

Factors Affecting Performance of Private Security Firms in Nairobi County: A Case Study of G4S Security Services (K) Ltd

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Abstract: *This study investigated the factors affecting performance of private security companies in Nairobi County using a case of the G4S (K) Limited. The study used a descriptive research design and purposively sampled 70 respondents from the top management employees in the key sections G4S Security Services Ltd. The findings show that G4S operates in a sector with no regulatory framework and therefore Kenya should develop a PSC regulatory framework since this affects the performance of PSCs to a great extent. The study recommends all states should develop a national policy on the regulation of the private security sector as well as its rapport with the state security providers. A better regulated private security industry could possibly improve security conditions in Kenya besides creating more opportunities for employment.*

Keywords: Private Security, Private Security Company, Regulatory Framework

1. Introduction

The importance of security to mankind cannot be over-emphasized because the socio-economic structure of any given society depends on the security system that is available and accessible in such a society. As such, human beings and societies, since the beginning of time, have developed ways to safeguard themselves and their properties against any threat. A number of these measures predate the institutionalization of the public police and other uniformed but state-owned institutions. While the state remains dominant in the security sector in the present age, it is not the only significant actor because the notion that people have a right to protect themselves against any threat has existed since time immemorial (Dempsey, 2008).

According to Fischer and Green (2004), most governments have limited resources and thus cannot provide one hundred percent security for her people. This has resulted to the need for the private security companies (PSC) to complement efforts of state actors in crime prevention. The whole idea of PSC started first in the developed world and later in the developing world (Dempsey, 2008). The needs range from citizens' fear of crime to the awareness that the public police cannot effectively control crime by themselves. This had mandated greater liaison of citizens, organizations and companies with the private security sector and its resources to jointly forge a partnership for crime prevention and reduction (Fischer and Green, 2004).

In Kenya, the rise in crime and the growth of the private security sector are intimately connected to the decline of state capacities and services that began in the late 1980s and continued throughout the 1990s (Abrahamsen and Williams, 2005). Just like the case for many African countries, this was a period of declining economic prosperity in Kenya.

During this period, state expenditure and investment were drastically reduced due to suit the international donor requirements for economic liberalization as well as structural adjustment. As a result, the country plugged into continuous deterioration and lost the ability to deliver services, including the provision of law and order. The police are under-funded and poorly paid, even after recent pay rises, and often resort to extortion and corruption in order to subsidize their wages. The police force has frequently been implicated in political intimidation and violence (Human Rights Watch, 2003).

There is a deep and widespread distrust in the police, and the extent to which the police are frequently regarded as part of the problem rather than the solution to crime and disorder. Further, the decline in state capacity also led to a decline in its previous ability to create employment and consequently contributed to a rapidly expanding problem of urban unemployment, swelling the shantytowns and informal settlements around major cities. According to Abrahamsen and Williams (2005), this setting has provided the conditions for an increasingly criminalized environment. Crime in Kenya, and particularly in the Nairobi County, has risen sharply in the past few years. The above scenarios have resulted in the increased growth and presence of PSCs to both directly and indirectly assist in the law enforcement process in preserving safety and security.

Private security in Kenya entails the different forms of security provided by individuals, companies, and other organizations to a client at a fee as opposed to public security which is a public good provided by the state (Safer World, 2008). The industry therefore is meant to fill the gap that the Government of Kenyan (GoK) may be unable to bridge using its conventional security architecture which typically includes policing, military, and intelligence

institutions. In Kenya, the private security industry is one of the fastest growing sectors of the economy and it is a significant employer. Even though it is much more visible in urban centers than it is in rural, the industry is well spread countrywide. PSCs offer a range of services including; classical physical protection of private and public properties, close protection of VIP's, cash-in-transit escort, safeguarding 'properties of strategic importance' and security for sports and music events (Wairagu et al., 2004). Although the importance of PSCs in Kenya is increasingly receiving recognition as playing an important role in fostering conditions conducive to development, investment and growth, the sector confronts a number of difficult challenges in the operation of PSCs. This study seeks to establish the various factors that affect the performance of PSCs in Kenya. The study will focus on the G4S Security Services (K) Limited in Nairobi County.

