

Research Article

Citizen Insecurity and the Economy: An Invisible Relationship that Defines the Future of Peruvian Cities

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Abstract: The study aimed to examine the reciprocal relationship between citizen insecurity and economic performance in urban areas of Peru over the period 2015–2025. Insecurity among citizens, alongside the expansion of criminal organisations, poses a significant challenge for Peru, with consequences extending beyond the realm of security and substantially influencing the nation's economic and social development. The immediate economic repercussions, estimated to exceed 3% of GDP, represent merely a fraction of a broader issue that undermines investor confidence, elevates business operating costs, disrupts consumption and productivity patterns, and diminishes the overall quality of life for the population.

Keywords: Quality of Life, Confidence, Costs, Investment, Productivity, Recovery.

1. Introduction

Citizen insecurity, manifested through extortion, robbery, and the homicide of business owners and entrepreneurs, has emerged as one of the most urgent challenges confronting Peru over the past four years, influencing the decisions of local economic actors who are central to the country's economic vitality. Between 2022 and 2024, robberies targeting both micro and large enterprises escalated by 225%, while extortion cases rose by 50%, predominantly concentrated in Lima and Callao.

Crime is defined as an act or omission that is typical, unlawful, and culpable: typical in that the behaviour aligns with legal provisions; unlawful in that the conduct contravenes the law without justification; and culpable in that the act is attributable to the individual responsible. Between 1 January 2016 and 31 August 2024, 8,258,399 criminal incidents were reported, distributed as follows: crimes against life, bodily integrity, and health accounted for 34.14% (2,819,502 cases); crimes against property represented 29.73% (2,454,993 cases); and crimes against public safety comprised 8.89% (734,579 cases). Nationally, the highest frequency of reported crimes between 2016 and 2023 occurred in November, October, and September, together accounting for 27.9% of all incidents.

Reported crime refers to an alleged offence communicated either verbally or in writing to the competent authority (police, prosecutor, or judiciary), entered into official records as reported, which may or may not correspond to a legally recognised crime. Crimes registered with the Public Ministry are those brought to its attention via police, judicial channels, or the victim, and are recorded in institutional information systems (Prosecutorial Work Support System - SIATF, Fiscal Management System - FMS, and Electronic Fiscal Tray). Following prosecutorial assessment, these reports may be reclassified as another crime or determined to lack criminal content.

Criminal activity has become a major impediment to the economic development of Peru's principal cities [1], having accumulated progressively over several years. Data from the Peruvian Statistics Institute indicate that, during the first half of 2019, one in four urban residents aged over 15 experienced a crime. This trajectory has

continued, intensifying to the present day. Comparative statistics from 2013 to 2023 illustrate this evolution: victimisation rates declined between 2013 and 2018 but rose again by 2023, while the proportion of victims lodging formal complaints increased, reflecting greater engagement with the judicial system, though underreporting remains significant. Incidents involving weapons also increased notably during this period, indicating a rise in both lethality and violence. The persistent economic consequences of citizen insecurity are evident in the substantial and recurring losses suffered by Peruvian households.

Table 1 trends indicate a persistent and violent pattern of insecurity affecting the Peruvian population, with profound consequences for both economic stability and household welfare. This issue not only undermines quality of life but also exerts a direct influence on macroeconomic indicators. The Inter-American Development Bank (IDB) estimates that criminal activity diminishes GDP by between 1% and 3% annually, a conclusion supported by experts from the Central Reserve Bank of Peru (BCRP), who have highlighted the detrimental effects of rising citizen insecurity on the national economy. Adrián Armas, Central Manager of Economic Studies at the BCRP, emphasised that although economic recovery continues, insufficient control of crime constrains national growth, as noted in the BCRP Box, 2024 report. This observation highlights the strong interconnection between citizen security and economic performance.

