3. ICBS Instrument, Methodology and Sample

Development of the China ICBS Questionnaire

The China ICBS questionnaire was adapted from the 2000 UN Interregional Crime Research Institute (UNICRI) version of the ICBS that was used in Central Eastern Europe. In order to examine new areas of crime but keep the questionnaire to a reasonable length, questions about violence at work were removed, and the section dealing with protection money was combined with the section on intimidation/extortion. New sections were included on computer-related crime and infringement of intellectual property (IP). Overall, the questionnaire included 120 pre-coded questions, available in English, Cantonese and Mandarin. The Chinese versions were translated from the original English version with the assistance and advice of the Crime Prevention Institute of the PRC’s Ministry of Justice.

The UNICBS questionnaire first asked respondents about their company characteristics—for example, business sector, main activities, number of employees and annual turnover. The next section measured the respondents’ perceptions of institutional obstacles to doing good business, such as the ease of dealing with various types of business regulations, crime, and bribery and corruption. The main section then inquired about the prevalence, during the past 12 months, of nine common crimes against businesses (burglary, vandalism, theft of and from vehicles, theft by employees, theft by customers, theft by outsiders, robbery, assault, and IP infringement); crimes that are more likely to specifically target businesses (fraud by employees and outsiders, bribery, and intimidation, extortion or request for protection money); and finally, computer-related crimes, such as hacking and Internet fraud. When bribery and/or intimidation/extortion were mentioned, respondents were asked about the perpetrator and some details of the incident.

For each type of crime, respondents who reported victimisation incidents were asked whether the company reported the incident to the police. In-depth questions about responses to victimisation were included for the most serious of the 10 common crimes and the business-related crimes. If the incident was

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1 Fourteen questions were adapted from the World Bank’s Private Sector Survey (Brunetti et al. 1997) and included in the UNICBS in 2000. The questions about obstacles to doing business were asked early in the survey in order to avoid respondents’ answers being tainted by their recollection of victimisation; however, we will discuss perceived obstacles to doing business after the prevalence of victimisation.
reported to the police, respondents were asked why the company decided to report the crime, whether it was satisfied with the police response, and, if not, the reason(s) for dissatisfaction. If the incident was not reported, respondents were asked the reason(s) why.

The instrument concluded with general questions about crime prevention and the company’s involvement in crime-prevention practices, and the respondent’s opinion of the police and its effectiveness in addressing crimes against business. Most questions were close-ended and allowed a single answer. Standard answers were presented for open-ended questions, such as those asking about reason(s) for reporting or not reporting victimisation, and multiple answers were usually allowed. Responses additional to the interviewer’s prompts were recorded on a separate sheet. Interviewers often reminded the respondents to exclude incidents mentioned previously.

Two pilot studies were conducted to test the length, logic, likely response rate, Chinese wording and format of the questionnaire: the Cantonese version of the ICBS China questionnaire was piloted in Hong Kong in 2003 (N = 612) and Shenzhen (N = 112) and the Mandarin version in Shanghai in 2005 (N = 30). Data from the pilot studies were not counted as part of the final survey, but were useful to develop the questionnaire, test the Chinese translations and improve the instructions given to interviewers.

Hong Kong Pilot Survey, 2003

The work on the pilot survey was funded by a seed grant from Hong Kong University (2002–03) in conjunction with the UNICRI and the UN Office on Drugs and Crime (UNODC) to extend both the methodology (telephone interview strategies versus face-to-face methods) and scope (new crimes) of the UNICBS.

Development of the Questionnaire and Implementation

The standard UNICBS questionnaire was translated in Cantonese. Because of the additional questions on IP infringement and computer-related crime, and to reduce respondents’ burden, the following sections of the original questionnaire were reduced or excluded.

- Obstacles to doing business: items relating to foreign exchange regulations, price control, investment policies, starting up a business, and political instability were removed from the list of potential obstacles, reducing the number of questions from 14 to eight.
• Insurance: the number of questions relating to insurance was reduced to a single question: ‘do you have insurance?’
• Violence at work: the whole section (10 questions) was omitted from the Hong Kong pilot.
• Losses due to crime: one question on the amount of monetary loss was included, but probing questions to estimate amounts lost through crime and asked of respondents who did not know the specific amount were omitted.
• Bribery: prevalence questions were retained, but most of the questions on the perception of the frequency and modus operandi were omitted.
• Corruption and protection money: the section on corruption was combined with the section on bribery, and the section on protection money was combined with that on extortion.