G4S Security Services (K) Limited, formerly Securicor Security Services Kenya 20 years ago, has rapidly grown from a courier and alarms response services provider to a firm that now offers an array of security services to its clients. Its performance has witnessed the launch of Stadia Safety and Security audit commissioned by the Kenya Premier League to enhance Safety and Security in all Kenya Premier League stadia across the country; the Graduate Management Trainee Program that identifies suitable candidates in a range of disciplines to help drive the company's business; Fire Detection and Alarm system solution that provides an early warning incase of fire outbreak to enhance evacuation and remedial action to mitigate against fire spread; and the SymmetryTM Access Control System which centralizes and controls all security systems for ease of management and increased level of security. Its excellent performance as a PSC has made G4S Security Services (K) Limited the leading company in event security including; the Tusker All Stars concert, the Standard Chartered Bank Nairobi Marathon, the Safaricom Sevens rugby tournament, the Lewa Marathon and among other community events. However, the 80% market share that G4S Security Services (K) Limited commanded in the local market over the last two decades has drastically declined. Currently, with increased number of other PSCs, the company has a market share of 44% and the company's profits have also been on a decline especially in the past three years (Wairagu et al., 2004).

G4S takes pride in offering customers innovative solutions through the application of local market knowledge, built up over time and supported by global expertise. The company offers a comprehensive range of security solutions. G4S offers a complete suite of services to provide a total security solution designed to meet customer needs ranging from cash services, vault services, manned guarding, receptionist services, alarms, CCTV, access control, data storage, transport, logistics, event management, secure data services, asset tracking and fire services.

2. Statement of the Problem

Insecurity and fear have become part of the main defining features of life in Kenya. A report by the United Nations (UN) Habitat characterizes Nairobi as one of the world's most dangerous capital cities, and insecurity is a major deterrent to tourism, foreign investment and the overall economic growth in the country (Stavrou, 2002). Consequently, the high levels of violence and crime and the lack of confidence and trust in the public police force have resulted in the abundance of private security providers. Over 2000 private security companies (PSCs) currently operate in the country, and large sections of the population rely on private providers for their everyday security (Ngugi, 2004).

The private security industry is, therefore, increasingly recognized as playing a significant role in nurturing conditions conducive to development, investment and growth in Kenya. However, just like any other business, PSCs are confronted by a number of difficult challenges in their day-to-day operations (Ngugi, 2004). The coordination and cooperation between PSC and the police is unstructured, often inefficient; and ineffective. The sector is at present largely unregulated, and standards of service and professionalism vary considerably.

The past few years have been very challenging to most players in the private security industry. G4S Security Services (K) Ltd. has not been spared either with the company experiencing a sharp decline in their market share and dipping profits (Wairagu et al., 2004). This is partly attributed to competition from the increasing number of PSCs offering the same services at lower rates. The firm has a learning and development department that identifies customer or sector specific needs and design appropriate interventions to deliver relevant training programmes for its staff in such areas. The firm is fully committed to generating sustainable value for its shareholders by delivering the highest quality of services and helping to make the world a safer place and has adopted new technology in its armored vehicles to reduce incidences of heists while transporting cash for its clients. The company hopes to completely eradicate this problem with their new technology. Due to its ISO 9001 certification under the directorate of industrial training, the company is efficiently reducing its operational costs. With its portfolio and trained staff, G4S offers a one stop shop in the provision of services especially in event security management and therefore differentiates itself from other players in the industry.

G4S Security Services (K) Ltd delivers tangible long-term benefits to its clients through include improved security, reduced costs, greater revenue-generating opportunities and better experiences for their customers. The investors on the other hand rely on company always to seek long-term and sustainable growth generated through its strong and ongoing relationships with clients as the world's leading provider of

security solutions. Despite this recognition, to the best knowledge of the researcher, no known research has been conducted in Kenya with regard to the factors that affect its performance. This study therefore sought to investigate factors affecting performance of firms in the private security industry with specific reference to G4S (K) Ltd.

3. Research Objectives

3.1 General Objective

To establish the factors affecting performance of private security companies in Nairobi County.

3.2 Specific Objective

To determine the extent to which regulatory framework affect performance of G4S (K) Limited.

4. Research Question

How does regulatory framework in the industry affect the performance of G4S (K) Limited?

5. Conceptual Framework

The conceptual framework is shown in figure 5.1.

Independent Variable Dependent Variable

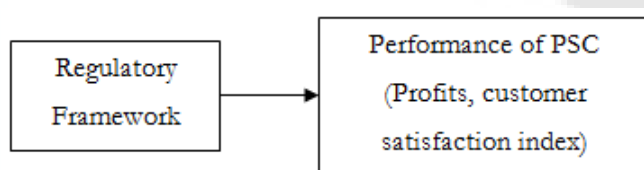


Figure 1: Conceptual Framework

6. Literature Review

The literature was reviewed from journals, reference books, internet, working papers, periodical and reports.