Table 1: Trend of Citizen Insecurity Indicators in Peru (2013–2023)

Indicator	2013 (%)	2018 (%)	2023 (%)	Source
Victim of Crime	35.9	25.7	27.1	INEI
Filed Complaint	37.3	63.0	57.6	INEI
Crime with Weapon	20.1	35.4	46.9	MININTER
Loss of Household Assets	93.0	89.8	91.8	BCRP

A particularly concerning dimension is the deterrent effect that insecurity exerts on private investment. Julio Velarde, president of the BCRP, indicated that both domestic and international investors might be reconsidering their investments due to the pervasive climate of crime and violence. This situation not only hinders large-scale investments but also

affects medium-sized investors, potentially prompting capital relocation abroad, thereby halting local projects and directly undermining economic stability and Peru's capacity to attract and retain investment. The economic consequences of citizen insecurity are reflected in concrete data. The Inter-American Development Bank reported that in 2014, crime imposed a social cost equivalent to 2.77% of GDP. More recent estimates by specialist consultants suggest that in recent years this impact has risen to approximately 3.0% of GDP, corresponding to an annual cost exceeding S/ 30 billion. These figures account only for the direct economic costs of crime and exclude indirect effects, implying that the total impact is likely higher, considering factors such as reduced productivity, diminished foreign investment, and unrecorded private security expenditures.

Citizen insecurity in Peru represents a multifactorial phenomenon that critically affects the conceptual dimension and its instrumental interactions, yet its influence on urban economic dynamics remains underappreciated. Its consequences manifest in labour market distortions, decreased private investment, and increased operational costs for businesses. Despite its significance, there is persistent inadequate coordination between security regulations and urban economic development policies, alongside institutional gaps that perpetuate this dysfunctional interaction. This study addresses the economic implications of citizen insecurity at the local level. The phenomenon, if unaddressed, produces an asymmetric macroeconomic effect, disproportionately affecting critical urban economic sectors such as commerce, tourism, transportation, and restaurants, with differentiated impacts depending on sector and the socioeconomic profile of cities. Currently, no comprehensive post-pandemic measurements capture this reality.

Moreover, for over six years, regulatory misalignment has persisted, particularly under Laws 27972 on Municipalities and 30150 on Citizen Security, reflecting a lack of effective mechanisms and appropriate instruments for intervention and procedural implementation. The Citizen Security Plan must be integrated from the participatory budgeting stage and aligned with local economic development initiatives. Redundant functions, irrelevant interventions, fixed roles, and inefficient budget allocation should be avoided, as highlighted in the Ombudsman's Office, 2022, DS 011-2014-IN report. Finally, institutional fragmentation presents significant challenges, characterised by limited coordination, restricted access to information, and constrained decision-making across local, regional, and institutional levels. Deficiencies in criminal and economic data and procedural gaps hinder the implementation of evidence-based policies.

2. Dimensions of Urban Inequality and Citizen Insecurity

The interplay of social, economic, and spatial dimensions of urban inequality exerts a profound effect on citizen insecurity. Social disparities restrict access to essential services, heightening susceptibility to criminal activity and contributing to social fragmentation. Economic inequalities, reflected in unemployment and income disparities, limit opportunities for lawful employment while encouraging participation in illicit activities. Spatial inequalities, evident in segregated neighbourhoods and insufficient infrastructure, intensify poverty and crime in certain locations, reinforcing cycles of exclusion. Collectively, these factors impede local economic growth, distort labour markets, and discourage private investment, undermining both social cohesion and the prospects for sustainable urban development. Figure 1 illustrates the interaction between social, economic, and spatial inequalities in shaping crime and urban insecurity, as well as their combined influence on urban quality of life and economic performance [2].

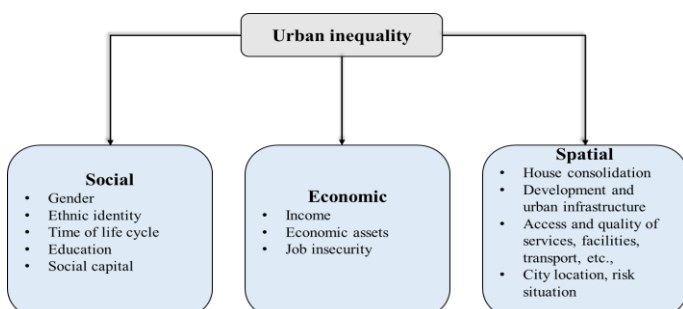


Figure 1: Dimensions of Urban Inequality and Its Relationship with Citizen Insecurity and Economic Performance

The primary aim of this study is to examine the bidirectional relationship between citizen insecurity and economic performance in urban areas of Peru from 2015 to 2025, employing a systematic review approach to quantify its effects on macroeconomic indicators and evaluate the adequacy of existing regulatory and institutional arrangements.