New questions included

• one about IP infringement, which was added to the list of common crime; IP infringement was defined as ‘illegal reproduction of products and counterfeiting, when patents/trademarks/copyrights/designs owned by your company have been used by others without your permission’
• one in the section on fraud by employees regarding corporate payment or credit-card fraud committed by an employee.

At the end of the victimisation component of the survey instrument, a section on computer-related crime comprising 17 questions was included. Questions on cyber crime were adapted from the Hong Kong UNICVS (Broadhurst et al. 2010). Three questions assessed the extent and the ways in which businesses used computers and the type of protection (for example, antivirus or firewall software) installed on their computers. Questions about computer-related victimisation included: Internet fraud; attacks through malicious software such as viruses, malware and spyware; threats of harm online or through email; unrequested lewd communication; and software copyright violation. Respondents who mentioned incidents of computer-related victimisation were asked whether they reported to the police or other organisations, and how satisfied they were with the response.

The pilot survey was based on a sample of telephone numbers randomly selected from the Yellow Pages (business phone) directory and used a computer-aided telephone interview (CATI) system. It was implemented in Hong Kong in July 2003 and referred to victimisation that occurred from 1 January to 31 December 2002. The response rate was 28 per cent, producing a sample of 612 businesses. Appendix D presents the results of the Hong Kong ICBS Pilot Survey.
What Was Learned from the Hong Kong Pilot?

Various sampling procedures were tested for the pilot survey and the approach, based on random dialling from the Yellow Pages business directory, yielded a satisfactory distribution of business activity when compared with Hong Kong Census and Statistics Department estimates of business sectors and industry/commercial business registries (see Census and Statistics Department, Hong Kong 2006). Based on a victimisation rate of 17 per cent (the highest rate in the pilot for fraud by outsiders), we calculated that a sample of about 1500 businesses would produce at least 250 companies that had experienced some type of victimisation in each city. This figure was adequate to perform reliable basic statistical analyses.

Following the Hong Kong pilot, the survey instrument was further reduced to encourage a higher response rate and minimise respondent burden. Some general questions about the business were removed (for example, when did you start your business, any foreign investment, are you involved in import/export). Overall, the pilot survey indicated that the Chinese version of the UNICBS was culturally appropriate and conducting the survey using CATI was feasible.

Some findings from the pilot were unexpected. There was a higher level of concern about corruption and crime than about conventional ‘impediments’ to business such as tax regimes, import/export controls, and labour, safety and environmental regulations. This was somewhat inconsistent with Hong Kong’s well-regarded and efficient anti-corruption and enforcement capabilities and overall reputation for clean government (as noted in the data reported by Transparency International in the previous chapter). We also found surprising that a similar proportion was concerned by a lack of consultation with business, and that smaller but not negligible groups of respondents complained about changes in law and tax regulations. Tax and regulatory controls in Hong Kong are relatively simple and easy to deal with compared with other jurisdictions. These findings could suggest higher levels of unreported crime against business, particularly corruption; however, since many Hong Kong companies have business interests in the mainland, we suspected that respondents might have conflated their perception of doing business in Hong Kong with their experiences or perception of the mainland, where widespread corruption and complex regulatory practices have been noted.

In order to test this hypothesis, we decided to include an additional item about the location of the company’s premises (only in Hong Kong, only in mainland China, or both in Hong Kong and in the mainland), and to ask Hong Kong respondents two sets of questions about their perception of potential obstacles to doing good business: one set about doing business within Hong Kong, and one set about doing business in the mainland. With these additional questions,
we could test whether respondents with business activities in both Hong Kong and the mainland had similar views on the business environment in both jurisdictions, and whether respondents with business activities only in Hong Kong had different perceptions. As a consequence of this distinction, a larger sample for Hong Kong than for other cities was thought necessary. As it turns out, a significant number of businesses in mainland China also had businesses in Hong Kong and the survey failed to fully capture the likely effect of this on their crime experience.