6.1 Regulatory Framework

Private security entails the different forms of security provided by individuals, companies and other organizations to a client at a fee as opposed to public security which is a public good provided by the state (Wairagu et al., 2004). The industry fills the gaps that governments may be unable to bridge using their conventional security architecture which typically includes policing, military, and intelligence institutions. Governments also contract private security firms where the option is cost-effective.

A comprehensive regulatory framework at the national level is essential for both achieving public oversight and control over the private security sector. Many states have portrayed an increasing tendency toward the establishment of comprehensive legislation to govern and control the work of PSCs (Button and George, 2006). However, there are still many states where such a framework is either flawed or lacking. According to Button and George (2006), all states should develop a national policy on the regulation of the private security sector as well as its rapport with the state security providers. The policy should be designed to ensure the highest possible standards in both spheres and be supplemented with appropriate primary legislation and regulations. Locally operating companies and those operating beyond the country should be regulated by national legislation (Button and George, 2006).

There exists a significant overlap between the state and the non-state security providers (Holmqvist, 2005). Apart from the often poor distinction between the responsibilities of each sector, there are a number of PSCs that employ off-duty policemen, and even have police and government officials on their Boards which in turn impact on the performance of the PSCs. Appropriate regulations are essential to fully enhance and put a clear understanding about the relationships between the private and public security sectors (Schreier and Caparini, 2005). In cases where they are not well defined, and/or present conditions conducive to corruption, misuse of power, accountability and oversight are very poor.

In Kenya, where the private security industry is one of the fastest growing sectors, considerable regulatory challenges have been existence for quite some time (Wairagu et al., 2004). The PSCs have at the same time themselves frequently been perceived as a major source of insecurity (Abrahamsen and Williams 2005). The introduction of regulation for the private security sector came as a matter of urgency leading to the establishment of the Private Security Industry Regulatory Authority (PSIRA) through the Private Security Industry Regulation Bill, 2010. This mirrors the South African and the British models for the licensing and monitoring of domestic private security services (Abrahamsen and Williams, 2005). A better regulated private security industry could possibly improve security conditions in Kenya besides creating more opportunities for employment. Consequently, anticipated Security Sector Reform (SSR) measures can help in addressing the relationship between private security companies and law enforcement agencies.

However, the Private Security Industry Regulation Bill, 2010 does not cover some of the most important issues, such as training and wages, and there are also doubts regarding its effective enforcement. In regard to the private security sector in Kenya, there have been continuous disputes over the enforcement of the minimum wage and

other labour laws for the usually unarmed security guards. This has been one of the biggest issues for domestic regulation that has affected the performance of PSCs in Kenya (Wairagu et al., 2004). The bill doesn't have a clear legislation to establish minimum requirements for the transparency and accountability of PSC operations, ranging from internal systems of governance like staff recruitment, training and conduct, responsibilities of boards of governors to financial and contractual matters like company structures, and duties of public disclosure.

There are other non-domestic regulatory challenges that affect the operation and performance of the Kenyan private security industry. They stem from the export of private security services to neighboring countries. The private security market in Kenya is comparatively highly developed and because of its strategic geographical position, it serves as a hub for the security services to most of the East African states. Also, international agencies as well as the extractive industry are increasingly relying on the services of Kenyan PSCs adding weight to the call for appropriate regulatory framework to enhance better service delivery by the private security sector. A seminal study on the private security sector in Kenya by Wairagu et al. (2004) called for effective government regulation through licensing and monitoring schemes. The study also recommended the formation of professional associations through which security operators could be represented in official committees and voices their legitimate concerns. The national private security markets reflect the overall socio-economic circumstances, the political situation and the strategic challenges of a country. This makes it an almost impossible situation to suggest a one-size-fits-all template for the regulation of the diverse national markets for PSCs.

According to Mandel (2002), legislation impacts on the performance of PSCs. As such, comprehensive licensing systems that clearly defines the type of services that PSCs may be allowed to provide and providing for the revocation of licences in certain cases should be established. In addition, the legislation should establish a clear set of criteria against which licence applications are assessed on a case-by-case basis. There are specific points to consider including whether the company and its proposed activities might threaten public security; undermine economic development; exacerbate instability; contribute to or provoke internal intervention or external aggression; violate international embargoes. Schreier and Caparini (2005) add that regulation regarding the operation of PSCs should demand that thorough background checks be undertaken of PSC employees and owners prior to licensing and that vetting procedures should be extended to the close family members of PSC owners and operators in order to discourage the ownership and management of PSCs by criminal or party-political actors.

