

The socio-economic added value of private security services in Europe



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FOREWORD

It gives me great pleasure once again to pronounce the Fourth CoESS White Paper, 'The socio-economic added value of private security services in Europe', another success in the tradition of the launch of our White Papers at the occasion of the 'summits on private security services in Europe', organised by CoESS. After Paris, 15 December 2008, Stockholm, 8 December 2009, and Brussels, 10 December 2010, it is now Madrid's turn on 14-15 March 2013. This Fourth CoESS White Paper builds on the earlier impetus of those that have preceded it: 'La participation de la sécurité privée à la sécurité générale en Europe - Private security and its role in European security', 'Privat och offentlig säkerhet i ett nordiskt perspektiv - Private and public security in the Nordic countries' and 'Private veiligheid in België; een inspiratie voor Europa? - La sécurité privée en Belgique; source d'inspiration pour l'Europe? - Private security in Belgium, a source of inspiration for Europe?'

The content of this Fourth CoESS White Paper does not break with the themes of its predecessors. This time we focus more, mostly from an economic perspective, on the added value of private security services in Europe. The core of this White Paper refers to the need for new ideas that are legitimately supported by existing scientific literature.

The first part of the theoretical framework addresses the underlying discourse such as the risk society, integral security concern and nodal orientation, the concept of added value, supply-side and demand-side economics and the added value of private security services that embeds the latter's position in current security strategies adopted in and outside of Europe.

The second part provides an update of the socio-economic added value of private security services. This is compiled using

the morphology of private security services in clearly defined market segments as well as those still to be developed. The 'cost of crime' and the 'value selling' approach are explained in the context of the cost of crime and private security services. Furthermore, private security services invest in its employees as well as in technological developments, which means that the 'combined contract' strategy is becoming a reality. It is and continues to be obvious that this sector prioritises the vital importance of the human element. In this respect, we consider age, gender and salary policy as well as employment and economic growth. The value of education, training and/or lifelong learning is also discussed. We also address the added value of private security services and the public goods theory.

This Fourth CoESS White Paper would once more not have been possible without the academic support of Professor Dr Marc Cools, criminologist at the Vrije Universiteit Brussel and Ghent University. Professor Cools, an (inter)nationally recognised authority in all aspects of the private security concern has, following a business career in private security and a Cabinet post as advisor to the former Belgian Minister of Justice, Marc Verwilghen, accrued an impressive academic record of (inter)national publications, lectures and consultancy services. His quality control once again guarantees the scientific discourse in this Fourth CoESS White Paper.

Marc Pissens
President of CoESS





THE THEORETICAL FRAMEWORK

I. Introduction

The reality of private security services must be situated in developed social dimensions such as the state, the market and society. The relationship between these dimensions is not fixed, but is constantly evolving. The socio-economic added value of private security services in Europe can only be understood first and foremost by embedding this in a broader theoretical framework.

In this theoretical framework, we successively reflect on the risk society, integral security management and nodal orientation, the concept of added value, supply-side and demand-side economics and the added value of private security services.

II. The risk society

Today, the welfare state, which was created in Europe after the Second World War, is evolving into a risk society. In the context of the welfare state, the status of the keeper of the established order has evolved into a social redistributor and trouble-shooter. In the risk society, the individual and/or organised citizen, and with him or her, the individual and/or organised business community, as well as the public authorities, focus all their political attention on crime, the subjective and/or objective feelings of insecurity and nuisance. These traditional insecurities are supplemented by a fear of continuity related to, for example employment, social security, healthcare, food safety, financial security, the protection of privacy, migration, demography and the environment.

Interpersonal perception patterns also change. In the risk society, the citizen experiences a 'moral panic'³. The new moral order must be based on a desire for security, safety and risk reduction. With the advent of the global economy, our society has acquired another dimension. As a result, it will be characterised by more and more economic free trade and finally proceed to a far advanced information society that is sustained by globalisation⁴. The 'global village'⁵ is becoming a reality.

In addition to the aforementioned globalisation, the debate involving public or private responsibility for security and safety is under the microscope. Private companies can therefore offer services that seemingly belonged to the exclusive jurisdiction of the public authorities. One could argue that by analogy with the 'market failure', a 'state failure'⁶ has occurred. The national and sovereign state is no longer the centre around which the political community is organised. The state remains an important player which, just like

³ Beck, U., *De wereld als risicomaatschappij*, Amsterdam, de balie, 120 p.