To ensure reliability and statistical power, we aimed for a larger sample of about 1800 business respondents in Hong Kong and between 1000 and 1200 respondents in the other cities. Assuming a similar response rate of 28 per cent across the four cities in the final survey, we set up the research team with a sufficient number of interviewers with the aim of contacting about 20 000 businesses overall. Appendix E outlines the content of the final survey instrument, and Appendix F provides a copy of the instrument used in the China ICBS.2

Survey Mode and Sample Selection

The ICBS China was conducted in two phases: in Hong Kong, between November 2005 and mid-January 2006, referring to victimisation that occurred in 2004; in Shanghai, Shenzhen and Xi’an, in mid-2006, referring to victimisation that occurred in 2005. All interviews were conducted using computer-assisted telephone interviewing (CATI)—that is, interviewers read the instructions and the questions from a computer screen; answers were entered directly into the computer system and used to select the next question. This process effectively reduces the potential for routing errors by interviewers. All interviews were conducted from the Hong Kong University Social Sciences Research Centre, as the cost of calling long distance from Hong Kong to the mainland cities was comparable with that of employing mainland research agencies and ensured closer quality control. Calling from Hong Kong also avoided the process of obtaining official approval from each city for the questionnaire in the mainland. All interviewers spoke fluent Cantonese, Mandarin and English, and received appropriate training in applying the survey protocol, including two days of intensive practice and preparation. Quality checks were carried out at each stage of the process to ensure satisfactory standards of performance. A validation assessment was conducted on the day following the survey, through a telephone call-back to randomly selected respondents.

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2 The standard ICBS questionnaire is available online at <www.crime.hku.hk/victims.htm>
Sampling

Slightly different sample frames were used in Hong Kong and in mainland China. In Hong Kong, businesses were selected randomly from the business section of the White Pages telephone directory published by PCCW, Hong Kong’s leading telecommunication provider. The advantage of PCCW’s White Pages is that virtually all businesses, except perhaps some home businesses, are listed in the directory. They are listed by name, however, not by business sector. Therefore, the validity of information provided by respondents could be checked only through call-backs to the business.

In mainland China, we used the Yellow Pages directory published by China Telecom as the sampling frame. The directory includes all phone numbers registered for business purposes with China Telecom, the largest state-owned landline service in 21 provinces including Shanghai Municipality, Guangdong Province (Shenzhen) and Shaanxi Province (Xi’an). Using China Telecom Yellow Pages guaranteed an extensive coverage of businesses. Companies are categorised by business sector, thus ensuring the accuracy of information on each company surveyed. The representativeness of the Yellow Pages directory, however, is unknown, and inquiries made to China Telecom over the directory’s percentage coverage of businesses did not yield any results. It is likely that businesses in rural areas and small businesses, such as convenience stores, are under-represented in the UNICBS China.

In all cities, business numbers were randomly drawn from the directories and five attempts were made to call these numbers. Upon successful contact, the person who answered the phone was asked to refer the call to the manager of the company or other persons who understood the operation of the company well if they themselves did not. These respondents were invited to participate in the survey; if they refused, they were not replaced, and the next business on the list was called. The process continued until the desired number of completed interviews was reached.

Response Rate

The research team made approximately 18 300 phone calls to businesses. In total, 5117 business respondents completed the survey: 1817 businesses in Hong Kong; 1110 in Shanghai; 1112 in Shenzhen; and 1078 in Xi’an. The completion rate across the four cities was 28 per cent. An additional 12 per cent of respondents started the survey, but did not complete it, reflecting the demanding nature of the questionnaire. Response rates varied substantially between cities. It was particularly low in Hong Kong (18 per cent) compared with the average for the three mainland China cities (41 per cent). Shenzhen
had the highest response rate (54 per cent), followed by Xi’an (39 per cent) and Shanghai (34 per cent). Response rates might also reflect, to some degree, the salience of concerns about crime, and this can play a role in the willingness of respondents to participate in a survey. Response rates to business surveys are generally lower than for household surveys (KPMG Forensic 2004; Taylor 2002) particularly when seeking interviews with management, who often perceive that surveys are time consuming. This was found to be a recurring problem in Hong Kong, where company managers and others who had enough company knowledge to complete the survey were often too busy to do so upon initial contact. Based on this experience, the method of contact was modified in 2006 in the mainland cities. Rather than requesting to complete the interview at the time of initial contact, appointments were made to arrange a convenient time to conduct the interview. This method boosted the success rate in mainland cities. Interviewers also found that some businesses in the mainland were convinced to participate because the University of Hong Kong—cited as the UNICBS China host in the questionnaire introduction—is a well-known university and has a high reputation in China.

Limitations of the UNICBS

The general limitations that exist within telephone surveys also apply to the UNICBS China. These include: possibilities of sampling error, under-reporting, telescoping, erroneous responses, systematic mistakes and improper coding and processing of data—although in respect to the last two problems CATI helps mitigate coding errors. Crime surveys are prone to a number of response errors. First, participants might not recall trivial incidents that occurred during the survey period. They might recall only incidents that were serious but occurred outside the survey period. Some respondents might fail to realise that an incident is relevant, or they might be unwilling to report certain incidents. Therefore, the UNICBS measures only crimes that respondents were prepared to reveal to interviewers.