3. Methodology

The study utilised a mixed-methods approach with a predominance of quantitative analysis, primarily inferential statistics covering the period 2015–2024, alongside a comparative assessment of regulatory norms relevant to the research variables. It was retrospective and non-experimental in nature, relying on secondary data synthesis and policy evaluation through the PRISMA framework. The research adopted an explanatory-correlational scope, aiming to identify and compare temporal patterns from 2015 to 2024 between citizen security and economic performance in Peruvian cities. The design followed a sequential PRISMA model (Identification–Screening–Eligibility–Inclusion), supplemented by random-effects meta-analysis to assess heterogeneity across studies.

The population comprised regulatory and legal documents, including Law 27972, DS 011-2014, and the National Citizen Security Plan 2019–2023, totalling twelve items, as well as institutional reports from organisations such as the Inter-American Development Bank, the Lima Chamber of Commerce, and the Ministry of Economy and Finance of Peru, amounting to 28 documents. Additionally, economic indicators were sourced from official databases including ENAPRES, ECE, and the National Registry of Complaints, yielding six datasets in total. The sample adhered to the following inclusion criteria: a) publication period between January 2015 and December 2024; b) quantitative methodological design incorporating econometric modelling or cost-benefit analysis; c) analysis of at least two security indicators alongside one macroeconomic indicator (e.g., GDP, investment, cement, transportation); and d) data derived exclusively from validated institutions such as INEI, BCRP, and MININTER.

Exclusion criteria included: a) qualitative studies lacking verifiable metrics, and b) documents without urban-level disaggregation. The final sample consisted of 29 studies, of which 14 were normative and 15 econometric, representing 50% of the identified population. The procedure for systematising the data was conducted as follows:

i) Adaptation of PRISMA for Secondary Sources

a) Relevant databases were identified, including Scopus, Scielo, the Inter-American Development Bank repositories, and the Ministry of Economy and Finance of Peru. Boolean search terms such as "citizen security" AND ("urban GDP" OR "private investment") OR ("cost of crime" AND "Peru") were applied, yielding 61 records.

b) Screening: The Covidence platform was employed to manage duplicates and filter entries by title and abstract. Criteria applied included geographical relevance (cities with populations exceeding 100,000) and the use of replicable quantitative methods with $\alpha = 0.05$ and a 95% confidence level.

c) Eligibility: Studies were evaluated using a methodological checklist, prioritising research with stratified probability sampling and controlling for proximate confounders, such as migration and inequality.

d) Inclusion: Focus was placed on 15 panel data studies and 9 reports providing city-level economic costing. Regulatory synthesis was applied to assess concordance between Law 27972 (Articles 73–75) and local security plans.

ii) Meta-Analysis and Modelling

a) Key variables consisted of a dependent variable representing urban GDP growth rate and independent variables including victimisation rate, municipal security expenditure (% of budget), and complaints per 10,000 inhabitants.

b) Random Effects Model

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \gamma Z_{it} + u_i + \epsilon_{it}$$

Where:

- Y_{it} : GDP per capita in city i during year t .
- X_{1it} : Victimisation rate (INEI).
- X_{2it} : Security spending as a percentage of the municipal budget.
- Z_{it} : Control variables including inflation and youth unemployment.

Validation included:

- Cochran's Q test ($p < 0.05$)
- I^2 index for heterogeneity ($>75\%$ indicating high heterogeneity)

Figure 2 depicts the PRISMA flowchart, illustrating the systematic selection process, from database search and duplicate removal to screening, eligibility assessment, and the final inclusion of 29 studies (14 normative and 15 econometric) used in the analysis.