⁴ Held, D., McGrew, A., Goldblatt, D. & Perraton, J., *Global Transformations: Politics, Economics and Culture*, Stanford, Stanford University Press, 1999, 515 p.

⁵ Guehenno, J.-M., *Het einde van de democratie*, Tilt, Lannoo, 2000, 53 – 69.

⁶ Guehenno, J.-M., *oc.*, 29 – 42.

other players that compete with it, must prove its usefulness day after day. The individual citizen, who increasingly views the public authorities as a backdrop against which he or she must shape his or her life, wants above all to see measurable results when confronted with security and safety. In this respect, the market and market thinking has also made its entrance. Public authorities' performance must also be proportionate to fiscal efforts demanded from those very citizens. The business community, including management, is also put forward as a model. Actors from the private sector have succeeded, without any notable efforts, in capitalising on their understanding of the public sector. This will subsequently lead to increased and improved public authorities management.

These evolutions have led to a situation in which new, global, criminal phenomena are seen as risks and new security strategies become vital. Alongside and parallel with traditional public security actors, faced with old and new criminal phenomena, the ever-present private security sector has been able to develop further. The aforementioned undercurrents have also brought about a situation in which private security management has become a sector⁷ with an international character and scope⁸.

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III. Integral security concern and nodal orientation

The aforementioned blurring boundaries⁹ also give rise to other security discourse and/or strategies. Firstly, there is integral security concern and then the 'nodal orientation'.

To define the concept of integral security concern, we will need to explain the components 'integral', 'security' and 'management'. Security is a basic requirement of every individual citizen. If it is not satisfied, it gives rise to insecurity, which can lead on to fear, discord and actual damage. Integral management requires a comprehensive approach, which takes all the relevant factors into account. The private or public client, views (in)security as a total product. Thus, all areas of (in)security must be linked together. This supposes horizontal integration. The causal-chain hypothesis assumes the existence of a series of (in)security problems, each of which is part of a particular chain of cause and effect. This is vertical integra-

tion. Management is seen as the forging of a security chain, which has proactive, preventive, preparative and repressive components in its links, supplemented with aftercare. Proactive represents the removal of the structural causes of (in)security, prevention for removing the direct causes of (in)security and limiting, as much as possible, the effects of actual violations. Preparation refers to preparation for the prevention of crime and nuisance, and repression refers to the actual fight against crime and nuisance. Aftercare focuses on victim support and compensation. The management element is no longer the exclusive jurisdiction belonging to and managed by the public authorities, but now extends to the other partners, in particular, the social institutions, the business community and the civilian population, each from within its own area of responsibility¹⁰. This concept allows us to involve the citizen and the company, as an individual or an organisation, in the initially public security activities. Neighbourhood and shop information networks were encouraged, as were public-private partnerships between regular and private security services.

Changes in public and private space have also led to certain nodes of capital, goods, services and people being viewed as genuine geographically defined 'nodes'¹¹. These nodes which, by definition, have an international and a public-private character, require a security approach adapted specifically for them.

In terms of security, this 'nodal orientation' refers to supervision, available information and risk management to control this geographical point and its flows from a security perspective¹².

By definition, the control consists of a (police) complex¹³ in which all relevant security actors must cast off their traditional role and area-based approach. This implies abandoning existing security dogmas in favour of a problem-oriented approach supported by intelligence. In short, the 'era of diversity' has begun¹⁴.

IV. The concept of added value

Before we turn our attention to the socio-economic added value of private security services, it is first necessary to address the general concept of added value. The added value of a service and/or product consists of improved or additional value so that its overall value increases. Defining the added value of a service and/or product for

7 Cools, M., 'De onderstromen in de private veiligheidszorg' (The undercurrents in the private security concern), Panopticon, Diegem, Kluwer uitgevers, 2002, 134 – 155.

8 INHES-CoESS, Livre Blanc. La participation de la sécurité privée à la sécurité générale en Europe – Private security and its role in European Security, St-Hilaire le Château, 2008, 95 p.; Cools, M., Davidovic, D., De Clerck, H., De Raedt, E., 'The international private security industry as part of the European Union security framework: a critical assessment of the French EU presidency White Paper', in Cools, M., De Ruyver, B., Easton, M., Pauwels, L., Ponsaers, P., Vande Walle, G., Vander Beken, T., Vander Laenen, F., Vermeulen, G., Vynckier, G., Maklu, EU and International Crime Control, Antwerp, 2010, 123-141; Pashley, V., Cools, M., 'Private Security in Europe: towards a European private security model for the future' in Cools, M., De Ruyver, B., Easton, M., Pauwels, L., Ponsaers, P., Vande Walle, G., Vander Beken, T., Vander Laenen, F., Verhage, A., Vermeulen, G., Vynckier, G., European criminal justice and policy, Maklu, Antwerp, 2012, 93-114.