Despite the assistance of CATI, interviewers might commit errors during data collection, such as misinterpreting answers or mistakenly entering the wrong code. Together, these factors might affect the reliability of the data obtained.

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3 For example, the response rate via telephone interview for the Hong Kong UNICVS in 2006 was 49 per cent, but the KPMG Forensic (2004) survey of crime against business conducted by mail in 2004 yielded a success rate of only 22 per cent. Generally, response rates of about 25 per cent are considered good in commercial surveys. The Central Eastern Europe ICBS had a surprisingly high average response rate of 65 per cent (ranging between 30 per cent in Moscow and 99 per cent in Tirana). In many of the cities (but not Moscow) the survey was, however, conducted face-to-face, and this method usually yields higher response rates than telephone surveys.
Every effort, however, was made during the administration, data coding and analysis stages to minimise these problems. A small number of cases were excluded due to data inconsistencies or partial completion of the questionnaire.

No weighting was applied to the data regarding business sectors and business size because we lacked accurate information about the overall distribution of business by sector and the numbers employed in businesses, particularly for the mainland. As noted below, however, for Hong Kong, information about the population of businesses was available and this enabled us to compare our sample with official census data. The proportion of businesses in each sector of economic activity in the sample differs from official statistics of contribution to GDP by sector of activity, which suggests the China ICBS sample might not be representative of the population of businesses at least in terms of sector of activity.

In Chapter 9, we will discuss the limitations of the survey in more depth and suggest ways of improving its instrument and methodology. In the next section, we describe the sample of businesses in the China ICBS; then, we proceed to describe victimisation by common crime in Chapter 4, followed by fraud, bribery and extortion victimisation in Chapter 5.

### Characteristics of the China UNICBS Sample

This section describes the characteristics of the sample of businesses that were surveyed in the 2005–06 UNICBS in terms of business activities, size of workforce and locations of premises in each city. These characteristics are described only for those premises that were surveyed. Depending on the size of the companies and whether or not they had branches in other locations, the figures reported might or might not reflect the whole of each surveyed business’s activities and features. The sample consisted of a total of 5117 businesses selected at random in Hong Kong (35.5 per cent), Shanghai (21.7 per cent), Shenzhen (21.7 per cent) and Xi’an (21.7 per cent).

### Business Sector

Across the four cities, the four leading sectors of business activity were manufacturing (33.7 per cent), wholesale and distribution (25.2 per cent), non-food retail (24.3 per cent) and professional services (21.5 per cent) (Table 3.1). Food retailing, unspecified trading and financial services each represented less than 10 per cent of the sample. A relatively large proportion of businesses (17.5
per cent) were also engaged in other types of business activity. Some respondents described their company as a ‘headquarters’ (16.4 per cent) or ‘branch/chain shop’ (10.6 per cent), but did not provide further information on their activity.

Table 3.1 Business Sector by City and Overall, 2005–06 China UNICBS Sample (per cent)

<table>
<thead>
<tr>
<th>Business sectora</th>
<th>Hong Kong N = 1817</th>
<th>Shanghai N = 1110</th>
<th>Shenzhen N = 1112</th>
<th>Xi’an N = 1078</th>
<th>All businesses N = 5117</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>23.5</td>
<td>44.2</td>
<td>43.4</td>
<td>30.1</td>
<td>33.7</td>
</tr>
<tr>
<td>Wholesale/distribution</td>
<td>18.1</td>
<td>26.8</td>
<td>23.9</td>
<td>36.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Retail—non-food</td>
<td>20.9</td>
<td>22.3</td>
<td>22.7</td>
<td>33.8</td>
<td>24.3</td>
</tr>
<tr>
<td>Professional services</td>
<td>20.9</td>
<td>23.3</td>
<td>19.8</td>
<td>22.5</td>
<td>21.5</td>
</tr>
<tr>
<td>Retail—food</td>
<td>10.5</td>
<td>4.5</td>
<td>3.1</td>
<td>7.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Trade (unspecified)</td>
<td>4.8</td>
<td>1.5</td>
<td>1.3</td>
<td>0.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Financial services</td>
<td>2.5</td>
<td>1.6</td>
<td>1.2</td>
<td>1.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Other sectors</td>
<td>24.9</td>
<td>12.3</td>
<td>14.7</td>
<td>13.5</td>
<td>17.5</td>
</tr>
<tr>
<td>Head office</td>
<td>6.5</td>
<td>23.3</td>
<td>24.9</td>
<td>17.2</td>
<td>16.4</td>
</tr>
<tr>
<td>Branch/chain shop</td>
<td>3.4</td>
<td>17.2</td>
<td>12.9</td>
<td>13.4</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Note: a Multiple answers were allowed, so percentages add up to more than 100 per cent.

