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**Social Research** that works for society

# **Understanding organised criminals' behaviours and perceptions of risk and profit**

## **Methods paper**

Research Report 493

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# Contents

1	Introduction .....	1
1.1	Background and policy context .....	1
1.2	Research aims and objectives .....	2
1.3	Methods .....	2
1.3.1	Sample .....	3
1.3.2	Recruitment .....	3
1.3.3	Data collection .....	4
1.3.4	Methodological challenges.....	4
2	Conclusion .....	6
	References	7
	<b>Appendix A.</b> Participant consent form .....	8
	<b>Appendix B.</b> Interview topic guide .....	10

# 1 Introduction

## 1.1 Background and policy context

The Foreign and Commonwealth Office estimates that organised crime costs the UK ‘at least £32 billion each year’ (Foreign and Commonwealth Office, 2018), and the most recent tax gap analysis shows that £5.4 billion is lost through criminal attacks on the tax system (HM Revenue and Customs (HMRC), 2018). The Serious and Organised Crime Strategy published in 2013 set out plans to reduce the level of organised crime globally using a framework to disrupt engagement, prevent involvement, increase protection and reduce the impact of serious and organised crime, with HMRC taking a lead role in tackling fiscal fraud (Home Office, 2013). HMRC uses tax interventions alongside other enforcement powers to prosecute individuals involved in organised crimes.

Literature on risk-taking criminal behaviour highlights the importance of individual achievement in carrying out activities and taking risks (achievement motivation theory). Matsumoto and Sanders (1988) define two distinct categories:

- Extrinsic motivations which relate to the potential for external rewards; and
- Intrinsic motivations which relate to the pleasure derived from the activity.

Intrinsic and extrinsic motivations have been observed among individuals that are involved in and commit organised crime. It is accepted that a range of factors which relate to an individual’s identity (for example, their sense of belonging and financial status) can increase the risk of people being drawn into serious and organised crime (Strategic Centre for Organised Crime Office for Security and Counter-Terrorism, 2015). However, there is very little evidence on the risk-taking behaviours and motivations of those who have committed offences within the remit of HMRC.

While identity factors are likely to play a part, this research sought to explore the attitudes, experiences and behaviour of those who have been convicted of crimes against the revenue and laundering of those crimes, including, for example, excise fraud.

### HMRC definitions

The 2018 Measuring Tax Gaps report describes organised criminal gangs as groups that:

*‘undertake co-ordinated and systematic attacks on the tax system. This includes smuggling goods such as alcohol or tobacco, VAT repayment fraud and VAT Missing Trader Intra-Community (MTIC) fraud.’* (HMRC, 2018)

HMRC defines as ‘serious crime’ those that involve the use of violence, result in substantial financial gain or are conducted by a large number of people in pursuit of a common purpose. They also include crimes for which individuals could reasonably expect to be imprisoned for three or more years.

Offences of particular interest to HMRC for this study included:

- Excise fraud including alcohol, tobacco and oils;

- Missing Trader Intra-Community (MTIC) fraud<sup>1</sup>;
- Waste and landfill offences;
- Repayment fraud; and
- Tax Credit fraud.

## 1.2 Research aims and objectives

This study was commissioned to understand how individuals became involved in organised crime and their perceptions of risk and profit, and to provide insight on the most effective deterrents to organised crime. The research aimed to help HMRC tailor activities and associated sanctions more effectively to maximise their deterrent effect.

Specifically, it sought to explore:

- How organised criminals assess risk and how this is balanced against potential profit from the crime;
- Whether attitudes vary by the type of organised crime;
- Activities and penalties that are most effective in deterring organised criminals; and
- Whether and how deterrent approaches could be effectively tailored in relation to the type of organised crime.

HMRC commissioned a qualitative research study to help achieve the aims and objectives above. A staged approach was undertaken, with a pause point after stage 1 to decide whether to proceed to the second stage. Four participants were interviewed for the first stage of the research which was less than anticipated. HMRC felt this was insufficient for the research to continue and for details from these interviews to be reported. The rest of this report outlines the methods used and challenges faced, to support further research that might take place in this area in the future.

## 1.3 Methods

A staged approach was planned for the study, as it was acknowledged from the outset that it would be difficult to recruit offenders who had recently been convicted of an identified crime in an organised group. The aim of the first stage was to recruit and interview seven offenders, with the second stage aiming for a further 13 interviews to bring the total to 20. Whether the study should progress to the second stage was dependent on the outcome of the first.

The first stage concluded with the decision that stage two would not be possible as only four participants were interviewed.

