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**Opportunity and Occupational Crime:  
A Case Study of Employee Property Crime in the Workplace**

by

**Robert Pretto**

**B.Sc., Université de Montréal, 1988**

**THESIS SUBMITTED IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
M.A. (CRIMINOLOGY)  
in the School  
of  
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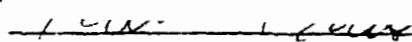
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Opportunity and Occupational Crime: A Case Study of

Employee Property Crime in the Workplace

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## ABSTRACT

This study examines employee property crime in the workplace. A preliminary theoretical model based on Marcus Felson's Routine Activity Approach was developed to help explain employee property crimes. An exploratory case study of five companies (an armoured car company, a bank, a transit commission, a rail and airline company) was then conducted to test the initial opportunity oriented model. A comprehensive conceptual model which incorporates such notions as need, work climate, and opportunity, was then developed. The model suggests that opportunity must interact with need and/or work climate for an occupational offence to occur. The model provides an interactive analysis of motivation and opportunity. The research is guided by the simple algebraic formula of  $C = f (M \cdot O)$ , where  $C =$  Crime,  $M =$  Motivation and  $O =$  Opportunity (Brantingham and Brantingham, 1991).

This thesis demonstrates how different social, economic, technological and corporate indicators influence opportunity, need and work climate, and how the latter elements help explain possible trends and patterns in the commission of employee property crimes.

## ACKNOWLEDGEMENTS

I would like to extend my profound gratitude to the different companies who participated in this research. Their receptiveness and cooperation, as well as that of their security officials, proved vital to the realization of this thesis.

My deepest thanks also go to Pat Brantingham for her guidance and assistance in helping me sail through--what appeared at times--a turbulent sea of theoretical digressions and miscellaneous ramblings. Most of all, however, I would like to thank her for her invaluable lessons in writing.

**TABLE OF CONTENTS**

**Introduction** ..... 1

**Research Focus** ..... 5

- . Defining Employee Property Crime

**Literature Review** ..... 9

- . The Criminal "Opportunity" Theoretical Domain
- . Main Theoretical Assumptions of Criminal Opportunity Research
- . Key Exponents of the Opportunity Perspective
- . Felson's Routine Activity Approach
  - Motivated offenders
  - Suitable targets
  - Absence of Capable Guardians

**Theoretical Model** ..... 19

- . Theoretical Orientation
- . Elaborating the Model
- . Redefining the Routine Activity Concept
- . Opportunity
  - target suitability
  - context suitability
  - access
- . Need
  - employee insolvency
  - material desires
  - need for a company item
- . Work Climate
  - work relations and climate
  - rationalization process

**Research Strategy** ..... 52

- . The Interview Case Study



<b><u>The Case Study</u></b> .....	58
. The Workforce	
. Gaining Access to Companies	
. The Companies	
. Interviewee Background	
<b><u>Findings</u></b> .....	64
. The Armoured Car Company	
. The Airline Company	
. The Bank	
. The Transit Commission	
. The Rail Company	
. Opportunity	
. Need	
. Work Climate	
. Offenders	
. Deterrents	
. Investigations	
. Losses	
. Projections	
<b><u>Discussion</u></b> .....	96
. Economic Indicators	
. Social Indicators	
. Corporate indicators	
. Technological Indicators	
. Deterrents	
. Interaction of Opportunity and Motivation	
. Seasonal, Temporal and Situational Trends	
. Reservations About Findings, Data and Inferences	
. Felson's Routine Activity Approach In Perspective	
. Our Findings and Those of Extant Research	
. Theoretical Implications of The Study	
. Policy Implications of The Study	
. Future Research in This Area	
<b><u>Conclusion</u></b> .....	118
<b><u>Appendix</u></b> .....	119
<b><u>Bibliography</u></b> .....	123

## INTRODUCTION

The focus of many criminological theories has been on individual and group involvement in crime. Some theories and schools of thought contend that crime is a direct result of genetic and biological abnormalities found within the individual<sup>1</sup>; some argue that criminal acts are caused by psychological disorders<sup>2</sup>; others maintain that unfavourable socio-economic conditions are at the root of the problem<sup>3</sup>; while others still, claim that crime is a product of social tension<sup>4</sup> or even the result of

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<sup>1</sup> See C. Ray Jeffery (1990) Criminology: An Interdisciplinary Approach, Englewood Cliffs, N.J.: Prentice-Hall, at pp. 362-397; George B. Vold and Thomas J. Bernard (1986) Theoretical Criminology, (3rd Ed.) New York: Oxford University Press, at pp. 84-107 for recent reviews of this literature. See also, James Q. Wilson and R. Herrnstein (1985) Crime and Human Nature, New York: Simon and Schuster; Martin Daly and Margo Wilson (1988) Homicide, New York: Aldine DeGruyter.

<sup>2</sup> See, generally, Curt R. Bartol (1980) Criminal Behavior: A Psychosocial Approach, Englewood Cliffs, N.J.: Prentice-Hall; Vold and Bernard (1986), at pp. 67-83, 108-124; Jeffery (1990) at pp. 212-250.

<sup>3</sup> See, e.g., T.G. Chiricos (1987) "Rates of Crime and Unemployment", Social Problems, 34:187-211; D.I. Cantor and K.C. Land (1986) "Unemployment and Crime Rates in the Post World War II United States", American Sociological Review, 50:317-332; K.L. Avio and C.S. Clark (1976) Property Crime in Canada: An Econometric Study, Toronto: University of Toronto Press; Dane Archer and Rosemary Gartner (1984) Violence and Crime in Cross-National Perspective, New Haven: Yale University Press, esp. pp. 90-91.

<sup>4</sup> Of strain models, the best remains Richard A. Cloward and Lloyd E. Ohlin (1955) Delinquency and Opportunity, New York: The Free Press. On the various conflict models, see generally, Vold and Bernard (1986) at pp. 269-316.

broken or weakened social bonds<sup>5</sup>. In recent years, however, more theorists have eschewed the above orientations in criminological inquiry and have, for one, de-emphasized the importance of individual criminal inclination in their study of crime (Brantingham and Brantingham, Clarke, Cornish, Felson, Hough, Mayhew, ...). These writers argue that more may be learned about crime through scrutiny of the circumstances in which individuals commit crimes (or at a macro level, scrutiny of changing conditions facilitating crime) than through the analysis of criminal inclination itself. Crime according to these theorists and researchers, is the result of the interaction or joint confluence, at a minimum, of motivated individuals and "good" targets.

Opportunity theorists and researchers do not necessarily discount the possible validity of various psychological, biological or social factors in explaining why certain individuals are more criminally predisposed than others. They contend, instead, that a fundamental distinction exists between the explanation of criminal predisposition among individuals and the explanation of criminal events. Moreover, these theoreticians and researchers feel that a better understanding of crime phenomena may be achieved by examining conditions and

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<sup>5</sup> See Travis Hirschi (1969) Causes of Delinquency, Berkeley: University of California Press. On social control theories, see generally, Vold and Bernard (1986) at pp. 232-248.

opportunities in the social, cultural, legal and physical environment which promote criminal events.

The "opportunity" approach has for a long while been unacceptable to many criminologists. Some criminologists having argued that opportunity research is fundamentally atheoretical. Currently, however, the opportunity notion is accepted as one of the major theoretical approaches in criminology.<sup>6</sup>

This thesis looks at property crimes committed in the workplace by employees. It explores how opportunity influences the commission of employee theft. The thesis also explores the importance of motivational factors such as work climate and need. The thesis involves three phases: theoretical model building; empirical testing of the model; and, analysis of the theoretical model based on the results of the research.

The theoretical orientation for this thesis draws heavily on the "Routine Activity Approach" developed by Marcus Felson, et al. (Cohen and Felson, 1979; Felson and Cohen, 1980; Cohen, Felson and Land, 1980). The thesis departs, however, from the explanatory domain of Felson's work which focuses on burglary and other "public" property offences such as robbery and

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<sup>6</sup> See, H.D. Barlow (1990) Introduction to Criminology, (fifth edition) Glenview Il.: Scott Foresman; Michael Gottfredson and Travis Hirschi (1990) A General Theory of Crime, Stanford California: Stanford University Press.

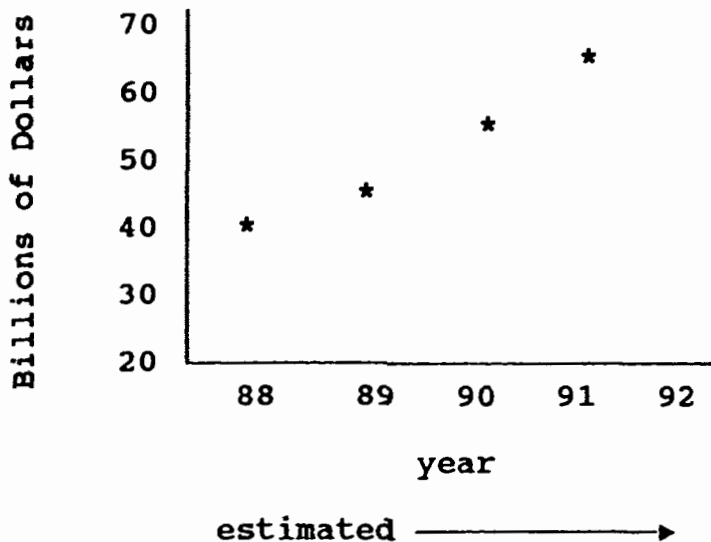
shoplifting and, instead, tries to expand, in part, upon the routine activity model to help explain some forms of crimes such as fraud, theft and embezzlement committed against companies by employees.

The redeveloped model is tested in a preliminary fashion by conducting a case study of a few companies operating within a major Canadian city. Interviews were conducted with security managers and internal investigators. These interviews provide the necessary "first cut" information to explore strengths and weaknesses of the expanded model.

**RESEARCH FOCUS**

As previously mentioned, this research focuses on crimes committed by employees against their companies. This study was motivated by two dominant concerns. First, the study of employee crime has generally been neglected in criminology. This is in part explained by the fact that these crimes are both under-reported and statistically difficult to study--as we will see later. Of importance here, however, is that, despite this neglect, the social and economic repercussions of employee property crimes may be substantial. For example, the U.S. Department of Commerce reports that in 1988, direct dollar losses from employee theft were estimated at 40 billion dollars and that this figure was also estimated to be increasing by 15 per cent annually.

**Estimated Losses From Employee Theft in the U.S.**



\*\* Source U.S. Department of Commerce, 1988.

A recent article also indicates that "Canadian businesses lose an estimated \$ 20 billion a year from internal thefts" (Canadian Business, June 1991).

Most writers in this area agree that the financial losses from these types of crimes far outweigh those incurred by other forms of criminal activity (Bologna, 1984). Moreover, employee theft may impact on every one of us as its cost to companies usually translates into higher prices for consumer goods and services.

The second reason for the interest in this area is that the study of property crimes committed in the workplace seemed to offer a new area to complement the criminal opportunity research perspective. This interest was further enhanced by the fact that studies on routine activities and on criminal opportunity in general, had not yet formally incorporated the study of employee crime in their scope of research.

This thesis is, in part, a modification and subsequent evaluation of Felson's Routine Activity Approach as it pertains to employee theft. The major thrust of this research is based on notions of routine activities. We remain, nonetheless, flexible enough to incorporate other concepts from diverging sources and to introduce new concepts where necessary. This approach, we feel, allows us to introduce a conceptual model of property crime committed by employees in work environments.

## Defining Employee Property Crime

Research on occupational crime has often been complicated by semantic difficulties, especially in regards to the term white-collar crime. However, to simplify matters somewhat, we will here separate occupational crime in three general categories.

A first category, which is not the focus of this research, can be labelled as corporate crime. These crimes are committed by companies--usually by high ranking executives--for the "benefit" of the company. A case in point being the infamous Ford Pinto affair where Ford Motor Company endangered the lives of thousand of motorists by not recalling its defective Pinto model cars, which could explode in the event of a rear collision. The underlying motive for this corporate decision being that it was more economical for the company to pay potential lawsuits than to recall all Pintos. Other forms of corporate crime can include false advertising, price fixing, deliberate and illegal toxic waste disposal, the payment of kickbacks to government officials, unfair labour practices and so forth.

A second form of occupational crime (which again is not studied in this paper) occurs when the dominant purpose of a business operation is to defraud the consumer or government. Many of these crimes are often referred to as occupational crime, although they are usually committed by organized crime groups or



confidence men.

Finally, a third category, which is our research focus, is referred to as employee property crime. Included are all crimes committed against the property (be it tangible or intangible) of an employer, for the personal gain, benefit or revenge of an employee (be they a blue or white-collar worker)<sup>7</sup>.

The following definition is one developed for white-collar crime:

Crimes committed in the course of their occupations by those operating inside business, government, or other establishments, in violation of their duty of loyalty and fidelity to employer or client. (Edelhertz, 1970, cited in Horoszowski 1980)

The definition also easily encompasses the notion of blue-collar crime against the employer and, for our purpose, will define what we usually refer to in this study as employee property crime. The terms occupational and employee crime, and sometimes even employee theft (as theft seems to be the dominant form of employee property crime) will also be used to define employee property crime throughout this thesis.

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<sup>7</sup> Some scholars make a distinction between "white-collar" and "blue-collar" employee offences. However, since both forms of crime are examined using a similar opportunity-oriented approach, this distinction has little bearing in the current paper or its conceptual model.

## LITERATURE REVIEW

### The Criminal "Opportunity" Theoretical Perspective

Although no precise definition of "opportunity" theory or research exists, most work in this area has either probed into the analysis of the changing structure of crime rates and patterns in modern society, (Cohen and Felson, 1979; Felson and Cohen, 1980; Cohen, Felson and Land, 1980) or has served as the theoretical base for studies on "situational" crime prevention (Clarke, 1980, 1983; Clarke and Mayhew, 1980; Maguire, 1980; Mayhew, Clarke, Sturman and Hough, 1976). Other works have also incorporated the notion of opportunity in the analysis of victimization patterns both for property, and more recently for personal crimes, (Hindelang, Gottfredson and Garafalo 1978; Kennedy and Forde, 1988) while others still, have used it either to analyze patterns in criminal site selection (Brantingham and Brantingham, 1978, 1990) or to examine "rational" criminal thought processes (Clarke, 1986; Clarke and Cornish, 1985, 1986). Despite the disparate character of the above research programme, and despite the lack of concordance between theoreticians and researchers, these authors adopt similar outlooks, and their analyses converge towards complementary results (Cusson, 1986).

## Main theoretical Assumptions of Criminal Opportunity Research

The main, or fundamental, assumptions of the above theoretical and research perspective are what probably set it aside from the rest of criminology. The following set of main assumptions underpin the commonalities that exist within this, at times, disparate area of research.

Probably the most fundamental and controversial assumption of opportunity research is the belief that attention must be placed on the crime, rather than on the offender's criminal predispositions; criminal predispositions being perceived as a given. Certain individuals are obviously more inclined than others to pursue crime; however, inclinations are only one facet of the explanation of crime and attention should be focused on the conditions which will cause criminal propensities to manifest themselves into actual criminal or delinquent acts.

This last point leads us to our second assumption, that crime can best be understood through an understanding of the physical and social conditions which renders it possible. Criminal opportunity research often analyzes the impact that certain technological, social and economic changes have on aggregate levels of property crime.

A third main assumption of our research programme is borrowed

from an economic perspective, suggesting that crime is mostly the result of costs and benefits "perceived" by offenders. More is believed to be learned about crime by looking at the utility criminal acts have for their offenders, (Cornish and Clarke, 1986) even if offender rational thought processes often err (Cusson, 1986).<sup>8</sup>

### Key Exponents of the Opportunity Perspective

It is difficult to point with conviction to any single author(s) as the most important or most prominent exponent(s) of the opportunity perspective in criminology. We will, therefore, briefly review some of the more noteworthy works in this area before covering Felson's Routine Activity Approach that we feel is one of the most comprehensive works in this field and one from which this thesis is inspired.

