credit-card fraud has been estimated as high as $3 billion a year, with the 1983 losses for only two—VISA and MasterCard—estimated by the American Bankers Association to be $200 million. Using crime index and inflation-adjusting techniques, the direct cost of the two major categories of economic crime, white-collar and "ordinary," is estimated as at least $67 billion for 1980.

3. Private Security Advisory Council to the Law Enforcement Assistance Administration, U.S. Department of Justice. *Report on the Regulation of Private Security Guard Services, Including a Model Private Security Licensing and Regulatory Statute.* Washington, D.C., 1976.

The private justice system

Private security managers who were surveyed indicate they generally report Uniform Crime Report index crimes—largely "ordinary crime"—to a law enforcement agency. Incidents of employee theft, insurance fraud, industrial espionage, commercial bribery, and computer crime tend *not* to be reported. These incidents are frequently resolved by direct contact with a prosecutor or through other "private justice" procedures within the victimized organization. Resolution through internal procedures was reported almost twice as frequently in the survey as presenting the matter to a prosecutor. When asked to rank their objectives, the security managers gave crime reporting a low priority.

Why do private organizations avoid the public criminal justice system altogether for certain crimes? They list as reasons the charging policies of prosecutors, administrative delays in prosecution, rules of discovery in court proceedings that might reveal more about their organizations than they want known, and a perception that courts are unsympathetic with business losses. In fact, a 1979 survey by the U.S. Chamber of Commerce reported that half of 446 business executives responding believed that law enforcement and the criminal justice system do a poor job of fighting crimes against business.[4]

"Private justice" systems vary widely, and little is known of their structure, dynamics, and standards of fairness. It remains clear, however, that large numbers of criminal acts are diverted from public justice systems—numbers that could severely tax the already strained resources of police, corrections, and the courts. In the private sector, emphasis is on loss prevention and protection of assets. When a loss to crime occurs, private security and the other internal control forces within an organization reexamine policies and procedures to deter future crime.

4. U.S. Chamber of Commerce. *Washington Report Survey—White-Collar Crime*. Washington, D.C., 1979.

Major recommendations

How far-reaching will the impact of private security resources and technology on crime prevention and control be? The answer depends on whether law enforcement and private security forge a closer partnership. If greater interaction and cooperation are to take place, a number of actions and strategies are called for. This research recommends:

Upgrade private security. Upgrading the quality of security personnel was the most frequent recommendation made by both police and security managers who were surveyed. Both groups overwhelmingly agree on the need for statewide regulatory statutes for contract security, plus mandatory criminal background checks and minimum levels of training for both proprietary and contract security officers. In addition, adoption of standards, codes of ethics, and model licensing, certification, and contract performance specifications are recommended.

Increase police knowledge of private security. Seminars, training materials, designation of security liaison officers, inventories of security firms, and other mechanisms are recommended to develop a greater awareness by police of the role and resources of private security in their communities.

Expand interaction. Recommended strategies include identification of specialized investigative resources and equipment of private security that are available to complement police investigations, establishment of joint task forces for investigation of major or recurring losses, and development of official policies for sharing investigative information.

Experiment with transfer of police functions. Research and demonstration programs are recommended to isolate police activities that do not require police authority, identify areas where contracting may be effective, and explore legal mechanisms and special officer status for security personnel. Special attention should be given to contracting burglar alarm response to the private sector, including measuring whether the deterrent value of response rises from police authority or merely from attention that is quick, uniformed, and armed.

If law enforcement is to be relieved of its large workload of minor and non-crime-related calls, some nontraditional approaches are required. Creative use of private security may prove to be a viable option for conserving scarce law enforcement resources and bolstering protection of the public.

Inquiries about obtaining copies of the final report of the study on which this article is based should be addressed to Hallcrest Systems, Inc., 7316 Hooking Road, McLean, VA 22101.