Methodological/recruitment challenges are discussed in section 1.3.4.

The research was approved by Her Majesty's Prison and Probation Service National Research Committee (HMPPS NRC).<sup>2</sup> NRC clearance is a necessary process for all researchers who wish to conduct research with staff and/or offenders in prison establishments and National Probation Service (NPS)/Community Rehabilitation Company (CRC) regions. As part of the application process, a senior lead within HMPPS was nominated to help identify and recruit eligible participants in prisons and probation settings across England and Wales. Data sharing agreements were put in

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<sup>1</sup> Europol (2018) provide more information on MTIC fraud.

<sup>2</sup> The HMPPS NRC formally approved this research on 22 November 2017 (ref: 2017-310).

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place between HMRC, HMPPS and NatCen to facilitate the sharing of information relevant to sampling and recruitment.

### 1.3.1 Sample

The first stage of the study was planned, in part, to test the feasibility of the research as it was not known in the early stages the exact nature and extent of the recruitment challenges we would face. It was intended that a sample of seven offenders would be interviewed, and purposively selected for a range of characteristics, in order to achieve diversity of motivations, views and experiences. Key sampling criteria for this study included offence type, sentence type and sentence length. Offender characteristics such as age, gender, nationality and immigration status were also monitored.

A database held by HMRC was used to identify individuals who had been involved in organised crimes against the revenue and laundering of those crimes. The sample was cross-referenced with records held by HMPPS to locate individuals within the criminal justice system. When this approach did not yield the number of interviews required, we obtained a boost sample. This included people who had been convicted after July 2017 (when the original sample had been drawn), and those who were no longer under investigation by HMRC or other agencies. A careful and considered recruitment approach, tailored to the requirements of each setting, was then taken forward (outlined in more detail in section 1.3.2).

### 1.3.2 Recruitment

Individuals were identified using the HMRC database and then invited to participate through the following process:

- The database held by HMRC contained details of all individuals convicted of relevant crimes as part of an organised group since April 2014. Before any information was passed to either NatCen or HMPPS, HMRC carried out eligibility checks to ensure inclusion in the research did not have the potential to compromise ongoing HMRC activity and that individuals were currently residing in England and Wales.
- In line with the relevant data sharing agreements, an anonymised sample was sent to NatCen so that potential participants could be purposively selected according to the key sampling criteria. A non-anonymised sample was sent to HMPPS to enable them to identify the relevant individuals in their own database. Individuals were then located in custody or the community using a full name and date of birth. Eligibility checks carried out by HMPPS removed more individuals than initially anticipated. The capacity of the research team to sample individuals that represented a diverse range of criteria was therefore limited (discussed further in section 1.3.4).
- HMPPS identified two link workers to support recruitment: one to liaise with NPS and CRC gatekeepers (for example, offender managers and probation staff), and one to liaise with gatekeepers in custody (for example, prison governors and offender management leads).
- The link workers were responsible for briefing gatekeepers working with eligible offenders to explain the purpose of the research and to arrange interviews if potential participants agreed to take part. Clear and informative recruitment materials were passed to potential participants to support this process.
- Interviews were arranged for those who agreed to take part on convenient dates. Participants were asked if they were still willing to participate on the day of the interview, and a further consent process was carried out before the interview began.

### 1.3.3 Data collection

Interviews took place between March and May 2018. They were conducted by researchers in private rooms and lasted between 45 and 80 minutes. A topic guide (see appendix B) was used to aid the discussion and ensure consistent coverage of relevant issues. The guides were used flexibly to encourage participants to speak freely about their experiences, views and attitudes. Researchers used open, non-leading questions and answers were fully probed for detail.

### 1.3.4 Methodological challenges

The first stage of the study encountered a number of challenges. It is a marker of high-quality research to acknowledge these, and NatCen worked closely with both HMRC and HMPPS to overcome them. However, it was not possible to recruit and interview as many participants as planned, which meant that HMRC decided not to proceed to the second stage. The two main challenges centred on the sample size and recruitment process and are described below.

#### **Sample size was smaller than expected**

After eligibility checks had been completed by HMRC and HMPPS, and individuals subsequently removed, the original sample decreased considerably in size. The sample size limited the extent to which key sampling criteria could be selected and used to recruit participants to take part in the study. Efforts were made to boost the sample, however this was ultimately unsuccessful.