One of the forefathers of the criminal opportunity perspective was J.J. Tobias (1967), a modern historian who examined how elements of social change affected crime in 19th century England. His thesis was that "structural transformations either

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<sup>8</sup> Offender rationality is usually defined by the mental risk calculation involved when a criminal decides to commit, or not, a given property offence. Under normal circumstances offenders try to optimize the value (either monetary or symbolic) of the merchandise they try to steal and to minimize the risk of being apprehended. A third determining factor in an offender's rational process is the analysis of the overall degree of difficulty required to perpetrate a given property crime.

facilitated or impeded the opportunities to engage in illegal activities, and that the opportunity structure for violations was the most determining factor in explaining the changes in crime rates during the period under study" (cited in Felson and Cohen, 1980: p. 395). Later, in his article The Changing Structure of Property Crime in an Affluent Society, Gould (1969) suggested that "changes in the abundance of property precede changes in the amount of crime against that property" (Gould, 1969).

Work in situational crime prevention originally conducted in the 1970's by the Home Office Research Unit, by or under the direction of R.V.G. Clarke, dealt with the notion of "crime as opportunity" directly and indirectly. Studies on the effects of the installation of steering column locks in post 1973 model cars in England, for instance, clearly demonstrated that a simple reduction in the opportunity to steal cars (making the theft of automobiles more difficult) had a great impact on the actual theft of such automobiles.

Repetto (1974) in Residential Crime also found that victimization varied depending on the physical characteristics of dwellings. Dwellings closer to city centres were at higher risk due to their increased visibility to potential offenders. City centres, according to Repetto, therefore, offered more opportunities for residential crime.

In the light of such previous work, Felson did suggest, however, that although some of these works produced useful generalizations, none found "systematic theoretical linkages between routine legitimate activities and illegal endeavors" (1980: p. 396). As we will see shortly, Felson made these theoretical links.

### **Felson's Routine Activity Approach**

The Routine Activity Approach was first introduced in a 1979 article which appeared in the American Sociological Review. Although others have picked up on the concepts that were introduced by Felson, the latter's work probably still remains one of the most important of its kind.

Felson's work produced results that tend to disprove, at an aggregate level, a common belief that many social scientists share: that crime rates tend to increase along with the rise of poverty levels, unemployment and other unfavourable social and economic conditions. By falsifying that commonly held concept, Felson answered an "important sociological paradox" which was that crime rates increased dramatically in post World War II North America, despite the fact that all those unfavourable socio-economic conditions that were thought to show positive correlations with crime had actually improved.

American cities prospered after the 1960s, unemployment rates were low, people were generally better educated, and incomes increased while poverty levels dropped. Yet between 1969 and 1975 there was a 200% increase in the rates of reported burglary alone and almost equal increases for most other index crimes (Uniform Crime Report; FBI, 1975: 49; cited in Cohen and Felson, 1979).

Felson and his associates sought to find a theoretical link which could explain why certain crime rates increased while socio-economic conditions actually improved. They noticed that changes in the economic prosperity of North American society were also accompanied by considerable changes in the life-styles of its citizens. For instance, women were entering the workforce in greater numbers, while Americans were buying cars and generally leading more active and mobile life-styles. People took more vacations than before and started to participate in a greater number of social activities. Single-adult households were also on the increase, marking the erosion of the family unit. Felson demonstrated "how some relatively modest social trends can contribute to some relatively large changes in crime rate trends" (Cohen and Felson, 1979: p. 604).

Felson and his associates then postulated that, at the macro-sociological level, the way people structured their daily life activities affected the opportunity structure offered to

potential thieves. He argued that the pattern of property offences was "neither random nor trivial" but tied to the opportunity structure. Felson et al. also maintained that illegal activities fed upon legal ones and that, for instance, "the dispersion of activities away from households and families increases the opportunity for crime and thus generates higher crime rates" (1979: p. 588).

At a more technical level, Felson suggested that structural changes in routine activities led to higher property crime rates when three essential elements converged. These elements were: (1) **motivated offenders**; (2) **suitable targets**; and (3) **the absence of capable guardians against a criminal violation** (Cohen and Felson, 1979). The absence of any one of these elements could, however, prevent the actual commission of a property offence.

### **Motivated Offenders**

As previously mentioned, Felson assured, for analytical purposes, that criminal inclination could be taken as a given at an aggregate level. It could be argued that a change in community structure through the routine activities of its members could easily translate into an increase or decrease of crime rates without there being an increase or decrease in the general criminal predisposition of potential offenders in our



society. Any increase in either suitable targets or in the absence of guardians might have a greater impact on the incidence of crime than any variation in the pool of motivated offenders.<sup>9</sup>

### **Suitable Targets**

According to Felson, suitable targets are marked by four instrumental elements: value, access, visibility, and inertia. Felson's work demonstrated that expensive and moveable durables, such as vehicles and electronic appliances, were at highest risk for illegal removal. This can, in part, be explained by the value these articles have for offenders, (monetary and symbolic value for use or resale) their accessibility, (suitability of a crime site for legal or illegal entry, commission of an offence and escape) visibility, (ease with which suitable targets can be noticed by potential offenders) and inertia (weight and other physical factors relating to the resistance of objects against illegal removal).

In explaining the rise in crime rates from the 1950's to the mid-1970's, Felson demonstrated that the rise of suitable

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<sup>9</sup> Although Felson interprets the motivated offender component as a constant variable, he does, nonetheless, mention that for the period under study, an increase in the general population of individuals aged between 14 and 25 may have influenced the increase in certain property crime rates (Cohen and Felson, 1979).

targets affected, in part, this escalation. Felson mostly conceived suitable targets as those which could easily be transported and which exhibit little inertia. He proposed that reduction in the size and weight of electronic appliances should translate into an increase in the number of suitable targets and therefore into an increase in theft. Felson observed that the lightest television set listed in the 1960 Sears catalogue weighed 38 pounds, while in 1970 it weighed only 15 pounds. He then looked for a statistical fit between the theft of television sets and the weight of the lightest television sets over this time frame and noted a significant correlation consistent with his hypothesis.

#### **Absence of Capable Guardians**

Finally, the third factor affecting the commission of predatory offences was the absence of capable guardians, that is, the increased absence of individuals from the home whose physical presence could deter or prevent the perpetration of property offences against household goods. According to Felson, the proportion of households unattended at 8 a.m. increased by almost 50 % between 1960 and 1971, while the total number of vacations taken outside the home by Americans witnessed an 81 % increase during the years 1967 to 1972 (Cohen and Felson, 1979: p. 598). Other observed trends showed that women were staying at home less frequently and were joining the workforce. An

increase of 118 % in the female college population between 1960 and 1970 was also noted. In parallel, an increase in the number of daytime residential break-ins relative to those perpetrated at night was noted, suggesting that the growing absence of guardians was an instrumental factor in explaining property crime trends.

Ironically, Felson demonstrated that as Americans bought more cars and electronic durable goods, providing for themselves "various opportunities to escape the confines of the household" and to lead more active lives, they also increased their likelihood of victimization.

Finally, Felson concluded that "rather than assuming that predatory crime is simply an indicator of social breakdown, one might take it as a byproduct of freedom and prosperity as they manifest themselves in the routine activities of everyday life" (Cohen and Felson, 1979: p. 605).

## THEORETICAL MODEL

### Theoretical Orientation

As we have just seen, Felson's Routine Activity Approach contended that as Americans changed lifestyles, more and more opportunities presented themselves to potential thieves. Crime rates may have increased mainly because a greater number of physical and social opportunities to engage in crime existed. Following the above rationale, we see that simple opportunities to commit crimes may induce certain individuals to engage in crime. The pool of "criminal potential" might be reduced if fewer opportunities existed in the general social environment.<sup>10</sup> Felson was able to make a strong argument in favour of the "opportunity perspective" with his Routine Activity Approach.

This thesis, by probing into a crime niche which is substantially different from that which Felson examined, will try to further corroborate the criminal opportunity notion by testing the notion in a different area. Studying crimes committed in the workplace should be assisted by the fact that

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<sup>10</sup> We do not deny the existence of individuals in our society who are more inclined than others to engage in crime, nor do we deny that there exist a certain number of criminals who would stop at almost nothing to fulfil their criminal intentions. We argue, however, that criminal events do not occur in a physical or social vacuum and that changes in social structure may have a strong impact on the aggregate rates of many property offences.

fewer social problems should arise in the workplace than might occur on the streets, though there may exist social problems inherent to the workplace that do not manifest themselves outside of it.

Moreover, we feel that employees who steal from work understand that they risk great professional injury if caught. Despite the possibility of substantial financial losses in salary from an offence-related dismissal or of the possible social and professional stigma attached to losing one's job due to a work related offence, such crimes still occur in great numbers. It is this thesis' contention that opportunity is an important factor that can help explain why employee crime is commonplace in many work environments.<sup>11</sup> Furthermore, since occupational crime is in essence the abuse of trust, working in positions of trust may facilitate the commission of certain offences and, therefore, at a theoretical level, may make the opportunity component that much more important for research of this kind.

Finally, we would like to propose that this thesis should be of some theoretical significance for two reasons. First, it examines an important criminological phenomenon (employee property crime) that has substantially been overlooked in

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<sup>11</sup> Opportunity, as we will see in this thesis, exists in work environments when there are suitable and interesting targets to steal and when the possibility exists to steal such goods.

criminology. Second, a study of this kind will further demonstrate the importance of the opportunity notion in the field of criminology.

### Elaborating the Model

We argue that, in an employee crime perspective, circumstances favourable for carrying out violations may contribute to the predisposition of employees to engage in such violations. These circumstances may incite some individuals to commit certain violations they would otherwise not commit were it not for the presence of favourable opportunities to engage in such activities.

In many ways, the developed theoretical model will follow a similar approach to that of Felson's routine activity model. A theoretically relational endeavour of this kind is reminiscent of Wagner's concept of **proliferation**:

Consider now a situation in which the ideas from one theory are used to generate a new theory concerned with a new or different sociological problem or data base. Again the new theory T(2) is similar in structure to T(1). However, in this case, the predictions of the two theories are nonoverlapping, since they apply to different explanatory domains. In a sense, here too the predictions of T(2) "say more" or "fit better" than those of T(1), but only with respect to the newly considered problem area. They have little or nothing to say about the original problem area, where the predictions of T(1) remain appropriate. (1985: p. 46)

This thesis is also inspired from the work of other authors who use a theoretical perspective similar to Felson's. For instance, in Designing Out Crime, Hough, Clarke and Mayhew (1980) suggest that crime levels might be explained by the criminal opportunities that exist in society. These authors refer to criminal opportunities as consisting of "material conditions in which a potential offender is competent or able to commit a crime"; and for crimes which are the result of impulse or temptation, "the opportunity for crime consists simultaneously in the material conditions and inducement". Finally, these authors suggest that "criminal opportunities exist not only where the material conditions are present but where benefits can be gained at low risk" (p. 5). The theoretical model proposed in this paper will argue that the above propositions may be useful, not only for index property offences, but also for helping explain some instances of occupational crime.

Brantingham and Brantingham (1978) state that "individuals exist who are motivated to commit specific offences". Sources of motivation are diverse and the strength of such motivations vary from affective to instrumental (p. 107).<sup>12</sup>

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<sup>12</sup> Affective motivations were described by Brantingham and Brantingham as those motivations that could, for instance, incite individuals to commit crimes of passion. Such motivations being the result of the emotional or psychological states of individuals.

Instrumental motivations were, however, more likely to be, the

As we look at occupational offences, we will assume that "affective" or background indicators are probably even less pivotal in explaining occupational crime than they are in explaining most other offences.

Moreover, the contribution of background factors to the final decision to commit crime would be much moderated by situational and transitory influences; and for certain sorts of crime (e.g., computer fraud) the individual's background might be of much less relevance than his immediate situation (Clarke and Cornish, 1985: p. 167).

The theoretical model will focus on the above notion of "immediate (professional) situation" under the rubric of opportunity. The model will also look at the occupational crime phenomenon from a need and work climate perspective. How these two concepts tie into our global model will be explained later.

### Redefining The Routine Activity Concept

As was seen, Felson proposed that the convergence of motivated offenders, suitable targets, and the absence of capable guardians could explain the very large increases in property crime rates in recent years.

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result of the inducement caused by situational opportunities for the perpetration of different violations. For theoretical purposes, however, this thesis will focus on opportunity and motivation separately. Although opportunity is certainly a motivator, motivation will be examined as an element, other than opportunity, that may induce certain individuals to act upon the presence of different opportunities. Need and work climate, represent two such motivational variables in our theory.



MOTIVATED  
OFFENDERS

SUITABLE  
TARGETS

ABSENCE OF  
GUARDIANS

For occupational crime, we argue that a somewhat similar model may prevail.

Felson demonstrated how increases in the number of suitable targets for theft, in conjunction with decreases in the number of capable guardians that could protect these targets was strongly associated with the increase of property crime. Felson then analyzed the social, economic and technological factors that could explain why there existed in North American society more and more opportunities to engage in property crime.

We argue that, for crimes against business committed by employees, there may exist, at an aggregate level, social, economic, technological and corporate factors that in recent years have created more or fewer opportunities for the commission of such crimes, and that have invariably had an impact on such crimes. Felson suggested "that routine activities may occur (1) at home, (2) in jobs away from home, and (3) in other activities away from home" and that after World War II North Americans "experienced a major shift of routine activities away from the first category into the remaining ones" (Cohen and Felson, 1979: p. 593). Certain macro-sociological trends, as the above, affect our occupational crime model

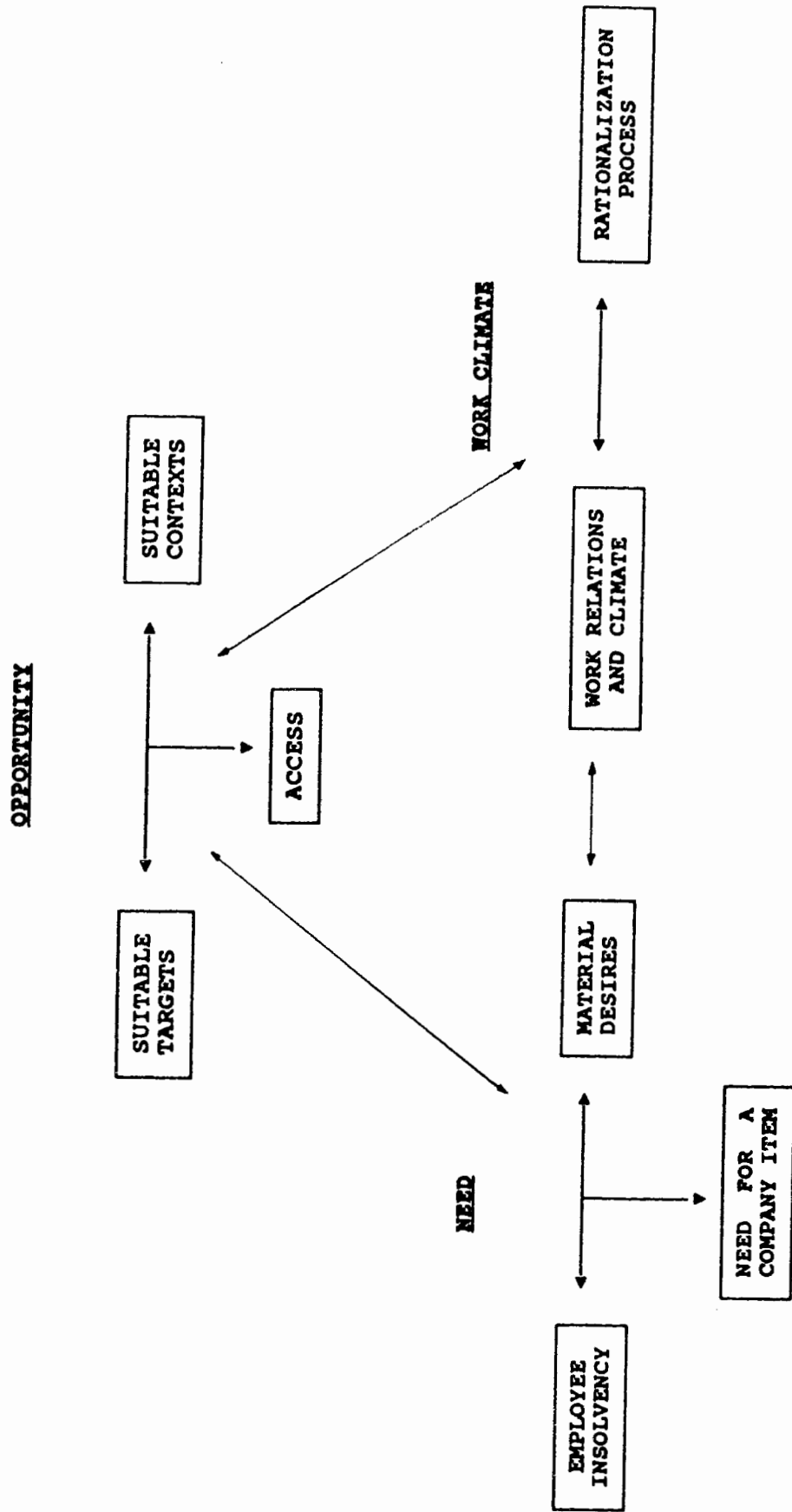
directly. For instance, Felson observed that women were leaving their homes during the day to join the workforce and that there was generally more work for everyone. Naturally, as the American workforce multiplied, so did the number of goods being produced and sold. Using a Felson-like rationale, it becomes easy to realize that changes (mostly in terms of progress) in the North American economy resulted in the creation of more new companies, products, profits and losses, monetary allocations for market research, jobs, positions, employers, employees and so forth.