9 Cools, M., Ponsaers, P., Verhage, A., Hoogenboom, B., De andere rechtsorde (The other legal order). Demonopolisering van fraude-onderzoek (Demonopolising fraud investigation), Brussels, Politeia, 2004, 189 p.

10 Cools, M., 'Integrale veiligheidszorg in perspectief' (Integral security management in perspective), Pretekst, 1997, 15 - 17.

11 Shearing, C., Wood, J., Imaging Security, Portland, Willan Publishing, 2007, 27.

12 Gilleur, Easton, Ponsaers & Cools, M., 2009, 'Checking aspects of a 'Nodal Orientation' for Policing the Port of Antwerp', in Cools, M., De Kimpe, S., De Ruyver, B., Easton, M., Pauwels, L., Ponsaers, P., Vande Walle, G., Vander Beken, T., Vander Laenen, F., Vermeulen, G., Readings On Criminal Justice, Criminal Law & Policing, Antwerp, Maklu, 2009, 359 – 376.

13 Hoogenboom, B., Het Politiecomplex. Over de samenwerking tussen politie, bijzondere opsporingsdiensten en particuliere recherche (The Police complex. Concerning cooperation between the police, special investigation services and private investigation), Arnhem, Gouda Quint bv, 1994, 127.

14 Shearing, C., 'Nodal Security', Police Quarterly, Vol. 8, No. 1, 2005, 57 – 63.

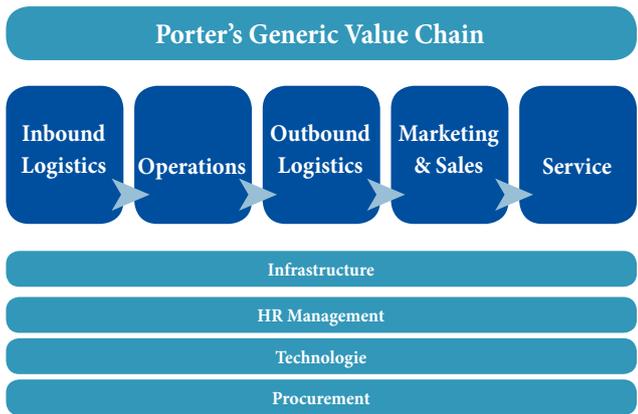


end users can be theoretically achieved using the ‘value chain analysis’, which is often used as a strategic management tool. This management discipline is the sequence of strategic analysis, choice, implementation and controls that each public or private organisation must perform. The mainstay of this approach lies in the fact that the added value must ultimately and consistently be viewed from the end users’ perspective¹⁵. Obviously, there can be several end users: the state, the market and society or the public authorities, the business community and the citizen.

In short, according to M. Porter, the ‘value chain analysis’ involves identifying the series of activities necessary to develop, produce, bring to market, deliver and support the product and/or service¹⁶. These activities are listed as ‘building blocks’ that provide added value for subsequent ‘building blocks’.

This model can be presented as a diagram and at the microeconomic level:

The ‘inbound logistics’ are the set of ‘inputs’ required to develop the



service and/or product for the market. The ‘operations’ stand for the operational use of the service and/or product in the market and the ‘outbound logistics’ involve transferring the service and/or product to the client, as the end user. The ‘marketing/sales’ activities refer to the resources required to make the client, as the end user, aware of the service and/or product’s existence. Lastly, it is the ‘service’ that can actually maintain or increase the value of the service and/or product.

In the supporting activities, ‘procurement’ represents the set of activities necessary to support the service and/or product in its development. The technological developments refer to the ‘know-how’ and/or ‘research & development’. The ‘human resources management’ involves the employees’ recruitment, training, develop-

ment and salary. The ‘infrastructure’ relates to the planning, financial management and quality control¹⁷.