According to Holmqvist (2005), the service delivery and performance of PSCs can be enhanced if states establish a government policies that ensure that all personnel employed by PSCs are individually not only licensed to work within the private security sector but are also trained to high standards for effective and efficiency operations of the PSCs. Extra-territorial regulation of national PSCs should be considered in order to account for situations in which national PSCs 'export' their services (and weaponry) due to the increasingly transnational nature of the private security sector. Also, the legislation should contain provisions on the registration and storage of firearms used by PSC employees. Such regulation should form part of wider national small arms and light weapons (SALW) control programme.

7. Research Methodology

The study adopted descriptive research design. The study population of the study was all the 15,000 G4S Security Services (K) Limited employees while the target population was 234 respondents comprising of senior managers in cash services, alarm response, marketing, manned security services, courier services, secure data, and fire and equipment services. Purposive sampling technique was used to select 70 interviewees from the target population. The study used primary data collected using a structured questionnaire.

7.1 Research Findings

Simple descriptive statistics were used to analyze the data collected through questionnaire. This includes percentage, tables, pie charts and graphs.

7.2 Regulatory Framework

Most of the respondents, 88% , indicated there is no system of regulation at the national level to enhance the the achievement of public oversight and control over private security companies like G4S Kenya Limited as shown in figure 2.

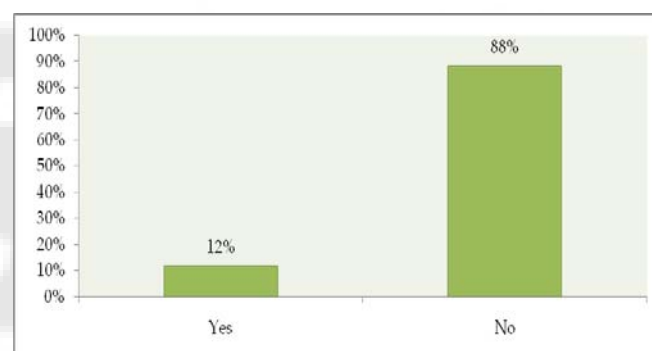


Figure 2: Existence of PSC Regulatory Framework

G4S therefore operates within a poor environment in terms of PSC regulatory framework despite the fact that private

security industry is one of the fastest growing sectors (Wairagu et al., 2004). A comprehensive regulatory framework at the national level is essential for both achieving public oversight and control over the private security sector (Button and George, 2006). Kenya should develop a PSC regulatory framework as well as a national policy on the regulation of the private security sector as well as its rapport with the state security providers. Further, table 4.7 and figure 4.6 show a summary of the findings. A PSC regulatory framework affects the performance on G4S Security Services (K) Limited as shown in figure 3 because some of the companies employ off-duty policemen while some have police and government officials on their Boards (Holmqvist, 2005).

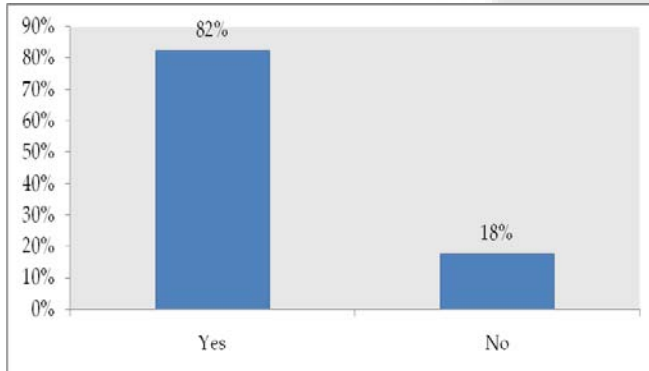


Figure 3: PSC Regulatory Framework effect on PSC Performance

Table 1 show that most of the PSCs have no 'Code of Conduct' for PSC self-regulation exists. The Private Security Industry Regulation Bill, 2010 does not have a clear legislation to establish minimum requirements for the transparency and accountability of PSC operations, ranging from internal systems of governance like staff recruitment, training and conduct, responsibilities of boards of governors to financial and contractual matters like company structures, self-regulation and duties of public disclosure (Wairagu et al., 2004).

Table 1: Code of Conduct for PSC Self-regulation

Existence of 'Code of Conduct' for PSC Self-regulation	Frequency	Percentage
Yes	12	24%
No	36	71%
Not sure	3	6%
TOTAL	51	100%

Using a 5-point Likert scale where 1-1.499 was very low extent; 1.500 - 2.499 was low extent; 2.500 - 3.499 was moderate extent; 3.500 - 4.499 was great extent and 4.500 - 5.000 was very great extent, the respondents were asked to indicate the extent that aspects of regulatory framework enhanced the performance of G4S Ltd and other companies in Kenya. Table 2 shows a summary of the findings.