If we exploit the routine activity perspective, we see that more employed workers may translate into more potential occupational crime offenders, more companies and employers may signify a greater number of potential victims, and the accrued production and sale of different goods may also signify the increased presence of suitable targets in the workplace for illegal removal or exploitation.

Based predominantly on Felson's work, we developed an **Employee Property Crime Opportunity/Motivation Model**. This model incorporates Felson's Routine Activity Approach and the criminal opportunity notion as the foundation or core for our new model. Although the opportunity perspective helps explain occupational crime, it was noted that other important intervening variables may also have an impact on the incidence rate of employee crime.

The full dynamics of employee crime seemed to be best explained when such motivational variables as work climate and need were introduced. Work climate and need are incorporated in our new model as theoretical satellites to the model. A schematic diagram and explanation of the conceptual model can be found below.

Employee Property Crime Opportunity/Motivation Model



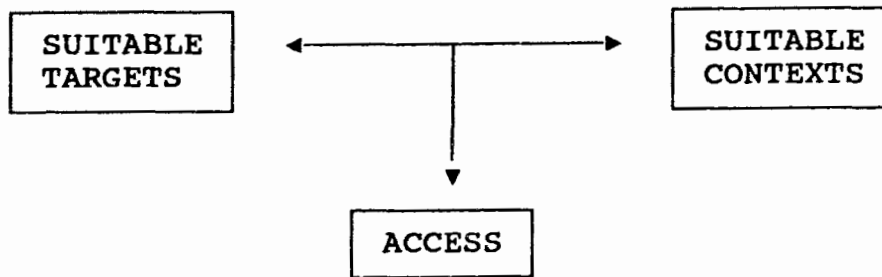
We will here briefly discuss the entire model globally and thereafter explain the opportunity, need, and work climate notions separately. The theoretical and practical interaction of these three variables will be more fully examined after we report the actual research.

The above model operates at three levels and the three levels have different amounts of importance depending on those crimes that are committed. We argue that need, opportunity, and work climate feed of each other and can help explain certain employee property crimes. The interrelation of the above elements may, in part, vary depending on the nature of a crime, the item that is stolen and the context in which a crime is committed. The three variables, although separate, are not always independent. Each one of the variables can affect the other two. Opportunity, however, may be the focal point of the interactive process as an opportunity must always be present for an offence to occur.

### **OPPORTUNITY**

Opportunities in work environments exist when a work context is suitable for theft, when there are interesting and suitable targets to steal and when employees have access to both the suitable context and to the suitable targets.

## OPPORTUNITY



### Target Suitability

Felson's notions of inertia, visibility, value, and accessibility to describe target suitability remain totally appropriate in our model and need no redefinition. However, as previously mentioned, occupational crimes usually fluctuate between two categories: those of "white-collar" and "blue-collar" offences. For the most part, a conceptual model which focuses on occupational crime may, at a generic level, incorporate both notions of white and blue-collar offences without too many complications as both types of offences are in essence violations of one's "duty of loyalty and fidelity to the employer". A distinction does, however, need to be made when dealing with the notion of suitable targets, since what may be suitable for a blue-collar worker may not be suited or desirable to a white-collar worker, and vice versa.

Blue-collar workers, for instance, will probably be less

interested in, and less capable of, stealing intangible goods such as ideas, trade secrets, marketing strategies and so forth. These workers usually lack access to such information as well as the necessary contacts to successfully dispose of the information for profit.

Methods for illegal appropriation of company goods may also be substantially different for blue and white-collar offenders. For instance, both may want money, yet while one may seek to gain it from a vault, a cashier's drawer, or anywhere else it may physically exist, the other (usually white-collar workers) may tend to engage in illegal stock trading or use a company computer to transfer funds for personal gain.

We will postulate, however, that since we are usually dealing with the abuse of trust, in one form or another, and that since most occupational criminals maintain--or try to maintain--their jobs after having engaged in some form of illegal behaviour against their companies, (and rely on the fact of not being caught or suspected of a crime to maintain their positions) the following five notions may constitute elements of target suitability that pertain to white, as well as, blue-collar offences.

1. a target whose disappearance either will not be noticed, or will be somewhat difficult to notice, or will take some time to notice.

2. a target which might be accessible to many, and/or whose disappearance will not be traced to one easily identifiable person.
3. a target whose disappearance may be easily masked or whose disappearance will be difficult to investigate.
4. a target whose value is perceived as high enough and whose risk for removal is perceived as low enough by a potential offender.
5. a target of some interest to an offender, either for its practical, symbolic or potential resale value.

As we can see from the above notions of target suitability, the "low risk" element may probably be the single most compelling characteristic in defining a target's suitability to a potential offender. If most employee crimes were not low risk endeavours, the incidence of such crimes would likely be much lower. Little risk, for example, is involved in stealing a pen from work. Though the gain from such a gesture is minimal, pens go missing in the workplace because tolerance to such behaviour is very high and the risk is almost nonexistent. Rarely, however, do people leave with their full-size office computer. Two reasons explain this. The first, is Felson's concept of "inertia". Walking away with a company's desk-top computer is definitely going to involve a substantial amount of risk due to the fact that one cannot conceal such an item easily, nor can one carry it with ease. The second reason is that its disappearance will be noticed quickly and tolerance to such a theft will be considerably lower than with the pen, thus enhancing the risk of such a theft. The fact that tolerance and value are inversely



related may help explain why some low value items are widely stolen.

Obviously, someone working in an office does not possess a context which is suitable for stealing expensive office equipment easily. However, someone working in the shipping department of a computer company may have a context much better suited for this theft. It may be easier for such a person to adjust an inventory sheet or load a truck with one empty box. A truck leaving from company X may have its load transferred onto a train or ship which may cross a country or an ocean. When the receiver of goods gains possession of his merchandise a month later and some 5,000 miles away, it may be difficult to trace all the transactions and hands the cargo may have gone through. Control appears inversely related to the number of transactions, fluctuations in the number of transactions may ultimately have an impact on employee theft.

In the above example, we see that a target's disappearance may have not been noticed, may have been difficult to notice, or may have taken some time to notice. Moreover, the target may have been accessible to many at different points and tracing the thief would have been difficult. In the above scenario, an employee may have signed for the loading of 300 portable computers, emptied a box and actually only loaded 299. The actual disappearance would have easily been masked and

investigating the crime would have not only been difficult and time consuming, but probably more expensive than the actual loss. Although some companies might investigate regardless of cost, most companies probably would not.

The dock worker who stole the computer may have felt that the computer's value was worth the risk. This perception may have been different for an item of lower value requiring the same perceived risk. The employee may have easily stolen something of lesser value if, however, the risks involved were much lower.

Finally, the computer may have been interesting to the dock worker as this one may have wanted one for himself or he may have known someone to whom he could sell a stolen computer. The target may not have been interesting or suitable if it were just a computer part that could not be used by itself and/or that could not be easily sold.

The five notions of target suitability were applicable in the above case. The crime was one which could have been labelled "blue-collar". We will now examine a typical white-collar offence and see if the five notions of target suitability also adhere to this instance.

The example is the following: a vice-president of the same computer company is involved in negotiating a contract for the

sale of 600 million dollars worth of computer equipment to another corporation. This information is privileged and he himself is not allowed to buy shares in his company until the contract is made public. The vice-president does, however, have a wealthy friend in another city. The vice-president phones his friend and informs this one of the large contract his company will sign in two weeks time. The vice-president's friend then buys a large number of shares using different off-shore accounts to disguise a single source involvement in the purchase of shares. The contract is made public a few weeks later. Shares in the company skyrocket and during the course of the next few months, the vice-president's friend slowly sells his stock at a considerable profit. The two friends then discreetly share the profits a year after the final sale of shares.

In the above example, the target becomes the illegal profits from the insider trading. Depending on the discretion of the transaction, the actual crime may have never been noticed, may have been difficult to notice, or may have taken some time to notice. An outsider was introduced, different accounts were used to buy the shares and several executives from both corporations may have known of the transaction, the crime was, therefore, accessible to many and identifying the culprit in this case would have again been difficult. The gains from such a crime may have been substantial and the risk involved minimal if the crime was committed carefully. Clearly, in the above

example, the potential risks and gains involved seemed to "warrant" the crime for the person committing the offence. Finally, money can almost always be considered interesting as it always has some practical utility.

It is our contention that changes in modern economies along with social changes and technological advancements may have created a variation in the opportunity structure for the commission of internal crime in the workplace. Economic and technological changes have had an effect on the business world and on industrial infrastructures. These changes have among other things increased the number and quality of suitable targets and increases in target suitability may have indirectly taken the form of the above five characteristics.

**Note:**

Before proceeding to explain context suitability, we should mention that there may exist some theoretical overlap between target and context suitability. For instance, a target is suitable when it is desirable, interesting and accessible. In many instances, for a target to be accessible, it has to be found in a suitable context. Seen from this perspective, context and target suitability work interactively. We could easily say a context is suitable when stolen goods within this context will: (1) not be noticed easily ... (2) when different

people have access to these targets, etc. However, for theoretical and practical purposes we separate the two notions as a context is suitable, or not, regardless of the fact that it contains suitable targets.

### Context Suitability

Context suitability can define the situational opportunities which exist in a workplace to steal company goods. Context suitability can also define professional and favourable circumstances which can be illegally or unethically exploited for personal gain.

At a primary level, a work context is suitable when there are physical opportunities present to steal (e.g., inadequately secured company merchandise, lack of operational controls, poor inventory of company merchandise, unsupervised exits, etc.).

At a secondary level, a work context may be suitable due to the nature of one's occupation, profession, status, position of trust and so forth. Many occupations, like those of white-collar workers, have few controls that may actually prevent workers from engaging in illegal activities against their company. In many cases, employers have only the trust they place in an employee as a guarantee that the employee will not exploit the company. Unfortunately, when employees find

themselves in such advantageous positions, with but minimal controls over their actions, some may not be able to resist the temptation.<sup>13</sup>

At an aggregate level, we argue that there may exist more and more positions, occupations, jobs, etc., that facilitate the commission of offences due to the simple presence of various opportunities for the commission of such offences. For white-collar violations, we know that there are always more companies that get listed on stock exchanges. Such situations offer more concrete opportunities (by the creation of more suitable contexts) in the business world for the commission of crimes like those of insider trading. Also, as more and more financial transactions take place in modern economies, this fact, compounded with factors such as the increased use of computers to carry out these transactions and the multiplicity of interconnections among computer networks, may result in the increase of some more computer-oriented forms of occupational crimes.

Because of computers, funds can now be stolen by a few computer program modifications or a few keyboard manipulations on the

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<sup>13</sup> We see this constantly in the world of politics where politicians indirectly or directly use their influence to either secure government contracts for relatives or friends or to take advantage of situations that in so doing become conflicts of interest.

part of those who have sufficient expertise. Both the number of computers and the number of people with computer expertise are increasing.

With more and more people becoming computer literate, such crimes--most of which go unreported--are on the increase, consultants and police warn (This Week in Business, Vol. 2, No. 43).

Just as Felson argued opportunities in the general social environment either encouraged or had a deterrent effect on the incidence of property crimes, we argue that changes in the opportunity structure of workplaces may help to either encourage or deter occupational crimes.

In concrete terms we argue that context suitability is marked by such elements as:

- inadequate control (inventory) of suitable targets;
- availability of suitable targets;
- lack of, or inadequate supervision;
- general facility to commit property offences in a work context;
- general confusion in workplaces due to complex corporate infrastructures and rapid changes in companies;
- lack of established or clear company policies and procedures regulating employee theft;
- general tolerance to employee theft by companies;
- low risk of being caught;
- likely lenient treatment by company authorities if caught;
- likely lenient treatment by the Criminal Justice System if prosecuted.

## ACCESS

Finally, access to both interesting/suitable targets and to a context which is suitable for the theft of these targets may further enhance opportunity.

To illustrate these principles at their extreme states we can think of an employee working at a government money printing mill, though the latter is certainly faced with "good" targets, the context is completely inappropriate for theft as controls are probably too tight. Likewise, an employee working in a coal mine may be completely unsupervised and possess a suitable context to steal but may have nothing of any interest to steal. In the above examples, both employees either possess a suitable context or are faced with interesting targets. Both employees, however, lack the access to the other element which would either make a theft possible or worthwhile.

Felson suggested that a motivated offender, a suitable target and the absence of a capable guardian against a theft were necessary in order for there to be the commission of a property offence. We argue that for employee theft, a suitable work context, a suitable target and the access to both the above elements are necessary for the commission of employee theft. Our model does not stop here, however, as for employee crime we note that the presence of other variables more fully explain the



employee theft phenomena. One of these variables is what we refer to as need.

### Need vs. Opportunity

When specific thefts involving certain goods are involved, the suitable target / suitable context / access part of our theory may alone, best explain the dynamics of a crime. However, as we will see in our actual research, need is often intertwined with opportunity, especially with the theft of money in workplaces. For many employee thefts, need and opportunity have to interact somehow for an employee crime to occur. We suggest that a plausible and relative pattern linking the need and opportunity perspectives is the following:

- 1) When the need is high and the opportunity is high, conditions for employee theft are optimal and employee crime should be high.
- 2) When the need is high and the opportunity is low, there should be a low to average rate of employee crime.
- 3) When the need is low and the opportunity is low, employee crime should be at its lowest.
- 4) When the need is low but the opportunity is high, there should be an average rate of employee crime.