V. Supply-side and demand-side economics

Supply and demand on the one hand and their point of intersection or price on the other are the foundations of the market economy¹⁸. The market price acts as a coordination centre for supply and demand¹⁹. Depending on whether one prioritises the demand-side or supply-side of the market economy, a demand-side or supply-side economy is created. The demand-side economy implies that when there is a fall in demand, the public authorities borrow money and invest it primarily in public works and/or tasks²⁰. In contrast, it follows, according to Say’s law, that in the supply-side economy, supply creates demand²¹.

With regard to the private security sector, it is clear that the latter is based in the domain of the supply-side economy, or in the microeconomy²², and that its added value is also a supply item. This statement requires an explanation. The basic assumption of the economic activities of an individual, a business and of the public authorities themselves lies in the protection of natural rights, such as integrity, freedom and property. The way in which one wishes to exercise these natural rights is subjective and is determined by minimising cost and maximising usefulness.

The processes required to achieve this presuppose a market that guarantees the principle of non-aggression and management and solutions for potential conflicts. This market’s feasibility is not relevant as billions of individuals, companies and public authorities take just as many or even more economic decisions on a daily basis that the market can only generate effective and efficient added value if it is spontaneously ordered. This spontaneous order is supported by methodological individualism²³. This vision reflects the thinking of B. de Mandeville. Even though man is not naturally socially oriented, he is also not averse to community. In his words, the public interest can best be served if everyone pursues his or her own self-interest. This view reflects the paradox that ‘private vices’ are frequently ‘public benefits’²⁴. A. Smith also added an ethical dimension to the pursuit of self-interest. For him, the concepts

¹⁵ Johnson, G., Scholes, K., Exploring Corporate Strategy, Prentice Hall, New York, 1993, 124.
¹⁶ Thompson, A., Strickland, A., Strategic Management, concepts & cases, Irwin, Chicago, 1996, 97.

¹⁷ Thompson, A., Strickland, A., o.c., 98-99; Johnson, G., Scholes, K., o.c., 121; De Wit, B., Meyer, R., Strategy, Process, Content, Context, An International Perspective, West Publishing Company, St-Paul, 1994, 175.
¹⁸ Heyne, P., ‘Supply and demand’, in Boettke, P., The Elgar Companion to Austrian Economics, Edward Elgar, Cheltenham, 1998, 137-142.
¹⁹ Butler, E., Austrian Economics. A Primer, ASI Research Trust, 2010, 11-15.
²⁰ Wapshott, N., Keynes – Hayek. The Clash That Defined Modern Economics, W.W. Norton & Company, New York, 2011, 41.
²¹ Samuelson, P., Nordhaus, W., Economics, McGraw-Hill, Boston, 2001, 710.
²² Wapshott, N., o.c., 121.
²³ Schulak, E., Unterköfler, H., The Austrian School of Economics, Ludwig von Mises Institute, Auburn, 2011, 15.
²⁴ Hayek, F., New Studies in Philosophy, Politics, Economics and the History of Ideas, London, Routledge, 252.

of 'sympathy' and 'impartial spectator' are incredibly important in interpersonal relationships²⁵. This line of thought forms the basis for his world famous passage on the 'invisible hand'. 'As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of a foreign country, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote and end which was no part of his intention'. Or even 'by pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it'²⁶.

L. von Mises adopts the same approach. He suggests that 'human life is an unceasing sequence of single actions'²⁷. F. Hayek also places this methodological individualism in the context of spontaneous order. In other words, 'pursuant to universal rules of conduct that guarantee a free domain for each individual, a spontaneous order of human behaviours will develop that is much more complex than one could ever achieve using deliberate measures'²⁸. The spontaneous order is best applied in the economy where 'the most explicit and systematic development of the insight that order in society is a spontaneous formation is given by the economic theory of market exchanges, where the thesis that unhampered markets display a tendency to equilibrium is the most obvious application'²⁹.

In the context of the broad field of the private security concern, these ideas also prevail in the work of G. de Molinari. He was already able to explain the private security concern in scientific terms in 1849. He argues for the existence of individual choice for every citizen to decide whether or not to make use of the services offered by the state or public authorities. This choice is at odds with the protection and security provided by the state or public authorities from a monopoly position. G. de Molinari believes that this also applies to the police and the justice system. He wrote: 'il faut rendre libres toutes les industries encore organisées en commun, aussi bien la justice et la police' (we must open up all sectors

still organised collectively, including the justice system and the police). Thus creating spontaneous businesses that are interested in developing private and commercial security concerns, the so-called 'compagnies de la sécurité' (security companies), and guarantee certain risks where necessary and when there are conflicts. This task is also performed by the so-called 'compagnies d'assurances' (insurance companies) and at the lowest possible market price³⁰.