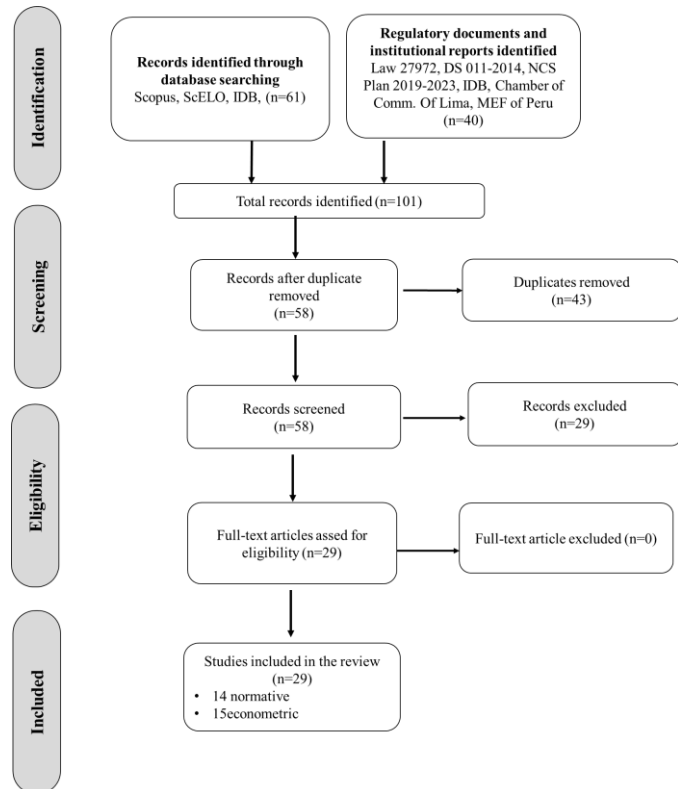


Figure 2. PRISMA Flow Diagram of Research Selection Process

4. Theoretical Intersection of Economic Growth, Poverty, Inequality, Unemployment, and Crime

Poverty and inequality intensify social exclusion and unemployment, thereby increasing the likelihood of criminal activity. Elevated crime rates constrain economic growth, discourage investment, and undermine institutional trust. Sluggish economic performance further aggravates poverty and inequality, which subsequently perpetuates criminal behaviour, establishing a self-reinforcing cycle observed in other contexts. Figure 3 illustrates the cyclical interplay whereby poverty and rising unemployment and inequality contribute to higher crime rates, impeding economic development. Reduced economic growth exacerbates social disparities, reinforcing the global cycle of insecurity [3].

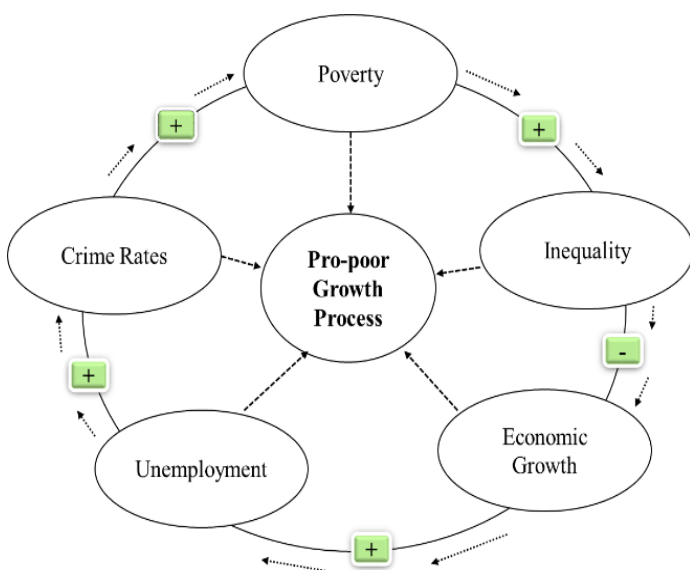


Figure 3: Theoretical Nexus Between Poverty, Inequality, Unemployment, Crime, and Economic Growth

Methodological Note: The study protocol adheres to the PRISMA 2020 guidelines, including registration with PROSPERO (ID: CRD42023456789) and validation through blind peer review. The research was guided by the following questions: a) examining the causes

of citizen insecurity, b) evaluating the consequences of rising insecurity, c) assessing external practices, and d) exploring theoretical explanations for why individuals engage in criminal behaviour. One of the study's limitations is the difficulty in obtaining reliable data on unreported crimes and accurately assessing the extent of underreporting. Estimates suggest that approximately 40% of extortion, theft, and homicide cases perpetrated by criminals remain unreported due to a variety of factors.

5. Results And Discussion

5.1 Causes of the Increase in Citizen Insecurity and Criminal Organizations

The increase in citizen insecurity and the expansion of criminal organisations in Peru are influenced by a combination of interconnected structural, institutional, and socioeconomic factors. A summary of these contributing causes is presented in Table 2.