Respondents were asked to nominate all their company’s activities at the premises surveyed, which could crossover two or more sectors. Just over half (55 per cent) the respondents indicated that their business was involved in only one sector of activity, 33 per cent in two sectors, and 12 per cent in three or more sectors. There were differences between cities: a larger proportion of Hong Kong businesses (67.2 per cent) cited a single sector compared with 48.6 per cent of mainland businesses, and 29.8 per cent of Hong Kong businesses but 34 per cent of mainland businesses mentioned two sectors of activity. This suggests that mainland businesses had more diversified lines of business and explains why there was a higher proportion of mainland businesses represented in each sector of activity. To be able to conduct statistical analyses on the factors linked to the likelihood and type of victimisation, we needed to recode each business’s sector of activity into a single variable made up of mutually exclusive categories. The following decisions were applied.

- First, the sectors were combined into five categories: manufacturing, retail (including food and non-food retail), wholesale/distribution and unspecified trade, financial and professional services, and other sectors; the last category includes those who described their activity as headquarters and branch/chain (coded as administration and management).
Businesses with a single sector of activity and those with two sectors of activities that had been combined were coded according to the above categories.

When two or more sectors had been mentioned and one of them was ‘headquarters/branch’, this answer was eliminated and the case was coded according to the actual sector. A similar process was applied when respondents had mentioned ‘other sector’ along with other responses.

For about 20 per cent of businesses, no single sector of activity could be identified from the responses given. We were able to refine our coding scheme by using the answers given to two other survey questions: location of premises (for example industrial estate, shopping precinct, serviced building), and does your premises belong to a chain of shops? The answer to these questions permitted us to assess the most likely sector of activity when several were mentioned. For example, if respondents said they were involved in retail and wholesale, and their premises was located in a shopping precinct, we coded the main sector of activity as ‘retail’; if respondents mentioned manufacturing and retail, and their premises was located in an industrial estate, their business was coded as ‘manufacturing’. Table 3.2 presents the main sector of activity of the surveyed businesses in each city and overall, and Figure 3.1 (top) compares businesses in Hong Kong and the mainland.

### Table 3.2 Main Sector of Business Activity by City and Overall (per cent)

<table>
<thead>
<tr>
<th>Main business sector</th>
<th>Hong Kong N = 1817</th>
<th>Shanghai N = 1110</th>
<th>Shenzhen N = 1112</th>
<th>Xi’an N = 1078</th>
<th>All businesses N = 5117</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>23.5</td>
<td>44.2</td>
<td>43.4</td>
<td>30.1</td>
<td>33.7</td>
</tr>
<tr>
<td>Retail</td>
<td>27.4</td>
<td>13.1</td>
<td>14.2</td>
<td>25.2</td>
<td>21.0</td>
</tr>
<tr>
<td>Financial &amp; professional services</td>
<td>22.8</td>
<td>20.8</td>
<td>16.9</td>
<td>20.4</td>
<td>20.6</td>
</tr>
<tr>
<td>Wholesale/distribution/trade</td>
<td>18.6</td>
<td>14.6</td>
<td>11.4</td>
<td>20.9</td>
<td>16.7</td>
</tr>
<tr>
<td>Administration/management and other sectors</td>
<td>7.7</td>
<td>7.3</td>
<td>14.0*</td>
<td>3.3</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Note: * A relatively large proportion of Shenzhen’s businesses described their activities as headquarters or branches, without specifying a sector of activity.

There were significant differences in business activities between Hong Kong and the mainland and some differences between the three mainland cities. Significantly more companies were engaged in manufacturing in the mainland than in Hong Kong (34.9 per cent and 23.5 per cent respectively), while businesses in Hong Kong were more likely to be involved in retail (27.4 per cent compared with 17.4 per cent in the mainland). Similar proportions of businesses were engaged in the other sectors of activity in Hong Kong and the mainland.
The distribution of businesses by sector of activity was comparable in Shanghai and Shenzhen: manufacturing was the largest sector (43–44 per cent of businesses), followed by financial and professional services (17–21 per cent), and retail and wholesale/distribution (11–15 per cent). Reflecting variant development and government policies, Xi’an had a different pattern of business activity, with only 30 per cent of businesses involved in manufacturing but 25 per cent in retail. A similar proportion of businesses (20 per cent) were active in the wholesale/distribution and financial and professional services sectors. About one-quarter of companies in Shanghai and Shenzhen were headquarters, with a lesser proportion in Xi’an (16.4 per cent) and only 6.5 per cent in Hong Kong.