He also presents society as a natural law entity in which each citizen has the right, by means of labour distribution motivated by a justified self-interest, to enjoy the fruits of his or her labour and to exchange them for other goods. The protection or the security of this labour and redistribution process, based on property rights, freedom and responsibility, develops spontaneously and competitively, the same as all other aspects of the economy and always at the lowest possible market price. In the literal sense of the word, he stated that 'la sécurité doit, comme toute autre, être soumise à la loi de la libre concurrence' (security must, just like any other, be subject to the law of free competition)³¹.

VI. The added value of the private security services and the public goods theory

The added value of using private security services lies in the fact that, by definition, the security of the public authorities, business community and the citizen is increasing. Traditionally, security management is entrusted to the nation state and, by extension, to international or supranational treaty organisations. The security industry was a public good. Due to the existence of the risk society, integral security management, nodal orientation, the concept of added value and the microeconomic supply-side economy of private security services today, this reasoning deserves some differentiation. In this context, we use the public goods theory³² and also apply this to the private security concern.

Public, in contrast to private, service provision implies that service provision is 'non-excludable' and 'non-competitive' for the end user. The latter has the right to and use of the service provision, while another end user has no impact/influence on the efficiency and effectiveness of the service offered. Due to increasingly limited

25 Raphael, D., Adam Smith, Oxford University Press, Oxford, 1985, 29 – 45; Weinstein, J., On Adam Smith, Wadsworth, Belmont, 2001, 37 – 56; Smith, A., The Theory of Moral Sentiments, Prometheus Books, New York, 2000, 3.

26 Smith, A., An Inquiry into the Nature and Causes of the Wealth of Nations, Oxford, Oxford University Press, 1998, 292 - 293.

27 Von Mises, L., Human Action. A treatise on Economics, Fox & Wilkes, San Francisco, 1996, 41 – 46.

28 Kotterman-van de Vosse, I., De visie van Hayek. Een pleidooi voor persoonlijke vrijheid (Hayek's vision. A plea for personal freedom), Zwolle, W.E.J. Tjeenk Willink, 1994, 50.

29 Gray, J., Hayek on Liberty, Routledge, London, 1998, 31.

30 Molinari, de, G., Les Soirées de la rue Saint-Lazare. Entretiens sur les Lois Economiques et Défense de la Propriété (Evenings at rue Saint-Lazare. Conversations on Economic Law and the Defence of Property).

Guillaumin et Cie Libraires: Paris, 1849, 367 p.

31 Molinari, de, G., 'De la production de la sécurité' (On the production of security). Journal des Economistes, Volume I, 1849, 161 – 169.

32 Cowen, T., 'Public goods', in Henderson, D., The Concise Encyclopedia of Economics, Liberty Fund, Indianapolis, 2008, 431-432; Berlage, L., Decoster, A., Inleiding tot de Economie (Introduction to Economics), Universitaire Pers Leuven, Leuven, 2000, 315; de Jasay, A., 'Public goods theory', in Boettke, P., o.c., 276-284.



budgetary capacity, we establish that the public service provision continues to be 'non-excludable'; in this approach we see minimum public service provision, which creates a competitive character. Public savings also result in a substantial and logical decrease in their efficiency and effectiveness. As a result, the public concern for security is more a community good that does remain 'non-excludable', but becomes highly competitive. Many end users experience a limited public security concern as a result of reduced, lower quality and less targeted public security.

The private security concern as a strictly private good, which was consequently 'excludable' and 'competitive' and therefore only benefited the end user, which furthermore excluded its usefulness for others, also evolved. The private security concern may remain 'excludable', but becomes increasingly 'non-competitive' and consequently acquires the status of a club good. The end user also possesses the freedom to freely use the resources available to him or her. In addition, public authorities may or may not introduce tax incentives to convince the end user to invest in the private security concern. We note that the end user chooses more, better quality security that is also more targeted to their specific requirements and capabilities. The increase in the use of private security services is living proof of this.