### Motivated Offenders

Felson perceived motivated offenders as a constant. Though we

share many of Felson's views on the subject, we examine the motivated offender component somewhat differently. We particularly analyze the motivation of offenders in greater detail and suggest that certain social and economic changes can not only change the opportunity structure for the commission of occupational crime but may also impact on employee motivation to steal. In an effort to complement the opportunity model we explore motivation at a broader level and define it in our model by two theoretical satellites (need and work climate).

#### **NEED (First Theoretical Satellite)**

As will be seen in the research findings section, **need** was an element that came up often in interviewee answers. The term **need** may have a different connotation for different people, thus creating some confusion in its present application. We elect, however, not to change the term as it was 1) the preferred choice of interviewees, and as 2) replacing the term by such potential alternatives as "wants" or "desires" may not necessarily alleviate semantic difficulties. Moreover, the term need, is broken down into three different categories (i.e., employee insolvency, material desires and need for company item) which should help clarify the generic use of the term need in this paper.<sup>14</sup> To further help avoid confusion, need should

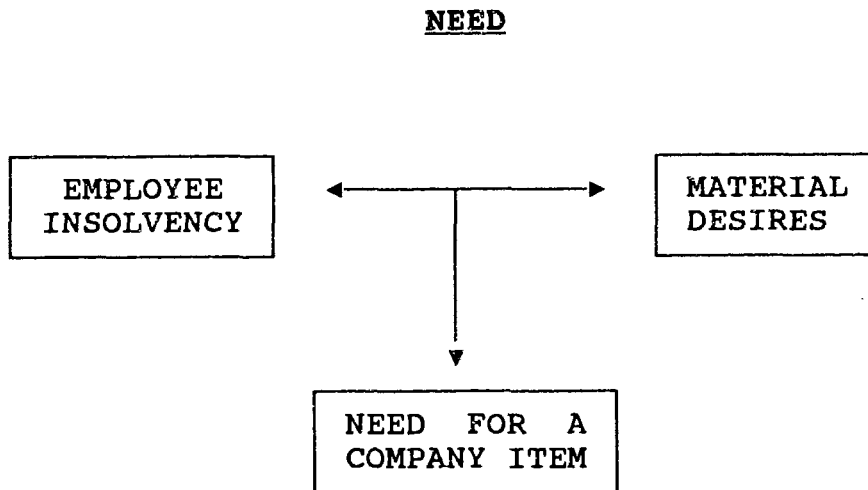
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<sup>14</sup> Future research can stratify the concept of need more precisely. For instance, possible categories may include:

also be interpreted as "perceived need" in most instances.

Below are four characteristics of need that were generally implied by interviewees:

- 1) Need for money to get out of a financially difficult situation (i.e., difficulty in paying debts to creditors, abuse of credit cards, etc.).
- 2) Need for money to sustain an illicit drug dependency, or the need for money to pay-off drug related debts, gambling debts or other "illegitimate" debts.
- 3) Need to buy luxury items or to generally have a higher standard of living.
- 4) Utilitarian and personal need for a given company item or article.



In the above theoretical satellite, employee insolvency, material desire and the need for a company item are illustrated. For need to have an effect on employee crime, the "need for a

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functional, instrumental, emotional, material, economic, and social needs.

company item" must be contingent on "employee insolvency" and/or "material desire".

### Employee Insolvency

What is meant by employee insolvency is the need employees have to make ends meet at a standard of living they have set for themselves. For instance, if an employee steals money because they are incapable of making their car payments; or steals for whatever financially induced reason, then such thefts are due to employee insolvency. This is usually the gap between legitimate income and the financial commitments made to maintain a particular level of life-style.

### Material Desire

Material desire is, a perceived need, associated to an overemphasis on materialism and consumerism. Felson noted that changes occurred in consumer orientation due to technological advancements which created continuously more practical and attractive consumer goods. North American economic prosperity also further helped stimulate materialism and consumerism. We suggest that consumer oriented life-styles may have become deeply rooted in North American life due to changes in routine activities that seem to have promoted materialism. We also suggest, as corroborated by many sources, that people may now

have become more aggressive in fulfilling their material desires. North Americans may less willingly moderate a lifestyle to which they have become accustomed.

### Need For a Company Item

The need for a commodity that a company may possess is instrumental in determining either by itself or in conjunction with employee insolvency, material desire and opportunity, the amount of theft that may occur. For instance, a bank employee (facing personal bankruptcy due to overspending) who comes across an opportunity to steal money at work, is faced with the opportunity because money may be a suitable target. Work in a bank may offer a suitable context, especially if one holds a position of trust where access to money may be enhanced. Because of material desires, a bank employee may have overspent and placed himself or herself in a position of financial insolvency. As a solution to his or her problems, an employee may decide to steal. The above example illustrates the interaction between need and opportunity.

Another less elaborate example we can give to illustrate the model is the following: a young employee who loads boxcars for a living comes across a shipment of C.D. players. Being popular

items, the employee may decide to steal a compact disk player.<sup>15</sup> Because the employee works at night unsupervised (suitable context) and has access to this suitable target, his need for the article, which is motivated by the material desire of possessing such a good, may push him to take advantage of the opportunity he has to steal the good. In this case the opportunity combined with the material desire also helps explain the commission of the crime.

#### WORK CLIMATE (Second Theoretical Satellite)

Work climate was the last part of our model to be conceived. The interaction of need and opportunity seemed to explain a very large proportion of employee property offences. However, crimes such as vandalism, (especially in times of contract negotiations) thefts committed out of spite, vengeance, or even out of job insecurity before massive lay-offs, could not be explained by the notions of need and opportunity alone. A certain percentage of employee property crimes therefore had to be partially explained by a third element which we describe as work climate.<sup>16</sup>

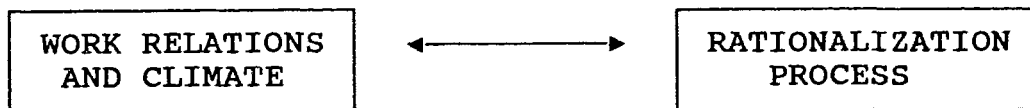
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<sup>15</sup> The above example is an actual one supplied by an interviewee.

<sup>16</sup> Once again, there may at times seem to exist a theoretical overlap between work climate and context suitability. These categories are independent, however. An unhealthy work environment may be conducive to employee theft, though it may not necessarily be suitable in context to occupational property crime. Context suitability underpins mostly the following:

Clark and Hollinger in their 1983 study of Employee Theft in Work Organizations argue that work environment and company practices are largely responsible for the commission of most employee crimes. We do not attach the same importance to such matters as do Clark and Hollinger though we do argue that work climate is a determining factor which may help explain a certain percentage of employee thefts.

WORK CLIMATE



Work Relations and Climate

This category includes all business and administrative practices which affect working conditions; from contract negotiations to company policies and procedures. For instance, companies who

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- 1) The situational (physical) possibilities to engage in theft in a work environment;
  - 2) Professional or status opportunities that are at the disposal of potentially delinquent employees.

Work climate on the other hand does not deal with such opportunity nuanced issues but instead largely explores company policies, practices, corporate infrastructures, work relations etc. and the impact such issues can have on the motivation of employees to steal.

only hire part-timers in an effort to save on payroll taxes, social benefits and on other additional costs they would otherwise have to disburse to full-time employees may compromise work relations and bring upon themselves problems with employee morale, productivity and loyalty. It can be argued that part-timers are less amenable to informal social control (see Hirschi, 1969, for a similar argument on the general causes of delinquency). Part-time employees may have a lesser "attachment" and/or "commitment" to their companies, thus not feeling the same moral obligation to obey company policies and procedures as their full-time counterparts.

We argue that a better understanding of employee motivation can, in part, help explain delinquent employee behaviour in most of its many ramifications. Companies who analyze what makes employees "tick" and who make good use of available incentives may be better able to reduce employee deviance. For instance, work relations, work climate and employee morale may be dependent on four elements:

- 1) The job itself
- 2) The work group
- 3) Management practices
- 4) Economic rewards (Inside Guide, May 1991: vol. 5, no.2)

### **The Job Itself**

In a recent article on "How to Manage Morale", Petrick and Manning (Inside Guide, May 1991) state that companies need to



consider employee interests, skills and goals when assigning work. Job assignments must be challenging without being overwhelming. Companies who also provide opportunities for employees to get involved in the decision-making process enhance job satisfaction.

### **The Work Group**

In this rubric, Petrick and Manning state that companies should encourage teamwork among employees by finding constructive ways to meet employees' social needs and by improving management/employee communications.

### **Management Practices**

To stimulate employee morale, management must show it cares about employee welfare. Companies need to establish fair policies and practices and implement them evenhandedly. Moreover, companies whose managerial ranks cooperate meaningfully in day-to-day contacts with employees enhance the quality of work relations.

### **Economic Rewards**

Here, Petrick and Manning suggest that companies should keep economic rewards fair and that wages, benefits and opportunities

for advancement should support the relationship between pay and performance.

In conclusion, the above authors suggest that good management of the above four elements can improve the quality of work and work life in organizations--which we invariably argue may improve work relations and climate and help deter occupational crime.

It is our contention that good and fair work relations as well as pleasant work climates may create work environments that are less conducive to employee theft, even if controls are less stringent. Conversely, environments where morale is low and employees feel exploited by their employers may be conducive to employee dissatisfaction, disloyalty and deviance.

### Rationalization Process

This concept is reminiscent to Matza and Sykes's Techniques of Neutralization. In work environments, however, the rationalization process may take on a different coloration and may in certain cases be closely tied to work relations and climate.

Matza and Sykes noted in their studies of juvenile delinquents, as we do in our study of employee crime, that most delinquents (in our case employee offenders) do not have an overall

commitment to delinquent values and do not see themselves as criminals. To justify their delinquent behaviour individuals and employees may argue that it is "not really criminal".

Five "techniques of neutralization" (or rationalization processes in our model) are described by Matza and Sykes:

- 1) Denial of responsibility
- 2) Denial of injury
- 3) Denial of victims
- 4) Condemn the condemners
- 5) Appeal to higher loyalties

In our model of employee crime, we argue that certain conditions affecting work relations and climate may intensify the extent to which employees gravitate towards the above techniques of neutralization. For instance, (1) if company policies and procedures are not clear, an employee may deny his/her responsibility and state "I didn't know I wasn't allowed" or "I was just borrowing". (2) If a company declares large profits and does not raise salaries, employees may rationalize "the company is making millions, they owe me". (3) If employees feel frustrated or crossed by their employer, they may deny their victim and rationalize "The company had it coming". (4) If employees see unethical or condemnable behaviour by the company or its officials, they may decide to steal and justify their behaviour by saying "the company does a lot worse". (5) Finally, in times of contract negotiations some employees may

steal or engage in nuisance behaviour as an act of solidarity to their union.

The rationalization process is important as employees will almost always find some excuse to motivate their actions, regardless of the extent to which they are driven by opportunity or need. Poor work relations and climate may promote the use of different techniques of neutralization and may subsequently drive employees to further identify opportunities and to further react to the various needs they may have.

## RESEARCH STRATEGY

The first part of this thesis elaborated a theoretical model which attempts to explain employee theft and other property crimes committed by employees against their work organizations. Originally we had developed a model based on Felson's Routine Activity Approach. The model in its formative stage was similar to the schema found on page 29. As we conducted the research it became clear, based on our interviewees' experience, that need was also a pivotal element in the explanation of employee property crime. For that reason we then reworked the original model until we felt that it crystallized well the actual research findings and that it also had some weight at a broader level. Both an inductive and deductive approach was, therefore, utilized to arrive at our theoretical end.

The model presented thus far is essentially the framework of our theoretical model based in part on the interpretation of research findings. We review our research findings and, in a discussion section, go much deeper into the model than we have thus far. We examine how the model actually reflects research findings; how it is consistent, where it is not, etc. However, before proceeding further, we explain why we decided to conduct our research the way we did.

Felson's studies on routine activities, were macro-sociological

in nature and appropriately used quantitative analytical research strategies. A logical step to have taken would have been to follow a somewhat similar research approach to Felson's. Unfortunately, official statistics in our area of research either do not exist, or are inaccurate to the point that making any worthwhile observations from them would be next to impossible. If valid numerical information existed for specific forms of employee property crimes over a period of thirty or forty years, then possibly, as did Felson with property crimes, we could conduct statistical analyses using variables such as incidence rates of different employee crimes in the United States or Canada over a given time frame. We could then correlate those crime statistics with economic indicators such as: business cycles; employment figures; inflation rates; gross national product estimates; stock and bond fluctuations; economic growth and other consumer indexes. The same rationale could be used to measure social and technological changes and possibly, as Felson did, we could demonstrate that increased opportunities for the commission of occupational crimes have in fact been associated with increases in actual crime rates in this area.

A research of that kind would be impossible to conduct for the exact same reason that makes such research crucial in criminology. The magnitude of the "dark figure" in this area may be very large and may represent one of the highest

incidences of under-reporting. One of the reasons for this possibility is that corporations often refrain from pressing charges against offenders in order to avoid unfavourable exposure which may sometimes have an adverse effect on company stocks and shares. Many companies, therefore, elect to resolve such matters internally. Another reason is that many companies may not even be aware of the magnitude of their employee theft problem.

Although the problem of employee crime is either downplayed or goes partially unnoticed by many victims, the impact of such crimes are, nonetheless, of great criminological significance. Inquiry into this criminological domain should be pursued, despite the obvious and considerable empirical dilemma. Empirical problems may also be further sharpened by the fact that companies often "stonewall" both researchers and journalists who want to look into the problem.

Fortunately, this researcher was able to gain access to a few companies operating within the service industry. Having gained access to these, our research then followed a qualitative methodology. The research rationale was, therefore, to "hook up" with information sources within companies (i.e., heads of security and internal investigators) who could provide us with a clearer and hopefully deeper understanding of the occupational crime phenomena in their companies.

These sources, we felt, could provide data that are closer to the actual reality of the problem, even if the data were gained through a much more informal and anecdotal process than that of compiling and analyzing official statistical records.

### The Interview Case Study Approach

We have discussed why a qualitative research approach was used. We here briefly examine why the interview case study approach was the qualitative approach of choice.

Needing to dismiss the use of official statistics as a viable approach for this study, we were left with one research option: approaching the companies directly for the information. Inquiry into the employee crime phenomena becomes something of a delicate matter when seeking the assistance of such companies. Going through incident reports and other company records that can reveal losses from employee theft would be extremely difficult as companies obviously do not want outsiders scrutinizing their affairs that closely. Secondly, doing so, even if possible, would not necessarily prove to be all that useful for a study of this kind for the simple reason that most companies compile external and internal losses jointly. Furthermore, employee offences that occur in a given year are often noted in the following year's records due to the length of investigations and related shortcomings in the filing process.



Finally, some companies keep no official statistics or records on the matter.<sup>17</sup>

Another research possibility would have been to approach the study via a self-reported employee crime questionnaire. This could make for an interesting study, however, unless employees demonstrate a very good sense of introspection, interpreting research findings could become an analysis of the various rationalizations employees may have utilized when stealing at work, thus biasing the research and likely putting an undue emphasis on work climate. By default, utilizing a strategic sample of well-placed informants who deal with employee crimes on a daily basis seemed to be the best way of obtaining useful data for this research.

Looking at a few companies in a case study format has obvious shortcomings. The research model will not be able to support the expanded theoretical model with any major degree of scientific exactitude. Furthermore, the study of a few companies may also be far from representative and will not allow us to support all the generalizations mentioned in the first part of this thesis.

Fortunately, however, as this study represents an initial step

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<sup>17</sup> This information was obtained from one interviewee.

towards one rather new avenue of research that may aid the study of occupational crime, elaborating the conceptual model and illustrating it via a case study should suffice at this time.