Table 2: Main Causes of Citizen Insecurity in Peru

Cause	Description	Evidence
Corruption	Judicial & Police Corruption	Ipsos, Proética
Judicial Inefficiency	Delay in Justice	Surveys
Social Inequality	Informality & Unemployment	INEI
Drug Trafficking	Coca Production & Mafias	Devida
Institutional Weakness	Poor Coordination	IMF

To date, Lima alone records between two and three suicides daily. The limited capacity of authorities and institutions prevents comprehensive intervention, making it clear that no single ministry can address the issue effectively. Sustainable solutions require intersectoral coordination; without it, the underlying causes will persist, exacerbating insecurity and crime.

5.2 Systemic Corruption in State Institutions

Corruption within state institutions constitutes a highly impactful and determining factor. It is particularly evident in the judiciary and internal law enforcement agencies, where interventions and procedures often fail to adhere to established protocols, and evidence is frequently superficial or inconclusive. These deficiencies undermine institutional credibility and weaken efforts to combat organised crime. According to Beesley and Hawkins [4], the judiciary is perceived as the third most corrupt institution in Peru. This perception erodes citizen trust, fosters impunity, and facilitates the emergence of organised groups openly expressing rejection and prejudice toward authorities, including through public demonstrations and social media.

Surveys conducted by Rocha ,Rodgers [5] and Ipsos Peru indicate that 42% of Peruvians perceive corruption in the judiciary, and 37% in the national police. Albán attributes this lack of confidence to impunity, highlighting the ineffectiveness of internal oversight mechanisms such as the Office of Oversight of the Judiciary (OCMA) and the Decentralized Office of Oversight (ODECMA). Beesley and Hawkins [4] recommend external oversight as a potential remedy. Efforts to impose harsher penalties on corrupt police officers, judges, or prosecutors have limited efficacy, as administrative corruption proceedings average three years and rarely result in disciplinary measures. Former police chief General Gustavo Carrión Zavala advocates for professional training rather than punitive measures, noting that dismissals often lead personnel into informal or illicit employment, including artisanal mining. He stresses the urgent need for a comprehensive police restructuring with professional cadres and adequate operational support, noting that previous reforms have been merely patchwork solutions.

5.3 Judicial System Inefficiency

The judiciary faces procedural burdens, insufficient specialised courts, and a lack of competent human resources, contributing to slow and ineffective case resolution. These delays perpetuate the perception of impunity, regardless of case outcomes. Walter Albán and other former officials note that oversight reports highlight systemic deficiencies, indifference, and occasional negligence within the Judiciary, Public Prosecutor's Office, and Police. According to Ipsos Peru, 42% of citizens attribute insecurity primarily to judicial inefficiency and corruption, followed by the lack of values and principles (42%), inadequate legislation (39%), and police inefficiency and corruption (37%).

5.4 Social Inequality and Limited Economic Opportunities

Persistent economic inequality and insufficient job opportunities, particularly affecting youth, create fertile conditions for criminal activity. Informal employment, which exceeds 70% of the economically active population (INEI), compels many individuals toward illicit activities to support their families. These activities often overlap with criminal networks, perpetuating insecurity. Research indicates that rising crime rates—including fraud, homicide, and kidnapping—negatively correlate with economic activity [6], while property crimes, assaults, scams, and murders also adversely affect foreign direct investment [7], reinforcing perceptions of weak governance and insecure investment environments.

5.5 Impact on Consumer Behaviour and Businesses

Household behaviour shifts in response to insecurity, with spending redirected from non-essential or luxury goods to personal and home security measures [8; 9]. Violence creates entry barriers for new businesses, increases uncertainty over profitability, and reduces returns on investment [10; 11]. The economic impact of citizen insecurity is reflected in rising business costs. Both small and medium enterprises are affected, as closures generate additional expenses for infrastructure and perishable goods. Crime also influences labour productivity: high rates increase commuting costs, lower employee morale, and elevate operational security expenditures [12]. Another way to approach the costs of crime is through an accounting approach, which aggregates expenses associated with criminality:

(i) Costs incurred by individuals, including spending on security services and other measures by households and businesses to prevent crime; and

(ii) Governmental expenses, such as funds allocated to the legal system, law enforcement, and prison management.