Figure 3.1 Main Business Sector and Size of Workforce, Hong Kong and Mainland China

A record of the total number of registered companies in Hong Kong and their sector of economic activity is available from the Census and Statistics Department (2006) and we are able to assess the representativeness of the Hong Kong sample of businesses. Such data are not available, however, for
Our Hong Kong sample of 1817 businesses represented 0.61 per cent of the population of registered companies (in 2005). Of these 296 249 companies, 61 per cent were engaged in the wholesale and retail sector, 22 per cent in financial and professional services, 5 per cent in manufacturing and 12 per cent in other various sectors of activity. Therefore, we see from Table 3.2 that the manufacturing sector (23.5 per cent) is over-represented in the Hong Kong ICBS sample (by a factor of about four), while the combined wholesale and retail sectors (46 per cent of the sample) are under-represented. The share of businesses in the financial and professional services sector and various other sectors is on par with the population.

For mainland businesses, we can perform only a gross approximation of the sample representativeness using contribution to GDP (see the economic characteristics of the four cities presented above). Economic sectors’ contribution to GDP is not an adequate way to estimate representativeness because it does not take into account the size of the companies—for example, a small number of very large factories will contribute more to GDP than a great number of small workshops. Given the limited amount of information we could gather on businesses activities in the mainland, we present below this crude estimation of the representativeness of the mainland sample. The Shanghai sample seems representative of the economic activities of the city, since the secondary sector contributed 48 per cent of GDP in 2005, and, in our sample, 44.2 per cent of businesses are manufacturers; however, manufacturing seems under-represented in the Shenzhen and Xi’an samples: while the secondary sector contributed 61 per cent to Shenzhen’s GDP and 44 per cent to Xi’an’s GDP, 43.4 per cent of the Shenzhen sample and 30.1 per cent of the Xi’an sample were involved in manufacturing.

**Annual Turnover and Workforce**

The majority of data on the companies’ annual turnover are missing, with only 30.5 per cent of valid answers. Interviewers frequently noticed a certain reluctance from respondents to reveal financial data and were instructed not to probe or press for an answer given the apparent sensitivity, particularly among mainland respondents. There were more valid answers in Hong Kong (42 per cent) than Shanghai (28 per cent), Shenzhen (20 per cent) or Xi’an (24 per cent). Based on the figures available, there were no major differences in mean annual turnover between Hong Kong and the mainland, or between the four cities.

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4 We did find a record of the total number of mainland companies earning more than CNY5 million and similar data for Shanghai (NBS 2007; Shanghai Municipal Statistics Bureau 2006, 2010). Unfortunately, as described in the next section, the majority of data on our businesses’ turnover was missing, which made it impossible to compare our sample of mainland businesses with the population.
With so much missing information, however, this variable is not useful, and we use the number of employees at the premises surveyed (full-time, part-time and casual) as a proxy to estimate the size of the businesses.

More than 40 per cent of all businesses were small, with 10 or less employees; more than one-quarter (27.9 per cent) had 11 to 49 employees, and about 18 per cent had between 50 and 250 employees. Nearly two-thirds of Hong Kong businesses were very small (one to five employees) and nearly 80 per cent had 10 or less employees—in contrast with the mainland where only 21.9 per cent of the businesses surveyed employed 10 or less people (Figure 3.1, bottom). In the three mainland cities, the majority of the businesses surveyed were medium to medium-large (50 to 250 employees), although companies in Xi’an tended to be smaller than those in Shanghai and Shenzhen (Table 3.3).

The size of businesses varied by sector of activity (Table 3.4). Three sectors—manufacturing, administration/management, and financial and professional services—tended to have larger workforces (more than half of these businesses had workforces totalling between 11 and 250 workers). The majority of retail businesses were small: 63.3 per cent employed 10 or less people, and only 4.1 per cent had more than 250 employees. The size of the workforce is consistent with the repartition of businesses by city and sector; a larger proportion of manufacturing businesses were located in the mainland and they tended to have a larger workforce, but a majority of retail businesses were located in Hong Kong and they tended to have a smaller workforce. With fewer manufacturing companies than Shanghai and Shenzhen, Xi’an had a larger proportion of small businesses although still far less than Hong Kong.