## THE CASE STUDY

### The Workforce

To a large extent, workforces in modern industrial societies can be subdivided in four general categories: those belonging to the service, retail, manufacturing and resource industries. This study only examines the service industry. One reason for this, is that given the qualitative and exploratory nature of this research it was decided best to eschew an overly superficial coverage of the entire business world. A more "in depth" coverage of a single type of industry was preferred. The service industry was also chosen as this researcher was best able to gain access to important companies operating in this area, thus insuring the gathering of the best available data.

The reality of employee crime may be different in the retail, manufacturing and resource industries. Additional inquiry into the entire spectrum of employee crimes will, however, have to be pursued in future research.

### Gaining Access to Companies

As anticipated, getting the green light from companies was no simple matter. One of the first companies to be approached was one where this researcher held a part-time position. After a

first contact with a company vice-president, the latter agreed to allow the research to take place--providing certain conditions be respected. These conditions essentially became the "standard" for all companies. No names were to be disclosed, and all possible measures to assure the company's confidentiality and anonymity were to be taken.

Access to the rest of the studied companies were either secured by personal contacts within these companies or by referrals from company investigators who had already consented to an interview. Referrals usually came along the lines of : "try my buddy X at company Y and tell him I sent you ... here's his number". Another very helpful contact for this research was that of the ex-president of the Canadian Society for Industrial Security. This person was our first interviewee and was also instrumental in supplying the names of security managers in different companies in addition to allowing his own name to be used as a reference.

After initial phone conversations with security managers in each company, an explanatory letter of the research along with a copy of the research questionnaire (see the Appendix) were forwarded to these people. After companies were assured that no single enterprise would be singled out in the analysis and that all possible steps would be taken to maintain the confidentiality and anonymity of the companies, most security managers consented

to the research and some were actually quite helpful in assuring that their employees collaborated. Only one company denied us access completely, while a few potential sources refused to be interviewed--although their companies per se had consented to the research.

Eighteen interviews were conducted in all. As previously mentioned, our first interviewee was the ex-president of the Canadian Society for Industrial Security; this person answered questions globally without speaking for any one company in particular.<sup>18</sup> All other 17 interviewees were either security managers or internal investigators who spoke mostly of the employee crime problem experienced at their respective company. Five Canadian companies were studied in all. All interviews were conducted in a single large Canadian city.

A questionnaire of approximately 30 questions was used to direct the interviews (see Appendix). Questions were formulated in order to gain access to information about, among other things, possible existing social, economic, corporate and technological variables, that according to our sources, have had, or presently seem to demonstrate an influence on the incidence of employee property crimes.

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<sup>18</sup> This first interview was useful in many ways but is not an integral part of the case study.

All interviews--with the exception of one--were tape recorded.<sup>19</sup> Interviews ranged in duration from approximately 45 minutes to one hour 45 minutes, with an average duration of slightly over one hour. Recordings were then reviewed and transcribed in order to compare interviewee answers and to appropriately relate results in our **Findings** section. Findings are then further analyzed and interpreted in a **Discussion** section.

### **The Companies**

To optimize confidentiality company descriptions will be generic.

COMP	TYPE	INT	GENERAL DESCRIPTION
A	Armoured Car Company	4	Delivers and picks up money from institutions / services and replenishes A.T.M.'s.
B	Airline Company	3	Airline company operating both passenger and cargo services.
C	Bank	4	Canadian bank employing people nationwide.
D	Transit Commission	3	City Transit Commission, employs approximately 8,000 people.
E	Rail Company	3	Operates rail, trucking and shipping enterprises among other types of businesses.

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<sup>19</sup> One source objecting to the recording.

#### COMPANY A

Four interviews were conducted at this company. The company has three internal investigators who were all interviewed. A fourth interview was held with the director of the security division who was also knowledgeable of the employee crime situation.

#### COMPANY B

The company employs four investigators in the research city. Three of these four investigators were interviewed while one, due to a heavy schedule, was not able to meet with the researcher.

#### COMPANY C

Four investigators operating in the research city were interviewed out of six. Two were not interviewed as they had only been with the company for a short while.

#### COMPANY D

The head of security was interviewed, as was a security director and an experienced company investigator.

#### COMPANY E

This company operates its own police force. Interviews were held with a police Superintendent, the head of Personnel and an investigator.

#### Interviewee Background

Regardless of their titles, all of the above sources actively participate or deal in the investigation of employee crimes.

A large percentage of company investigators were trained in various police forces before joining private industry. For instance, three quarter of internal investigators in companies B and C were ex-R.C.M.P. officers. Company A's security section consisted entirely of ex-police officers who either had worked in different regional or provincial police forces. Interviewees at the rail company and at the transit commission were long standing employees who have evolved in their respective company police or security departments.

Finally, it should be noted that the above five companies were chosen not only because of access, but also because of their size as they all possessed either an internal security or police department. Obviously, most companies lack the budget of some of these enterprises and therefore do not possess such internal security services. This may obviously bias our research. Implications to this will be examined in our **Discussion** section.



## FINDINGS

Many of Felson's principles apply to work force crimes, however, as we will see shortly, the notions of need and work climate are also particularly important in the analysis of employee theft. This section will examine how opportunity, need and work climate interact at our five sample companies in relation to employee crime. First, however, a quick overview of the existing employee theft problem in each of the five companies will be given. Interviewee responses relating to employee offences will be cited throughout this section. These quotes will be mostly found inset in single space.

### THE ARMOURED CAR COMPANY

Stolen property by employees at this company (as with most others) was characteristic of the enterprise. This company primarily delivers and picks-up large sums of money from different institutions in armoured vehicles. It also services and replenishes automatic teller machines.

Ninety-nine percent of internal investigations relate to the loss of money ... because employees deal with money directly, these ones are less likely to steal other goods.

Other forms of employee crime were also reported.

You have the occasional work slow downs and vandalism during contract negotiations ... overtime purposely

stretched-out ... Kiting <sup>20</sup> may occur in the replenishment process.

During relocation of headquarters things may have disappeared during the move.

### THE AIRLINE COMPANY

When examining the employee crime problem at the airline company, we found a sharp contrast to that reported by the armoured car company. Goods as opposed to money were more likely to be the object of theft. Interviewees reported pilferage of: "customer luggage, shop tools, gasoline, booze, boutique items, blankets, cigarettes", etc. Cargo items such as video cassette recorders and audio-video gear were also popular. Other types of crime, such as sabotage, bomb threats and other nuisance behaviour during contract negotiations were reported.

Certain seasonal crimes were reported by interviewees. For instance, during lobster season a lot of lobsters and seafood are stolen from cargo by employees. In spring, leather coats that arrive from Milan are also popular items subject to theft.

"Some employees break boxes of merchandise and then it is not

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<sup>20</sup> This form of kiting may occur, for instance, when employees misrepresent the amount contained in an A.T.M. They may keep a certain amount of money for themselves, claim the money is actually in the machine, use it and eventually put it back making the appropriate adjustments on the balance statements of the A.T.M. This form of kiting is possible if the same employee(s) replenish the machines.

unusual to notice that certain employees help themselves to these goods". Christmas time was another period of accrued illegal activity by employees due to the increased work volume and lack of supervision.

Finally, for white-collar crime, troubles were discussed in purchasing departments where certain conflicts of interests occur (i.e., kickbacks from suppliers). Interviewees did admit that a very grey area existed at this level and that these offences were difficult to prove. The padding of expense accounts was another sore spot for the company amongst its white-collar employees.

### THE BANK

Once more, understanding the dynamics of the business operation was fundamental to understanding the employee crime problem at this company. A general impression we got when studying the bank was that a good number of employee crimes seemed to be mistakes in employee judgement. "Kiting" was the most frequent employee crime at the bank, and one that seemed to reflect the above perception. Kiting occurs, for instance, when a customer comes into the bank to pay a utility company bill. The teller stamps the customer's receipt as if it were PAID, keeps the person's money, uses it, and only officially pays the client's bill a few days before the official deadline for payment. The

teller then repeats this with another customer, uses that person's money to pay off the previous client's bill and keeps "kiting" the money.

Employees may run the scam for two or three months and find themselves in a position where they have to replace three, four, or five thousand dollars.

Employees usually get caught for kiting when they forget to make someone's payment and a customer returns to the bank with a letter from his/her utility company claiming they have not paid their bill and a receipt from the bank confirming the opposite.

Kiting, though officially a crime, is not always perceived as such by employees.

People would be doing these small kitings not thinking there was anything wrong with it because of old trends.

Back a few years ago ... you would get paid on a Thursday but needed money on Tuesday, you just wrote a check, a lot of these old habits have stayed, but now they're being told they can't do that.

A lot of them don't realize it's illegal, it's something that has been engrained.

Kiting was the most common and frequent form of crime reported by investigators. Other crimes were different variations of defalcation: "misappropriation of funds"; "theft from cash holdings"; "money leaving drawers"; "theft of cash or official checks"; "embezzlement" and so forth. Theft of stationary and office equipment was another form of crime which was mentioned,

but not discussed.

Frauds committed via automatic teller machines was a more recent concern for investigators.

Now with the [automatic teller] machines, they don't have to do it from the branch they're working at anymore ... if you have more than one account you deposit a bum cheque which creates a phoney balance ... employees then use the machines to float a loan for a few days, especially over the long holidays.

Fraud has become a major problem with A.T.M.s ... They're installing more and more machines.

Managers giving loans to friends or generally not respecting bank policy or procedures in doing business was one area of white-collar crime experienced by the bank. Other more technical forms of fraud committed by traders were mentioned. An example of a trader who made off with close to half a million dollars was a case in point. The trader's wrong-doings were apparently discovered by pure accident when one paper "fell in the hands of the wrong person".

Yet another occupational crime committed by some bank employees was the exploitation of senior citizens. "Some employees take advantage of senior citizens who have absolute trust in the banks ... it's hard to detect". Dishonest bank employees may transfer funds out of dormant accounts of senior citizens who rarely pay close attention to their balances.

## THE TRANSIT COMMISSION

The armoured car company and the bank were mostly susceptible to theft of money, while the airline company was subject to the theft of merchandise. The transit commission was the only company that seemed equally vulnerable to both types of theft.

Theft of money from cash boxes where users deposit fares was the most recurrent crime at the commission, and as one source mentioned, "internal theft is a reflection of what you have on your shelves".

Theft of goods and merchandise was also a source of concern among security personnel at this company, stolen items were reported to range "from a screw to a car". Faked or staged armed robberies in subway stations were also mentioned, though these sometimes involved the collaboration of outside people.

Crimes were reported to occur at all levels. "Janitors bring home stuff like brooms, mops, cleaning products and so forth" and as with the other companies, conflicts of interests were the dominant forms of white-collar crime.

Certain managers accept illegal favours from suppliers. Some may tolerate defective parts from suppliers because of bribes, or they may give certain contracts to certain suppliers in return for favours.

Another white-collar problem was that of bosses asking employees

to work for them, personally, on company time.

Finally, acts of vandalism were reported to occur during contract negotiations.

During negotiations there is vandalism, you'll find Lock-Tite in locks, stolen reports, tires slashed, clocks broken, fire extinguishers set off.

### THE RAIL COMPANY

The rail company has a diversified field of activity. The rail and trucking enterprises, were, however, the most prominent areas of economic activity. Crimes that were discussed, mostly focused on these two enterprises.

As the rail company possesses large shops where the maintenance of trains is carried out, a serious problem was the theft of tools and equipment from many of these shops. Theft of cargo at both the rail and trucking operations was also another very serious problem for the company. Items most likely to be stolen from cargo are cigarettes, alcohol and electronic equipment (i.e., T.V.s, radios, V.C.R.s, compact disc players and other audio-video equipment).

The collaboration of employees with outside criminal forces was one of the more costly perils the company faced. Information

fed to organized crime groups having sometimes resulted in the disappearance of entire containers of merchandise.

Kickbacks and conflicts of interests were the main sources of white-collar crime. Some managers "use their rank to defraud the company by accepting gifts from other companies, they might give contracts to companies from which they receive kickbacks". One source admitted that the company is vulnerable to these crimes and that such crimes ultimately cost the company a lot of money. Finally, sources report instances of employees who circulate in offices and steal wallets and purses belonging to other employees.

Now that a separate overview of the employee theft problem in each company has been given, we will present a global and interactive analysis of the five companies and of the different variables which affect workforce crimes in these companies. The notions of opportunity, need, and work climate, as well as different social, economic, technological and corporate changes will be looked at.

### **OPPORTUNITY**

Opportunity was an element that came up several times in each interview and almost every interviewee used, or brought up the expression "opportunity makes the thief".



## Target Suitability

Losses, as previously discussed were consistent with the nature of the business enterprise.

The product the company makes is important...for instance, I know for a fact that high-tech industries are very vulnerable, it isn't hard to understand when you know a small box of chips may be worth twenty thousand dollars.

Employees steal what's accessible.

Felson's notion that technological progress has helped increase the number and quality of suitable targets is perfectly illustrated in the following quotations. These statements give us a good idea of the interaction that may exist between the concept of suitable targets and employee crime.

Because of the availability of the expensive merchandise and the lack of supervision, it's so tempting for 19 or 20 year old kids (with little education, loading boxcars on a daily basis) when they see a shipment of any value, especially sound systems. Kids today love music and kids love this kind of stuff. To me that's about it. If they keep manufacturing different gadgets and toys and if it is available for those employees to steal we will continue to see it happen. The smaller the article, the easier it is to steal, it's not easy to steal a 25 inch T.V. like in the older days, but right now compact disk players and different things come out so small that they are easily hidden under a winter jacket or ski-doo suit or wrapped inside your jacket as you leave the yard.

It's gone up in the last twenty years as far as the value goes, because the value of sound systems, T.V.'s, stereos, C.D. players and stuff like that is a lot more than what the company used to ship. We still ship toasters and stuff like that, but it's not as inviting as those specific toys.

## CONTEXT SUITABILITY

In this next section we examine how opportunities to engage in employee theft impact on the problem. Many of these opportunities underpin the notion of context suitability. The term opportunity is sometimes used in lieu of context suitability as sources often simply use the word opportunity when describing context suitability.

We will, here, examine how changes in the suitability of context resulting from the implementation of tighter security and preventive measures appear to have had a positive influence on the rate of employee offences at the armoured car company.

The company's Automatic Teller Machine Division experienced four important employee thefts, each in the neighbourhood of 100,000 dollars in the past. Employees who were determined to steal could have easily stolen a key from the office and obtained all the necessary alarm and safe combination information to steal the contents of an A.T.M. after their work hours. To prevent this, sets of keys are now individually sealed in numbered and tamper proof envelopes and inventory of keys is done at the end of each work shift. Access to keys, alarm information and safe combinations is restricted. Principles of dual control were also enhanced to minimize the chances of a single employee possessing all the necessary information to penetrate an A.T.M.

Since the implementation of these and other controls, the company has yet not had an internal loss of the magnitude of the ones previously mentioned, despite the fact that the number of A.T.M. employees has also increased from approximately 50 to 150. Even with three times the employees, the reduction of opportunities by controlling context suitability seems to have reduced employee theft.

A few concrete examples were given of how opportunities manifest themselves in this company and how employees who decide to steal can capitalize on such opportunities and on their work context. The first of the following citations also gives us an excellent idea of how routine activities found within the workplace operate in relation to employee theft.

You have a money room and an employee who counts a million dollars per day, she knows tomorrow she'll count a million again, she also knows when she gets a package from Bank X it may be badly sealed or may always contain the same amount. With experience she knows, it becomes a routine and on a given moment she can take advantage of this routine--that's when she can plan--she might notice every Tuesday that a package arrives badly sealed and it never balances, there might be an overage in her bundle and she might say, "I'll wait next week to see if there's an overage and if there is, I won't report it but instead just put it in my pockets" ... Overages are probably not always reported, certain employees take advantage of people's mistakes ... you can never control the opportunity completely, you can never predict overages.