Table 2: Regulatory Framework

Regulatory Framework	N	Min	Max	μ	σ
Licensing systems clearly defining the type of services G4S may be allowed to provide.	51	2.00	5.00	4.17	0.883
Provision for licence revocation in certain cases	51	2.00	5.00	4.05	0.827
Legislation with a clear set of criteria against which licence applications are assessed.	51	3.00	5.00	4.35	0.606
Legislation that demands for thorough background checks be undertaken of G4S employees and owners prior to licensing	51	2.00	5.00	4.35	0.932
Limited duration licences that ensure high standards of professionalism and continual monitoring of PSCs activities	51	1.00	5.00	4.00	1.225
Government policy that ensures that all G4S employees are individually licensed to work within the private security sector and trained to high standards.	51	1.00	5.00	3.29	1.404
Legislation enshrined G4S employees' roles and responsibilities within the legal framework agreements between the police and the company.	51	2.00	5.00	3.64	1.115
Legislation stating minimum requirements for transparency and accountability of G4S	51	2.00	5.00	3.70	0.920
A strong system of industry self-regulation to complement to national legislation.	51	2.00	5.00	4.23	0.970

According to the findings, legislation with a clear set of criteria against which license applications are assessed on a case-by-case basis, legislation that demands for thorough background checks be undertaken of G4S employees and owners prior to licensing, a strong system of industry self-regulation to complement to national legislation and licensing systems clearly defining the type of services G4S may be allowed to provide enhanced its performance to a great extent as shown by a mean of 4.353, 4.353, 4.235 and 4.177 respectively. According to Mandel (2002), legislation impacts on the performance of PSCs. As such, comprehensive licensing systems that clearly defines the type of services that PSCs may be allowed to provide and providing for the revocation of licenses in certain cases should be established.

In addition, provision for license revocation in certain cases, limited duration licenses that ensure high standards of professionalism and continual monitoring of G4S activities, legislation stating the minimum requirements for the transparency and accountability of G4S operations and legislation enshrined the company's employees' roles and responsibilities within the legal framework agreements

between the police and G4S enhanced the performance of the company to a great extent as shown by a mean of 4.059, 4.000, 3.706 and 3.647 respectively. International agencies as well as the extractive industry are increasingly relying on the services of Kenyan PSCs adding weight to the call for appropriate regulatory framework to enhance better service delivery by the private security sector (Wairagu et al., 2004).

Government policy that ensures that all G4S employees are individually licensed to work within the private security sector and trained to high standards enhanced the performance of the company to a moderate extent as shown by a mean of 3.294. According to Holmqvist (2005), the service delivery and performance of PSCs can be enhanced if states establish a government policies that ensure that all personnel employed by PSCs are individually not only licensed to work within the private security sector but are also trained to high standards for effective and efficiency operations of the PSCs.

8. Summary, Conclusion and Recommendations

The private security industry lacks a regulatory framework and Kenya should develop a PSC regulatory framework since the lack of it affects the performance of PSCs to a great extent. There exists no 'code of conduct' for PSC self-regulation in the industry, there is no legislation with a clear set of criteria against which license applications can be assessed on a case-by-case basis, demands for thorough background checks can be undertaken of PSC employees and owners prior to licensing, a strong system of industry self-regulation to complement to national legislation and licensing systems clearly defining the type of services PSCs may be allowed to provide.

The study concludes that a comprehensive regulatory framework or system at the national level is essential for both achieving public oversight and control over the private security sector. Appropriate regulations are essential to fully enhance and put a clear understanding about the relationships between the private and public security sectors. Legislation impacts on the performance of G4S. The service delivery and performance of G4S can be enhanced if states establish a government policies that ensure that all personnel employed by G4S are individually not only licensed to work within the private security sector but are also trained to high standards for effective and efficiency operations of the G4S.

The study recommends all states should develop a national policy on the regulation of the private security sector as well as its rapport with the state security providers. The policy should be designed to ensure the highest possible standards in both spheres and be supplemented with appropriate

primary legislation and regulations. Locally operating companies and those operating beyond the country should be regulated by national legislation. A better regulated private security industry could possibly improve security conditions in Kenya besides creating more opportunities for employment. There should be formation of professional associations through which security operators could be represented in official committees and voices their legitimate concerns. Comprehensive licensing systems that clearly defines the type of services that PSCs may be allowed to provide and providing for the revocation of licenses in certain cases should be established. The legislation should establish a clear set of criteria against which license applications are assessed on a case-by-case basis.

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