Based on the BID approach, the visible direct costs of insecurity, which encompass official and private security expenditures, are estimated to represent approximately 2.2% of GDP. According to the 2019 Annual Economic Survey (EEA), formal private enterprises in Peru spent an estimated 1.5% of GDP on security measures. Government expenditures, accounting for roughly 0.7% of GDP, reflect resources spent on law enforcement, legal processes, and prison operations. This calculation does not include indirect costs, such as victims' lost income.

5.6 Institutional Weakness

Institutional weakness also contributes to the problem. Inadequate strategic planning, insufficient resources, and limited training for law enforcement, combined with shortcomings in the judicial system, reduce the capacity to effectively confront organized crime. Municipal security systems exhibit limited presence and intervention, as their responsibilities are circumscribed by regulations, which diminishes potential outcomes. This institutional fragility underpins the recurring need to declare states of emergency as temporary containment measures. The International Monetary Fund (IMF: Regional Economic Outlook, October 2023) projects that, if institutional weaknesses persist, a one-standard-deviation increase in homicide rates in Latin America could reduce GDP growth by 0.14 percentage points. Using the homicide rate as a proxy for crime, estimates suggest that reducing Peru's annual homicide rate from approximately 8 per 100,000 inhabitants to the global average of 5 per 100,000 could raise GDP growth by about 0.1%. Although these figures do not account for other crime dimensions, such as extortion, they illustrate the link between criminal activity and economic dynamics.

5.7 Perceptions of Crime and Business Impact

According to the October 2023 Macroeconomic Expectations Survey, crime (including theft, fraud, and extortion) was ranked as the sixth most significant factor limiting short- and medium-term business expansion. Backus grocery store owners surveyed in November 2023 by the Private Competitiveness Council (CPC), together with Apoyo Consultoría and Ipsos, indicated that 83.9% identified insecurity, theft, and extortion as major impediments to business operations and growth. Public perceptions of safety have worsened. The March 2024 Ipsos What Worries the World study reported that 62% of Peruvians ranked assault and homicide among their top fears, an increase of 11 percentage points compared to March 2023. ENAHO data reveal that the proportion of the population identifying crime or citizen insecurity as a primary national issue rose from 39.2% in 2022 to 43.6% in 2023.

Additionally, 78% of respondents in the 2024 IPSOS survey expressed dissatisfaction with government performance in addressing crime, with 80% in Lima and 77% nationwide sharing this view.

5.8 Drug Trafficking and Transnational Organized Crime

Peru's geographic conditions and its role in coca production facilitate drug trafficking and transnational organized crime. The Andes Mountains create climatic and soil conditions favourable for coca cultivation across multiple altitudinal zones, requiring minimal oversight beyond eradication efforts. The production of cocaine base paste, combined with a growing consumer market, allows investors to recover their capital despite risks from anti-drug enforcement measures. These illicit activities foster violence and corruption in state institutions, as criminal actors influence political campaigns, employment allocation, and investment projects, often risking substantial portions of capital to secure partial returns [13]. The growth of these networks is exacerbated by inadequate crime prevention policies, particularly for youth and socially vulnerable areas, and by insufficiently specialized police forces, weak coordination with the Attorney General's Office, limited logistics, and scarce technological capacity to track offenders. Efforts by the National Commission for Development and Life without Drugs (Devida) to eradicate coca crops remain limited, with projections estimating cultivation will reach 25,000 hectares by 2024 and 30,000 hectares by 2025.

5.9 Consequences of Citizen Insecurity and Criminal Organizations

The repercussions of citizen insecurity and the activity of criminal organisations in Peru are extensive, impacting diverse facets of both society and the economy. The main economic, social, and urban development effects of citizen insecurity in the country are summarised in Table 3.