Opportunity is there eight hours a day every working day ... If you plan something today but for a reason or another you can't go through with it, you have 365 more days in the year to do it.

You live in the opportunity you see everything, you know for instance that between three and four you're alone every day.

We have a money room with about five million dollars in quarters. An inventory takes about three weeks and it's only done once a year, it's a place that really can't be controlled.

Interestingly enough, the solution rate of these crimes may give us an idea of context suitability. The director of the Security Division at the armoured car company mentions that when thefts have occurred in the armoured car/courier division, employees have almost always been apprehended while the contrary seemed to apply for the A.T.M. branch where few of the employees who have stolen have been apprehended.

Although employees who work at the armoured car/courier division come in contact with considerably more money than the A.T.M. personnel, the context in which the former have opportunities to steal is restricted as the money they carry is strictly controlled. Money is usually not accessible to many and those who have access and manipulate this money have to sign for it. Most losses at the armoured car division are noticed the same day. A customer might phone and say that they have not yet received their money or that some money is missing. When a similar situation occurs the company calls in all trucks that are on the road. The entire building is then shut down and no one can leave the premises. A systematic search of the building, trucks, and personal employee vehicles is conducted.

In a few cases missing money has been recouped this way. Delays in noticing losses almost never exceed 24 hours which may explain why employees at the armoured car division do not necessarily have a good or suitable context to steal.

Although employees deal with considerably less money at the A.T.M. division, the opportunity to get away with their thefts is greater. These employees mostly deal with machines after regular banking hours. Depending on how a theft is committed, the machines themselves can not notice missing money. For instance, if an A.T.M. employee decides to steal a few thousand dollars from a machine, the theft will not be noticed until the machine is balanced (i.e., remaining money in the machine is counted and added to all the money which has been distributed). The balancing process, however, is not done regularly, some banks balance their machines weekly others every two, three, or four weeks. If a theft has been committed and a machine is balanced at a two week interval, the loss will not be noticed promptly and the bank will be unable to know if the theft has been committed two weeks prior to balancing or the same day.<sup>21</sup> Naturally, in this time span, different employees from the armoured car company may have come at different times to service the machine, a few more bank employees may have had access to the money, as well as technicians who occasionally repair these

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<sup>21</sup> Even then, the possibility that the machine has made the error can never be discounted.

machines.

Delays in the balancing process and the ultimate possibility of machine error enhance context suitability for employees who decide to steal money from A.T.M.s.

Investigators at the airline company mentioned that the context to steal was more favourable at nighttime; "at nighttime it's always easier to steal, it's dark and there's less supervision". Periods of increased commercial volume (e.g., Christmas time) were also said to be conducive to increases in employee theft.

Another interesting issue brought up by investigators was the restricted access to information. During the process of hiring, which our sources tell us is a crucial moment at which to exercise prevention, companies can no longer conduct thorough background verifications on new employees.

Can't make any checks nowadays, I'm not saying it's generally bad, but because of the new laws on the access to information, access to criminal dossiers is restricted to police who can't give anything out.

It's also harder and harder to bring people to court.

Hiring is very important, now you have no chance for a CPIC, we can't really exercise any prevention in the hiring process.

Certain corporate changes appear to have had a significant impact on the commission rate of employee crimes. For instance,

one company has become completely privatized. According to company investigators, this has resulted in a definite decrease in employee theft.

Now that the company is privatized, there are less crimes, there's a lot less leniency by management concerning controls in general, before there was more laissez-faire, most crimes weren't even noticed, or reported.

Now that the company is privatized you have employees who have shares in the company, these employees come forth if they see another employee steal, in the past you never stooped on a co-worker, all of a sudden its become their company.

Another corporate change which may have created certain opportunities for some employees was the buy-out and merger of two companies.

We notice today that some employees took advantage of the merger between the two companies and as a consequence some [goods] went missing. These employees knew that one company was buying out a second and that this company didn't have total control of all goods belonging to that second company.

Technological improvements in electronic security systems was a dimension that some sources mentioned have helped reduce employee theft.

Cameras ... yes, for sure, I have a perfect example: In one of our cargo places we installed 16 cameras and the rate of theft just went right down, for sure.

An interesting concept was brought up by all three investigators at the airline company. They all acknowledged the responsibility of a company in having to protect its employees

against themselves by controlling context suitability.

You have to protect the employee against himself, to a certain extent a company has its share of the blame for offering opportunities. If you have a place where there's booze and it's easy to steal, if you put a cage on the booze the employee will be glad you take that opportunity away because, otherwise, he will steal and always worry he gets caught ... it wouldn't be fair for a company to make it too easy to take stuff like that. You shouldn't really expose your employees to such opportunities, every one is human, especially on goodies like booze and food. It's like saying "O.K. you guys, I don't want you to touch it", and then you leave the door right open, it's not right, there should be a certain control, and I think employees would appreciate it.

Finally one investigator discussed a situation where he met an employee who was caught stealing. "I had this guy on the midnight shift say, 'I stole because it was so easy, in fact I was stealing stuff I didn't even need'".

In comparison to other companies, it appeared that employees at the airline company may have had a somewhat better suited context for stealing goods and merchandise due to the size and nature of their company. Employees work in different cities and only a few of these cities have investigators.

Some stuff may be reported quickly. Sabotage is quickly noticed. If a customer complains, that too is reported quickly. However, we don't always have the resources to proceed with an investigation immediately. For instance, if something happens in Saskatoon by the time we send someone over ... employees know this and take advantage of it, it's just another of the variables in their favour.



Delays in noticing the theft of merchandise was another factor which seemed to enhance context suitability at the airline company, one investigator gave the following example to illustrate the dimension of the problem.

Cargo is another thing. Cargo goes Singapore Bombay, Bombay London, London Toronto, Toronto San Francisco. You open the parcels and there's a V.C.R. missing, where the hell did it happen, it's very difficult. Baggage is the same thing ... it's the plague of airline companies ... If I get a fax about a missing V.C.R as in the above example, I'll document it, but I can't investigate it.

Investigators at two different companies mentioned that not all thefts are investigated.

Only about half the crimes that are reported are investigated as it would be impossible to investigate all of them.

Due to the number of these crimes, it is physically impossible to investigate them all ...

When there's no trail, and you know it, or when you don't have the time, you won't investigate.

The bigger the company is, the more vulnerable it is, the bigger it is, the harder it is to know what exactly is going on. Certain crimes you'll never notice, pilferage is difficult.

You have 3,000 employees at the maintenance base, and they could be stealing parts and tape and stuff and I'd never know the difference.

An important element affecting context suitability at the bank was the adoption of "work reduction". Investigators report that in order to eliminate much of the drudgery of paperwork, tellers are now only required to balance their cash holdings on a weekly

basis.

Tellers balance every week so you can steal on Monday and put it back on Friday, whereas you couldn't do that before, you had to balance everyday, today they don't do that, it's all part of work reduction. When you have to recap the whole week as an investigator it's very hard because you can't tell what they had on Tuesday or Wednesday. We no longer have controls like we used to, if a manager had to verify everything like in the past and still do his job as a manager, he would be working 24 hours per day.

... what happens is that before the problem is known you have a week or two that goes by instead of two or three days under the old system ... If you have to look for only a few hundred dollars you might just as well forget it because you'll never be able to trace it.

At the transit commission certain opportunities were more prominent at different points in the year. In the summer, for instance, subway attendants were reported to be in a position to easily take advantage of the many tourists who are unfamiliar with the city's subway system. These employees can accept, and keep, fare money from tourists to whom they do not appropriately issue a ticket.

One interviewee at the rail company expressed why he felt most workplaces are suitable contexts for employee theft. To this person, employee theft is a natural occurrence that could probably be reduced by companies if they took a tougher stance. This source said that companies may tend to look the other way due to their own business economics and corporate philosophies.

Companies trust their employees, which may be good, if employees were checked going in and going out--and subject to a thousand and one controls the rest of the time--productivity would be much lower. To what extent can we, or do we want to protect ourselves ... you have to place some trust in employees because productivity is increased if you do. If we placed them in a cage I don't think they would be very productive. There's always too much control, ... you have to find a balance where employees know they're being trusted yet aren't being left so uncontrolled that they can steal you blindly.

Budgetary cut-backs was another variable said to affect employee theft.

Crimes have gone up and will continue to go up because they're cutting, cutting, cutting, there's less supervision, less staff, it makes it easier ... you had a lot more employees before and the amount of crimes were less than today.

### Access

What was noted with all interviewed companies was that no matter what the nature of the crimes were, the vast majority of these crimes were committed by employees who have "direct access" to goods or money that are stolen (suitable targets) and to the departments where these crimes are committed (suitable contexts). Employees tend to steal accessible items from their own work environments, the only exceptions to this were reported by a few companies who found that certain employees would go out of their way to make unauthorized long distance phone calls when they were able to gain access to other departments unnoticed.

## NEED

Many sources mentioned that "need" was--if not the most important--one of the most important factors motivating employees to steal. This need element was pivotal when employees were "financially in over their heads" due to whatever reasons--something which was reported in a few companies to be commonplace among employees who steal.

## Employee Insolvency

Many sources within the different companies placed a strong emphasis on the fact that credit has become too easy to obtain and that this factor compounded with the pressure of "keeping up with the Joneses" may have fuelled certain instances of employee theft over the years.

... credit has become too easy to obtain, so invariably there will always be people who get into trouble--fingers become sticky.

Terrible discrepancy between the ability to buy and the amount of merchandise people buy.

We live in a consumer society where it's buy now and pay in six months, one year...

Credit cards ...

People get into trouble with credit and panic.

A certain amount of importance was attached to the state of the economy by interviewees. Some sources seemed to suggest that

employee theft increases during recessionary periods.

When interest rates are high more people have a hard time making payments.

You get into a position where you haven't made your house payments in four months, your conscience might get elastic.

In the last ten years it has increased--most likely economic--I remember when inflation reached double digits we had more of these problems ...

Fraud increases during a recession.

In 82, the normal Joe's were having a hard time, interest rates were high and we had a significant increase in employee crimes, things have since tapered off.

I'd say 75 % of employees who steal do it because they're financially stuck ... house, car debts ...

The state of the economy and its impact on employee theft was, however, dichotomously interpreted by some. One source did mention that "when the economy is weak, the need is high, if times are good the desire to keep up with the Joneses can also be strong". Similarly, another interviewee mentioned that during good economic times, "the need to buy luxury items is strong, so temptation is constant".

Finally, under the rubric of financial insolvency, the drug phenomena was mentioned by various sources. "Cocaine is everywhere and people need money to buy it". Most company investigators gave examples of different problems they experienced with drug users. One source even suggested that employee theft, generally, may be on the rise because of drugs.

I think it is on the rise and one of several reasons why is drug use. I'm 100 percent convinced if you have an employee who is using drugs it's for sure, you're more vulnerable, especially if he's in a position to steal, he'll rip you off regularly.

We obviously have younger employees coming in and they're at higher risk ... one guy we caught was spending 2 or 3 thousand dollars per week on drugs.

You have more and more people today saying they stole because of their drug dependency.

### Material Desires

Many of the views shared by our sources tend to indicate the increased importance placed on materialism by consumers over the years. The social pressure of keeping up with the Joneses may be greater today than in the past, and as one investigator mentioned, "people seem to have become more aggressive in fulfilling their desires" because of this accrued emphasis on materialism. Certain problems in the workplace may have arisen due to increased access to credit and constant exposure to advertising, which invariably may have encouraged many individuals to overspend--including employees.

Publicity; people catch on, and they "need" the three T.V.'s in the house.

Publicity creates needs that in essence aren't real.

People want more goods ... going back 10-20 years, money and goods were less important. People had more kids, now they have less kids but more goods.

The desire to have more to drive in a Cadillac is greater today.

Twenty years ago needs were different, people are more aggressive in fulfilling desires ... people were more reserved twenty years back in terms of needs; housing, restaurants ...

Before everyone had less and it didn't seem to bother them ... you worked for what you had and your environment generally had less.

People used to say I might not have much but at least I have my name and that's what counts--I'm not going to lose my name for a hundred bucks--today people don't seem to care ... actually now you're judged by how much you have more than anything else.

### **Need For A Company Item**

"The need for the commodity that the company deals with", was according to one investigator a key element in determining the amount of problems a company will experience with employee crime. For instance, sources at the airline company mentioned that employees do not steal airplane engines as they have no need for such items. Articles "like booze, food and jewelry are attractive". Containing inventory shrinkage is a more difficult task for companies that stock attractive merchandise.

### **WORK CLIMATE**

Opportunity and need seemed to be the two dominant and obvious elements affecting employee theft and interviewees addressed these two issues directly. Work climate was a less obvious element and was often discussed in a more roundabout manner. Most interviewees did nonetheless agree that "happy employees

are less likely to steal" and vice-versa. Job insecurity and poor relations between management and employees were also described as conducive to employee deviance.

### Work Relations and Climate

An interesting phenomenon was brought up by sources under this rubric. This was the issue of part-time hiring. Investigators at the bank mentioned that 75% of their workforce consisted of part-time employees. The bank no longer hires full-time personnel. One of the reasons for this practice is that this allows the bank to save on the social benefits it would otherwise have to pay full-time employees. Although this practice may serve one purpose, it was reported to have negative repercussions on employee loyalty and productivity.

What we have in the bank today are part-time employees, you don't have any loyalty towards the bank because employees are only part-time, it's not a long term job.

They don't have any Christmas parties in the banks today ... no closeness amongst employees ... employees don't have full benefits.

... increase in employee offences and decrease in the quality of service.

The chief investigator at the bank also mentions a time when the bank underwent major organizational changes. Employees felt very insecure and thought they would get laid-off. During that period many employee crimes did in fact go up.



Other vulnerable periods for companies were during contract negotiations, increases in vandalism and thefts committed out of vindictiveness were reported at most companies.

Unions were also described as making matters worse for companies in certain instances.

Because of unions, it seems like it's the employees that run the boss.

A unionized employee will almost never stool on another unionized employee.

The rail company has had to conduct massive lay-offs over the years due to the loss of profitability of the rail industry. This has left a large number of ex-employees quite disgruntled and though these employees no longer work for the company it is still easy for them to steal or to conspire with criminal groups to attack the company. Job insecurity of the remaining employees may have also contributed to the problem of employee deviance.

### **Rationalization Process**

The rationalization process may be an element which works very closely with all other aspects of our theoretical model. An employee may be fuelled by the need, or the opportunity, or both. Ultimately, however, this person will likely have to justify his or her behaviour to himself or herself. Sayings

like "the company owes me" or "what difference can it make" are not uncommon. However, certain conditions (like that of part-time hiring) may promote the increased usage of rationalization processes.

A good number of rationalizations (excuses) were provided by security officials. Below are a few descriptions that may depict the broader usage of different rationalizations by employees.

If the company announces a profit of 200 million dollars and employees don't get a raise you might see an increase, I think there's a decrease when times are bad but the employees still get their raises.

When times are tough there might be an increase because employees don't get the raise they expect ... when times are very good they'll steal and think it doesn't matter because the company is making millions.

Mentality ... employees think the company is rich so what they're doing isn't theft, "it's normal", "there's nothing there".

When you see other people steal, you say if it's good for him it's good for me ... when everyone does it you start thinking it's normal to do it and if you don't steal, you're seen as abnormal and if you want to be accepted by the group you steal.

"I was going to do it for a little while, I was going to put the money back and I got painted into a corner and I couldn't put the money back" -- all the time they tell you that.

### Offenders

Evaluating the profile of deviant employees was difficult. For

instance, contrasting male and female populations was in many cases impossible as employees in certain companies were predominantly male or female, as with the armoured car company where employees were mostly male.