**Location of Businesses**

Respondents were asked two questions about the location of their premises. First, whether their premises was located in a town or city centre, in a built-up area outside a city centre, in the countryside or somewhere else. The second question was more precise and included seven response options: an industrial
estate or business park, an indoor shopping precinct, an outdoor shopping precinct, a main shopping street, an out-of-town commercial area, a serviced building for small businesses or another location. This question is important to assess whether some business locations are more prone to victimisation than others and provides information on the types of crime-prevention initiatives more likely to be effective in certain locations. On the last question, respondents could pick several answers. The variable was simplified by combining several categories. When businesses mentioned several locations that could not be combined, a single location was selected based on the type of business, its size and whether it was located in the city centre or out of town. For example, if a business’s main sector of activity consisted of financial or professional services, and the respondent said the premises was located in a main shopping street and a serviced building, we coded the location as serviced building, because we assumed the serviced building was located in a shopping street. The four main locations were: industrial or business area, which included industrial estates, business parks and out-of-town commercial areas; shopping area, which included indoor and outdoor shopping precincts and main shopping streets; serviced building for small businesses; and other locations.

Table 3.4 Size of Workforce by Main Business Sector (per cent)

<table>
<thead>
<tr>
<th>Size of Workforce (N employees)</th>
<th>Manufacturing (N = 1634)</th>
<th>Retail (N = 1035)</th>
<th>Wholesale/Trade (N = 808)</th>
<th>Financial &amp; Professional services (N = 1008)</th>
<th>Other sectors (N = 382)</th>
<th>All sectors (N = 4867)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–10</td>
<td>28.2</td>
<td>63.3</td>
<td>53.1</td>
<td>42.7</td>
<td>34.6</td>
<td>43.3</td>
</tr>
<tr>
<td>11–49</td>
<td>28.1</td>
<td>23.6</td>
<td>32.7</td>
<td>32.2</td>
<td>36.1</td>
<td>29.4</td>
</tr>
<tr>
<td>50–250</td>
<td>29.6</td>
<td>9.1</td>
<td>11.4</td>
<td>17.3</td>
<td>19.4</td>
<td>18.8</td>
</tr>
<tr>
<td>251+</td>
<td>14.1</td>
<td>4.1</td>
<td>2.8</td>
<td>7.8</td>
<td>9.9</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Note: * Excluding ‘don’t know’ and refusals.

Not surprisingly, the location of business premises was related to the type and size of the business. Businesses involved in manufacturing were more likely to be located in industrial or business areas, retail businesses were most often located in shopping areas, and financial and professional services, as well as smaller wholesale and trading businesses, in serviced buildings. Across the four cities, more than one-third of businesses (35.6 per cent) were located in industrial or business areas (Table 3.5). In Shenzhen, half the businesses were located in such areas; in Shanghai, 43.3 per cent; and this relates to the predominance of the

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5 For example, the notion of ‘crime prevention through environmental design’ was first formulated by criminologist Ray Jeffery (1971) and developed by others (for example, Newman 1972).
manufacturing sector and larger businesses in these two cities. More premises in Hong Kong and Xi’an were in shopping areas because of the larger proportion of food and non-food retailers in these two cities.

Table 3.5 Location of Business Premises by City (per cent)

<table>
<thead>
<tr>
<th>Location</th>
<th>Hong Kong N = 1817</th>
<th>Shanghai N = 1110</th>
<th>Shenzhen N = 1112</th>
<th>Xi’an N = 1078</th>
<th>All businesses N = 5117</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and business area</td>
<td>23.9</td>
<td>43.3</td>
<td>50.0</td>
<td>32.6</td>
<td>35.6</td>
</tr>
<tr>
<td>Shopping area</td>
<td>34.2</td>
<td>19.8</td>
<td>21.9</td>
<td>33.0</td>
<td>28.2</td>
</tr>
<tr>
<td>Serviced building</td>
<td>26.7</td>
<td>20.5</td>
<td>22.1</td>
<td>15.4</td>
<td>22.0</td>
</tr>
<tr>
<td>Other locations</td>
<td>15.1</td>
<td>9.7</td>
<td>12.7</td>
<td>19.0</td>
<td>14.2</td>
</tr>
</tbody>
</table>