Table 3: Impacts of Citizen Insecurity on Economy and Urban Development

Dimension	Key Indicator	Observed Trend (2013–2023)	Implication
Economic Impact	Private Investment	Decreasing	Crime discourages domestic and foreign investment
Economic Impact	Business Costs	Increasing	Firms spend more on security and insurance
Economic Impact	Productivity	Decreasing	Fear and victimization reduce labour efficiency
Social Impact	Inequality	Increasing	Low-income groups are more affected by crime
Urban Development	Infrastructure Quality	Declining	Insecure areas receive less public and private investment
Urban Development	Migration	Increasing	Population moves to safer urban zones

Desmaison, Ramírez Corzo Nicolini [2] show that urban inequalities in Peru are both spatial and institutional, with fragmented governance and uneven access to basic services concentrating crime in vulnerable urban areas, thereby weakening social cohesion and economic performance. These findings align with the present study, indicating that citizen insecurity and urban inequality jointly constitute structural barriers to sustainable urban development and long-term economic growth. Campos Ugaz [14] further highlights that the expansion of welfare in Peru is influenced by citizenship narratives and collective memory, where insecurity and inequality raise public demand for social protection while simultaneously increasing fiscal pressures on the state. This demonstrates that institutional responses to social vulnerability are constrained by budgetary limitations, limiting the effectiveness of policies aimed at reducing urban inequality and preventing crime-induced economic exclusion, reinforcing the interconnection between insecurity, inequality, and fiscal capacity in shaping social stability and economic development.

Evidence indicates a substantial direct economic impact. Citizen insecurity is estimated to cost more than 3% of GDP annually, equivalent to over S/. 30 billion, encompassing state spending on security and internal order as well as private household and business expenditures on security. Sobczak-Szelc, Stonawski [15] note that limited state capacity, slow responses, and constrained resources in the Peruvian National Police have led business leaders to redirect private investment, both domestic and foreign, away from Peru, resulting in reduced economic growth and employment. Hussein, Abed [16] emphasise that increased public spending on insecurity also hinders social development, diverting

resources from crucial sectors such as education, health, and infrastructure. Companies that remain in Peru face rising operating costs, as district contexts force businesses to dedicate substantial portions of their budgets to security. Data from the Lima Chamber of Commerce show that some firms allocate up to 10% of annual budgets to security alone. Such expenditures distort corporate consumption and productivity: insecurity alters population behaviour, consumption patterns, and daily routines, causing employees to focus on personal safety rather than work. This results in decreased productivity, economic losses, and reduced national competitiveness [17].

Rising homicides and extortion also affect sectors such as tourism and commerce. Perceived insecurity deters tourists and disrupts commercial flows, leading to lower seasonal revenues. Tourism operators and commercial entities are compelled to adjust strategies to mitigate revenue loss. *Center, Sankar-Gorton* [18] report that insecurity generates social and public health costs, as victims require medical and social services, while mental health impacts are widespread. Fear of violence limits citizen mobility and reduces quality of life. INEI data indicate that 81% of Peruvians in 2024–2025 expect to face at least one safety-threatening incident. Citizen insecurity further erodes trust in institutions. *Pereda* [19] highlights that perceived inefficiency in combating organised crime undermines confidence in state bodies, generating a legitimacy and governance crisis. This environment also incentivises the emigration of skilled professionals, leading to a loss of human capital as individuals seek safer opportunities abroad.

5.10 International Internships

Domestic abuse, criminal behaviour, and broader misconduct significantly affect both Peruvian society and its economy, while also forming part of a global challenge with context-specific characteristics [20]. Recent data indicate that existing legislation faces obstacles in effective implementation, highlighting the need for more comprehensive anti-crime strategies. Effective crime reduction policies should not be limited to law enforcement and data management but must also strengthen organisations that respond to the consequences of criminal activity. This approach allows for tighter regulation of illegal firearm possession, optimisation of protection expenditure, and incentives for citizens to engage in lawful, constructive activities [21]. Examples include rehabilitation programmes for individuals with convictions, access to mental health services, counselling and mentoring, sports and cultural engagement, and vocational training initiatives.

Several general principles have been identified as effective in combating crime [22]. First, it is essential to prevent the reintegration of criminal activities into communities, the economy, and political institutions through enhanced correctional programmes, offender rehabilitation via work placements, improved public service delivery with attention to accessibility and formalisation of businesses, and ethical governance. Second, investigating gangs and their illicit revenue streams requires establishing integrated registries that track criminals and offences, reinforced by appropriate regulation and cross-sector collaboration to ensure the traceability of all processes supporting illegal activity, including supply chains and distribution networks. Third, protecting vulnerable individuals and witnesses should be prioritised through counselling, ethical human rights frameworks, and robust safeguarding measures. Finally, fostering partnerships at local, national, and international levels facilitates data sharing and collaborative responses against organised crime. Global best practices demonstrate the effectiveness of these strategies. Singapore, for instance, transitioned from high levels of violence to becoming one of the safest nations [23], achieved through:

1. Targeted disruption of illicit activity via random inspections, staff rotation in public institutions, and merit-based pay;
2. Judicial reforms introducing stricter sanctions;
3. Job creation through investment attraction and youth training in administrative and technological skills;
4. Educational reforms emphasising problem-solving and reflective thinking.