#### **Complex recruitment process**

In addition to the small sample, there were challenges with the recruitment process which made it difficult to inform potential participants about the research in a timely way and to encourage participation. These included:

- **Making contact and liaising with gatekeepers working with each offender (in prison or via the NPS/CRC).** This process often involved contact with several gatekeepers to explain the research and locate the correct member of staff who could then arrange interviews. Gatekeepers were understandably busy with frontline responsibilities, which meant recruitment could be slow and disjointed.
- **Operational challenges** impacted on the time recruitment took and the momentum of the process. For example, potential participants being managed in the community by probation services had to wait up to six weeks to see their offender manager before the research could be discussed. If meetings were missed or the offender manager did not discuss the research at this time, the opportunity was lost.
- **Individuals were no longer in custody or receiving post-custody supervision and so could not be contacted.** A number of individuals had moved from custody to the community (or vice versa, where they had returned to custody but to a different prison, which made follow-up challenging). Others had completed their sentence, including post-custody supervision. This further reduced the eligible sample.
- **A high number of opt-outs.** Individuals opted out of the research<sup>3</sup> for a number of reasons. These included a lack of incentive payment, perceived risks of discussing

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<sup>3</sup> An 'opt-out' is when somebody decides not to participate in a research encounter after considering their involvement.



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their illegal activities, and being discouraged by others. Some withdrew shortly before interviews that had been booked with them.

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## 2 Conclusion

The purpose of this study was to inform HMRC's understanding of how individuals became involved in organised crime and their perceptions of risk and profit, and to provide insight on the most effective deterrents to organised crime, to inform the tailoring of activities and associated sanctions more effectively to maximise their deterrent effect.

As detailed in section 1.3, two significant methodological challenges were encountered at the first stage of the study. First, the sample size was smaller than expected; second, the recruitment process was highly complex. When carrying out further research on this topic, thought should be given at the earliest stage to sampling and recruitment, to give the best possible chance of achieving sample quotas. The strong relationship between HMRC and HMPPS should also be maintained to support recruitment efforts and a longer recruitment timescale would be beneficial in ensuring access to potential participants. Consideration could also be given to whether primary data could be gathered from other sampled groups – for example, HMRC staff and inspectors, members of the judiciary, police, probation and prison staff. This would broaden the range of views and capture different perspectives on the issue, to supplement offenders' accounts.

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# **Appendix A.**

## Participant consent form

# NatCen

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## Understanding people's actions and views on organised crimes

### Taking part

	Yes	No
I am willing to have an interview set up with a NatCen researcher	<input type="checkbox"/>	<input type="checkbox"/>
I understand I do not have to take part and I can change my mind at any time	<input type="checkbox"/>	<input type="checkbox"/>
I understand it may not be possible for NatCen to interview everyone who agrees to take part	<input type="checkbox"/>	<input type="checkbox"/>

Please write your name here: .....

Please sign your name here: .....

Date: .....

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# Appendix B.

## Interview topic guide

A tailored topic guide was used to ensure a consistent approach across the interviews and between members of the research team. The guide was used flexibly to allow researchers to respond to the nature and content of each discussion, so the topics covered and their order varied between interviews. Researchers used open, non-leading questions, and answers were fully probed to elicit greater depth and detail where necessary.

The main headings and subheadings from the topic guide are provided below.

### 1. Introduction

- Introduce self and NatCen
- Introduce research, aims of study and interview
- Brief overview of topics to be covered in interview
- Length (about 60 minutes)
- Voluntary participation
- Confidentiality, anonymity and potential caveats
- Audio recording (including encryption, data storage and destruction)
- Questions
- Verbal consent recorded on tape.

### 2. Participant background

- Participant demographics
- Background (including area, household, family and social networks, day-to-day activities)
- Education and employment history.

### 3. Crimes committed against HMRC

- Overview of offending history
- Current/most recent sentence within HMRC's remit
- Mechanisms of recent organised crime
- Involvement of others
- Others' knowledge and understanding of the crime.

### 4. Motivations and risks involved in engaging in organised crime

- How participant became involved in organised crime (e.g. push/pull factors, chance etc.)
- Explore reasons for engaging in organised crime for self, family and friends and customers

- 
- Benefits associated with organised crime (actual or perceived)
  - Risks associated with organised crime.
5. Deterrents and incentives
- Actual implications of committing crime and feelings about these outcomes
  - Hypothetical deterrents
  - Views on incentives
  - Role of HMRC and other authorities in providing deterrents and incentives
  - Perceptions of HMRC as law enforcement agency.
6. General views on committing crime and future plans
- Differences between crimes against HMRC and other crimes
  - General views and reflections on crime committed
  - Likelihood of re-offending
  - Final views on role of HMRC in preventing organised crime.
7. Reflections
- Any closing comments.