Although the questionnaire referred only to victimisation at the premises surveyed, respondents were asked whether their company had other premises, and where these premises were located. We were particularly interested in the opinion of Hong Kong respondents who also ran businesses in the mainland. A significantly larger proportion of mainland companies had multiple premises compared with Hong Kong (40.9 per cent and 28.8 per cent respectively), and this is consistent with their generally larger size. The majority of the businesses surveyed (84.9 per cent) were located in a single jurisdiction (56.5 per cent in mainland China and 28.5 per cent in Hong Kong), although they could have several premises within this jurisdiction. A slightly higher proportion of Hong Kong businesses also had premises in mainland China (19.9 per cent) compared to mainland businesses with other premises in Hong Kong (12.5 per cent). Table 3.6 shows that businesses with premises in both Hong Kong and the mainland were generally larger. For example, just more than 10 per cent of Hong Kong businesses with premises in the mainland had between 50 and 250 employees, compared with only 3.4 per cent of single-premises companies. Among the three mainland cities, Shenzhen companies were the most likely to have premises in Hong Kong as well (21.7 per cent, compared with 11.7 per cent for Shanghai and 5.2 per cent for Xi’an). This is not surprising since Hong Kong and Shenzhen are adjacent to each other and have strong commercial and financial links.

Table 3.6 Size of Workforce by Location of all Premises (per cent)

<table>
<thead>
<tr>
<th>Size of workforce*</th>
<th>All N = 1793</th>
<th>No premises in mainland N = 1435</th>
<th>Premises in mainland N = 358</th>
<th>All N = 3074</th>
<th>No premises in HK N = 2686</th>
<th>Premises in HK N = 388</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–10</td>
<td>79.9</td>
<td>83.6</td>
<td>65.4</td>
<td>22.0</td>
<td>23.3</td>
<td>12.8</td>
</tr>
<tr>
<td>11–49</td>
<td>14.3</td>
<td>12.6</td>
<td>20.9</td>
<td>38.1</td>
<td>39.1</td>
<td>31.4</td>
</tr>
<tr>
<td>50–250</td>
<td>4.7</td>
<td>3.4</td>
<td>10.1</td>
<td>27.1</td>
<td>26.8</td>
<td>28.8</td>
</tr>
<tr>
<td>251+</td>
<td>1.1</td>
<td>0.4</td>
<td>3.6</td>
<td>12.8</td>
<td>10.8</td>
<td>27.0</td>
</tr>
</tbody>
</table>

Note: * Defined as N full and part-time employees and based on N = 4867 businesses, excluding ‘don’t know’ and refusals; missing values on location of premises were coded as Hong Kong only or mainland only.
Interviewees

We hoped to be able to interview people in managerial positions as often as possible, because they should have the most knowledge about the business, in terms of both company background and potential victimisation. Across the four cities, 47.6 per cent of respondents occupied managerial positions: 22.8 per cent were the owners, managing directors or chief executives; 17.1 per cent were the managers of the premises surveyed; and 12.6 per cent occupied various executive positions such as financial director, production manager or company secretary (including 4 per cent of respondents who were responsible for the company’s security). Other interviewees (52.4 per cent) included clerks, sales assistants and other non-executives.

Although the proportions varied between the mainland cities, overall, we interviewed significantly more executives in Hong Kong than in the mainland (65.5 per cent and 45.2 per cent respectively). In Xi’an, 50.5 per cent of the respondents were executives; in Shanghai, 47.7 per cent; and in Shenzhen, 37.7 per cent. The interviewee’s position was related to the size of the company: more managers completed the survey in small to medium businesses than in larger companies, where predominantly employees were interviewed. This explains why more managers were interviewed in Hong Kong, since the majority of the businesses surveyed were small or medium-sized. One drawback is that while executives and managers have more knowledge about the business and its victimisation, they are also very busy people and, therefore, are more likely to refuse being interviewed or are unable to complete the survey. It is probable that the low response rate in Hong Kong is partly due to this problem. On the other hand, non-executive employees, as expected, knew less about the business. For example, while many respondents refused to reveal the annual turnover of the company, between 34 and 47 per cent of managers provided an answer compared with less than 20 per cent of employees. We found a consistent pattern where non-executive respondents were more likely than managers to answer ‘don’t know’ on many of the survey questions: less than 2 per cent of managers could not answer questions about victimisation compared with 4–5 per cent of non-managerial staff; on the crime-prevention questions, up to 15 per cent of non-executive respondents responded that they did not know. This has of course implications for the accuracy of the information we received, as employees might also have answered questions for which they did not have complete or accurate knowledge. It also suggests that future surveys of this nature need to reconsider how best they might boost the involvement of senior staff and managers. We now turn to the prevalence and type of victimisation against business, which we describe in the next two chapters.