However, in regards to the male/female situation this was one respondent's answer:

Women may steal as much as men, its hard to calculate all the factors, if you give them the same opportunity they might probably steal as much.

For the armoured car company, most sources said "there is no profile, everyone has the opportunity, we've caught people that didn't need the money [others who did]... some needed money for drugs..." Another source told us, "most of the time it's people who are financially tight and who take the easiest route to getting out of their problems".

Finally, the director of the security division mentioned that he had two examples of employees who were caught stealing and who he felt were good, and to a certain extent, representative examples of employees who may commit such crimes at his company.

We had one guy whose girlfriend left him ... he started hanging out in discos and doing drugs, in a period of six months drugs had completely spoiled this guy. We eventually caught him stealing from us to pay for his coke.

The second type we had was a father of two, this man had two jobs, I guess he wanted to buy a house but couldn't afford one. The guy's brother had a house,

a summer cottage, he obviously didn't have the same status. I guess this employee felt it wasn't fair that he was working at two jobs and still couldn't afford the house he wanted, so he stole...

Investigators in different companies generally suggested that no particular profile existed for employee thieves.

No profile ... I think it's the opportunity that's there that makes the difference, a guy who works at a desk if the only thing he can take is a pencil, he'll take a pencil.

Profile ... a man 35 to 45 years old with about 15 years experience, probably, because he feels safer. In some cases we've had the extremes, we've seen the 64 year old guy with 41 years of service who steals, and it's pretty sad when we meet with them because in certain cases these guys stole because they thought they wouldn't have enough money for their retirement. Then you have guys who haven't even finished their probation period who before being hired may have been unemployed for a year and who have substantial debts to pay.

It's almost incomprehensible to see that there is absolutely almost no profile, you have the mister in the suit to the guy in work clothes. The guy who has 35 years seniority in the company, to those with six months. I think its the circumstances.

We've caught guys with six months experience to 25 years, overall you might find employees between 25 and 35, it's not that dominant, however.

Finally, only one department at the rail company (which had the highest incidence of employee theft in the company) experienced the "young male phenomenon" in recent years.

The trucking division is the worst place, temptation is the highest, we caught 30 employees in the last few years, 17 in one summer, most were young, under 30, and a lot of them had a drug problem.

## Deterrents

Prevention was an important deterrent for many companies.

If you set up a system to notice losses you're O.K. You have less crimes in places where there are cameras, they're efficient, so are locks and the identification of tools.

Sources admitted that though prevention was the preferred way of reducing employee crimes, "apprehension is a terrific deterrent. Apprehension makes it decrease".

We had a case four or five years ago of an employee who was stealing from mail bags. The investigation took six months and was done in conjunction with the R.C.M.P and Canada Post. The employee was finally caught and the rate of theft in that department dropped dramatically for about eight months, then it started to pick up again.

What works is the deterrent of someone who did get caught, fired and prosecuted.

Prevention and education is without a doubt--without a doubt--your most useful weapon or tool.

If you take a guy who has lost his job, was brought before the courts and risks prison or a fine, often his wife has left him, he's lost his house because he couldn't pay it off ... this person obviously has work buddies, when he speaks to them about it and if they themselves steal they might get the message.

Taking employees to court serves as a deterrent.

Reward posters, offering rewards to employees who can come forth with information ... it has worked in the past.

## Investigations

The following series of statements may help us put the employee theft problem in perspective. We see how companies are vulnerable to this problem and how it is sometimes difficult for them to control it.

We've arrested 15, 20, 22 employees per year in the last years, but that's just the tip of the iceberg ... we get about 500 complaints per year of employee related thefts ... and those are the ones that are reported ... Max. 60 % of crimes are reported.

An employee goes to an outside contract, takes a bunch of tools with him and comes back one less blow torch or compressor, who's going to know.

They get caught when it becomes very repetitive and they become overconfident.

Max. 5 to 10 % that we are aware of, I'm sure many crimes are never reported and many aren't even noticed.

Due to the facility of these crimes and the number of possible employees, we solve about 10 to 15 % of investigations. For serious crimes our solution rate is pretty good, for petty theft, it is very low.

A good 30 % success rate, depending on where and what.

We get phone calls, some times we get phone calls like; "Joe Blow stole such a thing at such a place" and most of the time we weren't even aware that there was something missing. A lot of vengeance from co-workers, divorce cases, a wife or girlfriend because they split up ... mother of girlfriend ... we get a warrant when we have enough information.

## Losses

A few sources mentioned some of the additional repercussions that employee theft may have on a company. "Losses vary from

just stolen goods to much more than that, the loss of clients". One interviewee at the armoured car company mentioned that in many instances, losses are reported by clients. This company investigator mentioned that any loss or theft of money which clients perceive as being committed by employees of their company can result in a loss of reputation which in some cases will be sufficient to terminate the client's business dealings with the armoured car company.

Generally, losses which seemed to worry investigators most were those where a customer was involved.

When a customer is involved it's worse, when customers are victimized it affects the company more.

A guy steals four V.C.R.s out of a shipment. The shipper is mad, the receiver is mad, he may decide not to use [our company] again, that's a loss of revenue, put that one with 100 other things than there's loss of jobs and there's no limit to the harm it can do.

When asked how losses affect the prices of goods and services, one source at the transit commission made the following observation.

I don't think these things are calculated directly when they figure ticket prices, although I know for sure they calculate insurance premiums and losses due to employee theft figure in insurance claims, so in this sense it affects ticket prices.

## Projections

Finally, when these investigators were asked if they had any projections for the future regarding the evolution of employee crime a few said such things would be hard to predict while the director of the security division at the armoured car company made the following statement:

These crimes will go up, needs will increase, people want more and more; you have bus drivers who want the same advantages as a company president.

Projections made by some interviewees clearly indicate their position in regards to prevention. Although certain socio-economic factors clearly make the problem of employee crime worse, prevention, according to investigators, is an effective countermeasure against the ill-effects of social forces for which they have no control.

I don't think it's going to get any worse and I don't think it's gonna get a hell of a lot better unless we do more prevention. It's not gonna get any worse as long as interest rates don't go to 19 % and people don't start really having a hard time. Maybe this free trade thing is really gonna put a lot of people out of work and stuff like that. If those factors don't change we'll always have roughly the same amount of fraud and theft at varying degrees depending on those socio-economic factors. And if we did a lot more prevention then we could probably cut it a third or half.

I don't know, we'll have to see what effect this new GST will have.



## DISCUSSION

Although many principles of Felson's Routine Activity Approach apply to this study, we can also say that generally, this research is one conducted in the field of "environmental criminology". Brantingham and Brantingham define this area of criminology as follows:

Environmental criminology can be classified as a field that explores how crime occurrence (and nuisance behaviour) is influenced by opportunity, that is, by variation in the chance to commit an offense.

During the course of our research we were able to demonstrate the importance of opportunity. Although critical in explaining employee theft, opportunity was only one explanatory dimension to the occupational crime phenomena. Such notions as work climate and need were developed to lend support to our initial model. Theoretically, these two notions can be grouped under the larger rubric of motivation. In perspective, our occupational crime model is an interactive analysis of motivation and opportunity as it pertains to our research focus.

In Environmental Criminology (1991) Brantingham and Brantingham state that, "Perhaps most importantly, there will be an expansion of research that explores the interactive force of motivation and opportunity". A simple, yet compelling model the above authors generate to serve as a potential guideline for future research in this field is the following:

$$C = f( M . O )$$

where      C = Crime              M = Motivation              O ≈ Opportunity

In this regard, we feel that our research has in fact explored the interactive force of motivation and opportunity. Our conceptual employee property crime model (page 27) schematically illustrates the interactive process.

Until recently, the predominant research focus of environmental criminology has been on index property crimes (i.e., burglary, robbery, theft, and auto theft). Brantingham and Brantingham suggest that they expect to see in the 1990s "a continued and accelerated expansion of environmental criminology and related fields into the study of other crimes, nuisance behaviors and fear of crime". Hopefully, this study of occupational crime serves as a step towards diversification of the traditional research focus of environmental criminology.

As a final analysis of our research data, we will now highlight some important research observations. A few more inferences on the interactive process of motivation and opportunity will also be made. The rest of the discussion section will then scrutinize other aspects and implications germane to this study and to issues relating to future research.

Five companies were studied in all: an armoured car company, an airline company, a bank, a city's transit commission and a rail company. Employee theft varied greatly in each of these companies and different intervening factors had a different impact on employee theft in each of the different companies. Understanding these differences was fundamental in gaining the "big picture" of the employee theft phenomena.

The nature of the enterprises and the types of potential targets available for theft (most notably money as opposed to goods) seemed to underpin the interrelation of employee theft to such indicators as social, economic, corporate and technological change. We now examine how changes in the above indicators may have had an impact on employee theft generally, and on our studied companies more specifically.

### **Economic Indicators**

Interviewees at the bank and to a lesser extent the armoured car company reported that the state of the economy seemed to have a significant impact on the incidence of theft at their companies. The bank investigators reported that they experienced the most problems during the recession of 1982 and the years that followed. Interviewees at both these companies also put the most emphasis on another economy related problem--easy access to credit. Credit cards, "buy now, pay later" store

policies, easier access to house, car and personal loans were to many interviewees elements which in many cases tended to compound the problem of employee theft. The issue of access to credit was mentioned by most companies, yet most forcefully supported by those companies who were most vulnerable to having money stolen.

Because of the ease of access to credit, people vulnerable to overspending were reported to often find themselves in debt and in their incapacity to make payments, sometimes opting on a perceived lesser of two evils: stealing money from work in order to make ends meet, rather than facing financial insolvency. As one source mentioned, when one has not made his/her house payments in several months, their conscience may become elastic. An article in Canadian Business (June, 1991) states that "Twenty percent [of employees] are crooks who will steal all the time, 20 % will never steal, and 60 % will steal given motive and opportunity". The article also mentions that "In the depths of a recession, the latter group is particularly worrisome". This tends to support the idea that in some instances employee theft may increase during a recession.

Interviewed security officials indicated that petty theft always occurs and is unaffected by the economy. For more serious forms of theft, the effect of the economy was dichotomously interpreted by interviewees. Some sources suggested that

recessionary periods tend to place more people into financial difficulty, while good economic times (when consumerism is at its highest) may intensify the pressure of keeping up with the Joneses; both instances potentially increasing motivation to steal.

### Social Indicators

Certain trends in social change appear to be significant. One of these was that of illegal substance abuse. Companies felt vulnerable at this level, especially, in respect to their newer (younger) employees. Certain sources, in the light of an ever increasing societal drug problem, felt that a higher proportion of substance abusers find themselves in the workforce. At an aggregate level, increases in the number of substance users may render more companies vulnerable to internal theft.

A comment made by one interviewee depicts an impression shared by many sources regarding the change in general employee attitude over the years.

I think before people lived to work, now they work to live [to spend] values have changed.

Felson (1980) noted certain changes in consumer habits during the course of his routine activity studies. What was observed in our study, was that people may have become more aggressive in fulfilling their self-defined needs. The "pseudo science/art"

of advertising, which exploits people's vulnerabilities to create unreal or grossly exaggerated needs in consumers, may be one culprit for this social condition. As a consequence, an incredible disparity was reported to exist between the amount of goods people are able to buy and the amount of goods people actually buy. Change in consumer habits seems to indicate the existence of an increased emphasis on materialism and consumerism. This may have resulted in the problem of credit abuse, and as informants suggest, may have placed certain employees in volatile positions.

#### Corporate Indicators (Work Climate)

Variables which involve work ethic, business practices, corporate politics, work climate and so forth, were also reported to affect occupational crime.

A corporate practice that has changed over the years and is now increasing in frequency is that of part-time employee hiring. According to our sources, this has created, in certain instances, a deep ill-effect on employee loyalty and productivity. Many employer groups now only hire part-time employees in order to save on the social benefits they would otherwise have to pay full-time or regular status employees. Even government, in many instances, employs people for limited contractual time periods. Work contracts are then renewed,

after an interruption in employment which results in the loss of accumulated seniority and benefits. As sources report, employees become frustrated and are less loyal to their companies than their full-time counterparts. Disgruntled employees may more easily rationalize theft by perceiving themselves in a mutually exploitative position with their employers.

Although the following premise would be an over-extension of our research findings, it appears that a good possibility exists that state operated enterprises are generally more vulnerable to employee theft and other employee related deviances. One studied company indicated a sharp improvement in its employee theft problem after it became privatized. Controls at all levels were previously more non-restrictive while the company was a crown corporation--most employee crimes going either unnoticed or unreported.

Unions may be another problem area for companies. All companies reported increases in theft and nuisance behaviour during contract negotiations. One company reported that it would be impossible to have employees searched on their way out from work as their union would never allow such a thing. Another company stated that employees were allowed to have the presence of a union representative during routine investigation interviews. They also stated that apprehended employees could not always be

fired immediately and that this decision had to be taken sometimes by an arbitrator appointed by both the union and the company.

Increases in theft were also reported to occur in unionized work environments when employees discover that certain service contracts go to subcontractors. Some employees were reported to try to "get a last crack" at articles to which they would no longer have access.

Another problematic situation for companies was the fact that just before massive lay-offs--and in some cases during major organizational changes--they experience an accrued incidence of employee theft, due likely to employee insecurity and discontentment.

### Technological Indicators

Employers may to a certain extent be better served by progress made in the area of high technology security. A good number of interviewees were, however, uncertain as to whether technology was instrumental in reducing employee theft significantly--though most agreed that electronic countermeasures had their place in industrial security. For instance, security officials at the transit commission were confident that the introduction of new electronic fare boxes would greatly reduce, if not



completely eradicate, the problem of employees stealing money from these boxes. Despite this, most officials at that same company felt that the employee theft problem would likely only be displaced to other forms of theft once these new fare boxes are introduced.

In terms of computer crime, none of the studied companies seemed concerned and often claimed: "we're not there yet".

The advent of the automatic teller machine may have created new opportunities for some employees to defraud or steal from these machines. Conversely, however, the increased use of these machines may eventually diminish certain employee crimes as A.T.M.s will restrict access to suitable targets.<sup>22</sup> The most important technological theft related variable was still Felson's concept of increased target suitability due to technological progress.

### **Deterrents**

What appeared to be (or was believed to be) the most useful deterrent was the apprehension, dismissal and prosecution of dishonest employees. Most sources reported important decreases

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<sup>22</sup> This was reported by security officials at the transit commission who predicted that the theft of bus passes would be greatly reduced once these passes are distributed by automatic teller machines.

of employee theft after the apprehension of an employee.

Aside from apprehension, prevention was another means of reducing employee theft. Some sources reported that in certain places the use of cameras has helped, while others claimed that employees quickly learn to bypass these cameras. A system permitting companies to notice losses and to lock and control attractive merchandise was also reported to be an effective "nuts and bolts" approach to reducing theft. Enacting clear company policies and procedures and educating employees to these was described as another important deterrent, so was the creation of a work environment stimulating job satisfaction.

Felson mentioned in his Routine Activity Approach that the absence of guardians was one element that seemed to have encouraged property theft. Although the concept of "guardians" does not really exist in our model, the notion was introduced indirectly at two different companies. One company noted that after privatization, employees who had shares in the company started denouncing dishonest colleagues. Offering rewards to employees who could provide information relating to internal theft also increased delation; in both cases, prevention was intensified once the element of guardianships was enhanced.<sup>23</sup>

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<sup>23</sup> We do not incorporate Felson's concept of "guardianship" in this thesis directly. One reason for this is that employees who, in principle, should serve as guardians to their companies' property, are often the ones who steal company property. We do

## INTERACTION OF OPPORTUNITY AND MOTIVATION

The interaction of motivation and opportunity seemed to vary at the different companies that were studied. For instance, need (i.e., need for money to make ends meet, and need for money to have a desired higher standard of living) seemed to be a prevalent motivational element at the bank, armoured car company and to a lesser extent the transit commission.<sup>24</sup> Opportunity (lack of supervision, availability of items and the facility to steal them) on the other hand, appeared to be a dominant factor affecting employee theft at the air and rail companies. In all cases, however, both need and opportunity were closely intertwined. We will now try to show this relationship by describing seasonal, temporal and situational trends.