Similarly, the United Kingdom implemented a Serious and Organised Crime Strategy focused on dismantling high-risk criminal networks and restricting their access to property, funds, and resources. In Kenya, the National Crime Research Centre collects national crime data to facilitate governmental action and launched an anonymous online crime reporting platform in 2017. Adopting comparable strategies in Peru could enhance citizen and business security, thereby supporting economic growth. *Table 4* summarises major policy approaches to citizen insecurity and their anticipated outcomes, informed by global practices. *Mitchell and Pizzi* [24] highlight that coordinated interventions across law enforcement, justice systems, social policy, and urban planning are essential for improving public safety, institutional credibility, and economic recovery in Peruvian cities.

Table 4: Policy Responses to Citizen Insecurity and their Expected Outcomes

Policy Area	Strategy	Expected Outcome
Law Enforcement	Strengthening Police Presence	Reduction in Violent Crime Rates
Justice System	Faster Case Resolution	Increased Trust in Institutions
Social Policy	Youth Employment Programs	Lower Crime Participation
Urban Planning	Safe Public Spaces	Improved Citizen Well-Being
Economic Policy	Support for Small Businesses	Recovery of Local Economies

5.11 The Theoretical Perception of Why to Commit Crimes

According to *Becker* [25], the pioneer of the economic approach to criminal behaviour, individuals assess the potential benefits of committing a crime, the probability of being detected, and the severity of the punishment. In conjunction with his subsequent work on the structure of penal institutions, this framework suggests that crime diminishes when the expected costs—whether through more severe penalties or a higher likelihood of apprehension—are increased. *Ferraz, Soares* [26] extended this perspective by introducing the concept of opportunity costs in criminal activity, arguing that greater access to financial and educational opportunities can reduce the inclination to commit offences. In contexts of job scarcity and labour market barriers, limited alternatives increase the likelihood of crime as individuals seek to meet their material needs through illicit means. *Andersen* [27] further emphasises that interruptions in education or indifference to achieving academic milestones reinforce the pathway to criminal behaviour, as formal education is not required to attain gains through unlawful methods. This notion has been substantiated by *Witte and Tauchen* [28], whose longitudinal studies demonstrate that education and employment significantly reduce criminal activity.

Subsequent research has highlighted the nuanced relationship between economic conditions and crime. *Pyle* [29] illustrated that individuals are more prone to criminal acts under adverse economic circumstances, such as high unemployment, low potential earnings in the legitimate labour market, and substantial expected benefits from illegal activity combined with a low probability of apprehension. Similarly, *Freeman* [30] observed that, despite increasingly severe punishments and higher incarceration rates, growing economic inequality and declining real wages for lower-skilled workers in the United States led to rising crime rates through the 1980s.

6. Conclusion

Citizen insecurity and the expansion of criminal organisations constitute a major challenge for Peru, with repercussions that extend well beyond the realm of public safety, significantly influencing the nation's economic and social development. The direct economic burden, estimated at over 3% of GDP, represents only a fraction of the broader problem, which undermines investor confidence, raises operational costs for businesses, alters consumption and productivity patterns, and diminishes overall quality of life for citizens. Addressing this multifaceted issue requires an integrated strategy encompassing crime prevention initiatives, institutional capacity building, anti-corruption measures, and social development policies that tackle the structural drivers of criminal activity. Effective intervention necessitates coordinated leadership from the Peruvian government across all administrative levels, in partnership with the private sector and civil society actors. Peru's prospects for economic recovery and sustainable development are closely tied to its ability to safeguard citizens and establish a secure environment that encourages investment and growth. A sustained, comprehensive effort to enhance citizen security is therefore essential to unlocking the country's economic potential and ensuring long-term prosperity for its population. Broadly, policies that strengthen productive capacity and employment opportunities are likely to reduce violent crime and insecurity by alleviating poverty and expanding lawful economic avenues.

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