### Seasonal, Temporal and Situational Trends

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suggest, however, that work environments capable of enhancing a collective sentiment of company responsibility or proprietorship (and/or vested interest) amongst its workers may promote a self-regulatory discipline amongst employees that may, in term, enhance guardianship and help deter occupational crime.

<sup>24</sup> Need is described here and throughout the thesis as a motivation. In an occupational crime context, need appears to be a dominant form of motivation. It should be noted, however, that need as utilized in this research is not differential, that is, the need lower income workers have to steal is not necessarily greater than that experienced by higher wage earners. Our research has not proved or disproved this statement though we tend to agree as other studies (Clark and Hollinger) seem to demonstrate, that income is in fact not a determining factor affecting employee motivation to steal.

In the month of September, most companies report witnessing the highest yearly incidence of office supply pilferage. The reason for this is that school starts in September and that parents bring home pens, paper and stationary for their kids to use at school. As mentioned earlier, pens and paper go missing from the workplace because most companies carry these goods and the opportunity to steal them is high. However, though the opportunity is present year round, it is the seasonal need for these items that explains increases in pilferage during the month of September.

Opportunity generally explains the pilferage of office supplies. Need explains why temporal fluctuations and disparities in the commission rate of these goods exist. The interaction which exists between opportunity and need (which is a motivation) provides a comprehensive explanation of the problem.

Another example reported by the transport companies was the seasonal theft of lobster. In these cases, the "need" for lobster does not necessarily increase during those periods where lobster is being shipped. Theft of lobster we can logically assume occurs because of seasonal opportunities. It is easy to steal lobster when it is shipped and impossible to steal when it is not being shipped. The fact that it is there to steal largely explains why it is stolen when it is stolen. In this case we see that opportunity rather than need explains the

seasonal theft of lobster best.

At the armoured car company and bank, certain crimes involving an incredible amount of risk were reported. In such cases, risks were taken by employees because their need for money was very high. We also noted at one company, as reported by a company investigator, a situation where an employee admitted stealing company goods he did not even need because they became so easy for him to steal.

Finally, another interactional possibility as Brantingham and Brantingham (1991) mention, is that "the state of motivation helps identify the opportunities, while the opportunities increase or decrease motivation. Neither is independent of the other". To illustrate this concept we can think of a frustrated or disgruntled employee. Vindictiveness may incite this employee to identify different opportunities. If, however, opportunities to steal are readily available this may even further motivate the employee to respond to an unfavourable work climate or to his financial or material needs.

### **Reservations About Findings, Data and Inferences**

Research in the area of employee theft is sensitive. On the one hand, no reliable aggregate data base exists to qualify exactly the problem--yet we know that it exists, and that it is an

important one. On the other hand, companies are not always responsive to outsiders looking into the problem. Research in this area is, therefore, often undermined by shortcomings in the research process--this study being no exception.

Contradictory results among sources within a same company was a problem area we encountered. Certain contradictions demonstrated that some sources answered many of our questions conservatively. The best (or worst) example of this occurred at the bank where findings from three investigators showed definite consistency in regards to the amount of crime that occurs at the bank, while one investigator seemed to have clearly underestimated the reality of the problem as depicted by all other members of the investigative staff. It appeared that most sources spoke freely of the employee crime problem while some others at the same company showed a little more restraint. Overall, our study may have been biased by some conservatism in interviewee responses. We did, nonetheless, obtain useful answers, and as under-reporting was more likely to have occurred than over-reporting, we feel confident that observations and inferences from the collected data were also less likely to be exaggerated.

Despite possible empirical shortcomings caused by a sensitive research subject, this study was still able to yield good results due to its theoretical base. Questions that helped

measure opportunity and motivational variables as well as the impact of different intervening social, economic, corporate, and technological indicators were mostly non-threatening to company officials who then may have responded more freely than had we proceeded in a manner which more overtly scrutinized their companies.

The companies we studied were all large enterprises who for the most part employ thousands of employees. All of these companies had a security department and some even had their own police force. Our research omitted the study of small companies who do not have internal security departments. It would have been difficult at this stage to conduct a similar study using smaller companies, future research, should, however, incorporate the study of small companies.

Empirical accuracy of this research is limited by the fact that no occurrence or employee interview data was obtained and that only five companies operating in the service industry were studied. The manufacturing, retail and resource industries were omitted in this research due to the exploratory nature of the study. As the aim of the research was, however, the development of a conceptual employee theft model, studying the service industry may have been sufficient for the moment. Now that we have a model, trying to apply it to different industries would be a next possible step.

### Felson's Routine Activity Approach in Perspective

Change in the life-styles of individuals (or social change as we generally refer to it) has definitely played an important role in determining employee offences.

The routine of work, the fact that people typically spend an average of 40 hours per week in a given environment sometimes enables employees to exploit this routine to their advantage when they decide to steal at work. Criminal opportunities found in the workplace are merely the exploitation of probably the biggest social routine of all, work. This research, in part, originally set out to measure whether changes in routine activities within the workplace had occurred and whether they had an influence on the incidence of employee theft. We discovered that some changes in routine activities at work had an impact on employee theft, as with the example of work reduction in the bank where less controls were being used in order to increase productivity. We noted, however, that general macro-level changes in the routine activities of North Americans, as described by Felson, may have played a bigger role in explaining fluctuations in employee crimes than any specific changes in routine activities inherent to the workplace itself. A good example of this is the ever increasing availability and desirability of interesting targets. Although these goods are for consumers, they invariably are found, or manufactured, in



workplaces and subject to theft by employees.

### Our Findings and Those of Extant Research

Naturally, as our research focus is different to Felson's, our findings were also different. Nonetheless, the opportunity component of our theory is based on Felson's work and with the appropriate modifications, the opportunity element of our theory seems to adhere well to employee property crime. For employee crime, we found that two non-opportunity related variables came into play to help explain employee theft. These are need and work climate. The work climate side of our theory corroborates findings by Clark and Hollinger (1983) who suggest that employee theft is best understood as a function of the overall work environment and the social patterns and ethics of the company. We also include the more socio-psychologically oriented aspect of a "rationalization process" to our theory which is reminiscent of Matza and Sykes's **Techniques of Neutralization**. These authors suggest that when one's delinquent behaviour contradicts their self-image, one often justifies the behaviour by arguing that it is not really criminal and adopt different rationalizations to this end.

Finally, our concept of "need" is partially a theoretical offshoot of Felson's Routine Activity Approach where a strong emphasis on materialism appears to be the result of changes in

North American life described earlier by Felson.

### Theoretical Implications of the Study

We feel that this study was able to demonstrate that the opportunity perspective is flexible enough to be adapted to different forms of property crime. This flexibility, we argue, further enhances the reliability and importance of the opportunity notion in criminology.

Using an opportunity-oriented research rationale, we were able to build a theoretical model which also encompasses non-opportunity related variables such as motivation. Had we proceeded differently, we feel our results would have been less theoretically valid considering the research was exploratory.

We have seen how different social, economic, technological and corporate changes affect different industries in different ways. Understanding these differences is, no doubt, an important element which can enhance our comprehension of the employee crime phenomena.

Finally, we suggest that understanding opportunity and motivation can be useful for predicting and analyzing trends and patterns relating to the aggregate commission rate of occupational crime. Forecasts and analyses of employee crime

trends have to work in concert with the understanding of the different industries. For instance, certain manufacturing and retail industries where the theft of goods are prominent may see a higher incidence of employee theft during periods of economic prosperity. More goods may be produced and sold and people may be less afraid of losing their jobs. Theft may increase during recessionary times in places like banks and financial institutions, where money is the dominant commodity to steal.

### Policy Implications of The Study

We feel that data contained in this research as well as our conceptual model may greatly assist companies in fighting employee theft.

Aside from doing thorough background checks on employees at the time of hiring, companies are generally powerless in controlling certain elements such as the need employees have to steal. Companies do, however, have control over opportunity and work climate. We earlier described what made a workplace suitable for theft and what suitable targets for theft were, and how they could be categorized. Companies can now better understand the significant elements of control based on principles of suitable context, suitable target and access.

Work climate is also something which companies should better

understand. Japanese companies, for instance, are among the most productive, innovative and profitable companies in the world. Japanese workers are also among the most loyal and productive because Japanese corporations have created work climates where employees usually stay with one company their entire lives. Employee feedback is very important to companies and keeping employees happy is a vital part of the Japanese corporate philosophy. This probably explains why--as the ex-president of the Canadian Society for Industrial Security states--employee property crime appears to be almost negligible in Japan.

Companies who do not look after their employees and who engage in corporate practices such as hiring part-timers to pay less payroll taxes and social benefits, or of hiring and firing employees before they reach permanent status, create work climates which are among other things, not conducive to productivity and loyalty. Knowing this, companies should take steps to nourish employee loyalty rather than decimating it as may be the current unintentional business practice of many companies. Additional costs for keeping employees happy may be recouped by increased productivity and reduced employee theft.

Unfortunately, as this is not a security survey, we can not get into a detailed description of all the crime prevention strategies that may be utilized by companies based on findings

contained in this thesis. However, clues to traditional and possibly new and alternative prevention practices may be obtained by examining many of the findings and observations discussed in this thesis.

### **Future Research in This Area**

Continued study in the area of employee theft using a similar rationale to the one used in this thesis should aim to further test the conceptual model found on page 27. This model should be applied in the four areas of business: the service, retail, resource and manufacturing industries. The model could then be modified if necessary. The work climate dimension of our model should undergo the most scrutiny as it was derived slightly more intuitively than either the opportunity or need aspects of our model. The work climate issue was also the least discussed during our interviews and should therefore be further analyzed in future research as it is certainly very important.

Finally, a  $C = f(M, O)$  oriented model as shown on page 97 (with possible different "theoretical satellites" as developed in this thesis) could also be tried on, and adapted to, normal index property crimes--or other forms of criminal activity for that matter. For instance, a model examining normal index property crime can replace work climate by a theoretical satellite such as social climate. Felson's Routine Activity

Approach in its original or modified form can represent the opportunity oriented core of the new model. Finally, other factors (i.e., need, material desires, consumerism, etc.) that may crystallize certain significant motivational indicators affecting the incidence of property crime at an aggregate level can be incorporated to generate a comprehensive opportunity/motivation conceptual crime model.

## CONCLUSION

A modified theoretical model inspired from Felson's principles of routine activities was brought forth in the first part of the thesis. The new model attempts to develop an explanation of employee property crime in the workplace. A case study of five companies was then conducted in order to measure the level of adherence the model demonstrated to the actual employee theft problem as reported by a strategic sample of well placed informants operating in the field of industrial security. Although we tried measuring opportunity related indicators, the research approach was, nonetheless, exploratory and allowed us to observe, as well, the importance of motivational variables such as need and work climate. These were then included as theoretical satellites to our initial opportunity model. The study then became an interactive analysis of opportunity and motivation as it applied to employee property crime.

As a final word, it appears that a  $C = f( M . O )$  approach (where C = Crime, M = Motivation and O = Opportunity) may be one that can help fuse the criminal opportunity perspective, which is mostly focused on examining criminal events and occurrence, with theories that examine criminal motivation and behaviour. This may represent a flexible approach that can help introduce a more progressive way of making sense out of what we already know about crime.

## APPENDIX

This questionnaire focuses exclusively on property crimes committed by employees against their company. Such crimes may, therefore, cover offences, the likes of; theft, fraud and embezzlement of company goods (be these goods tangible, as in money and merchandise, or intangible, as in, ideas, trade secrets, marketing strategies, and so forth). The crimes we will discuss will cover both blue and white-collar offences committed within a company by employees.

### QUESTIONNAIRE

1. Can you describe some usual forms of (internal) employee crimes that occur in a company like yours?

Of the crimes you mention can you tell us which employees (their function) typically commit each type of offence you have mentioned.

2. Do you find that the items or money which go missing are usually stolen by employees who are in direct contact with such goods during the course of their daily work, or do you also notice employees stealing from other departments or from places they are not necessarily in contact with?

3. What crimes seem to have become increasingly popular over the last few years?

4. What is the most stolen good or the most recurrent crime in your enterprise?

Has this changed in any way over the years?

5. Do you notice any seasonal patterns in the commission of these crimes?

Are there any periods of the year when there are more or less of these crimes?

Can a parallel be drawn between seasonal increases of these crimes and the other trends in the activities of the company during the same time frame?

6. Aside from seasonal trends, are there other moments when you feel your company may be more vulnerable, or at higher risk, in regard to these crimes?



7. Would you say that this form of criminality is on the rise or decrease, in your company in particular, and in the business world in general?

What do you suspect has been the trend over the last (5, 10, 15, 20,...) years?

8. Have you noticed any patterns over the years relating to the commission of internal crimes?

- patterns relating to the general economy
- state of the company
- work climate
- etc.

9. Do you think social, economic, corporate or technological changes have had some impact on the incidence of employee crimes in your company?

Has the increased use of computers, for instance, had an impact on internal crimes?

10. Have you noticed any patterns in offenders?

- sex
- age
- seniority
- motivation
- position
- financial situation
- family situation
- common excuses
- unusual circumstances
- etc.

11. What factors do you think need to be present for the commission of an internal crime?

12. What do you think motivates an employee to steal?

Do you think factors related to the mere opportunity to commit internal crimes can become motivators in themselves?

13. Would you say employee crimes are usually premeditated acts or rather ones that either occur on the spur of the moment or as a consequence of the presence of some good opportunities?

14. What do you suspect represent opportunities to employees in regards to the possible commission of offences?

15. If employees were not faced with favourable opportunities to steal, do you suspect that most of those who currently steal would continue to steal?

16. Has your company implemented certain crime prevention strategies to stop employee crimes?
17. Have they yielded anticipated results?  
Do you think there are less of these crimes in places where employees are monitored by cameras?

What other security factors would you say may reduce these crimes in the workplace?

Which do you suspect are the most effective means for preventing such crimes?

18. Do you suspect it would be possible to stop or at least to greatly reduce these crimes?
19. Is the delay between the moment a crime is committed and the time it is discovered usually important?
20. Usually, can employees easily mask or hide their crimes?
21. Would you consider these crimes difficult to investigate?
22. Is there anything about the workplace at a broad level that might be particularly suited for the commission of these offences?
23. Do you ever use the police as a resource?
24. Are there some crimes you will not investigate?
25. How useful is the work experience gained on the job by an employee when committing a crime?

Do you think employees with more experience in the company have an easier time at stealing or cheating the company?

26. How do employees usually get caught?

What is your company's usual position when dealing with these employees?

27. Is it fair to say that most companies will not prosecute their employees in court?
28. Is it fair to say the bigger the company, the more this company will be subject to employee crimes, or is this not always the case?

What generalizations could we make concerning the nature and size of a company and crimes committed by employees.

29. Of the service, retail, resource and manufacturing industries, which do you suspect suffer the most losses at the hands of their employees. Why?

30. How serious a problem are "internal" crimes?

How do they rate compared to "external" crimes?

31. Some sources suggest that consumers pay as much as 7-8% more for services and products because of the cost of internal crimes. Do you find these figures accurate or realistic?

Are there any figures you can give us to put the problem in perspective?

32. In conclusion and in a generic fashion, why do you suspect employees steal?

Do you think these crimes will continue to increase?

Do you suspect companies will become less or more able to protect themselves against such crimes in the future?

Are there any other projections you can make for the future?

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