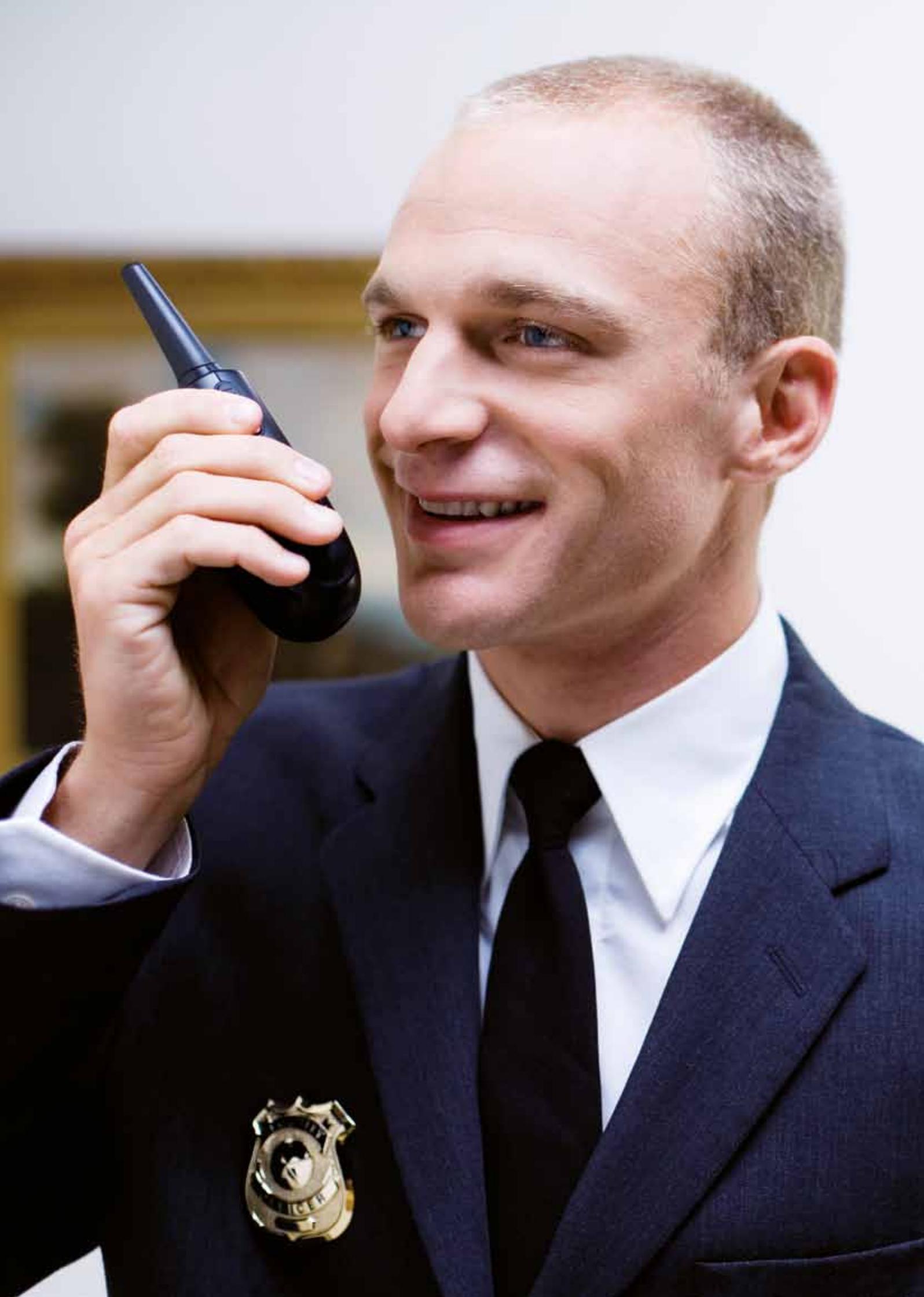
This statement is explained by the old economic principle that civilians and companies' investments in self-interest also increase public interest in private security services. This evolution is consistent with the current debate on core tasks for the police related to public security management (justice, police and defence) and acquires even more substance as a result. The private security concern no longer competes with public security management, but

adopts a genuine complementary character. On the one hand, end user investments in private security services increase the overall level of security and allow public security actors to increase and improve their focus and to introduce new and more fine-tuned priorities. Therefore, public security actors can, independent of the very definite current budgetary constraints, once more choose for more, better quality and more targeted services in the areas that can be served by private security actors.

In practice, this implies that the private security concern can focus more on the proactive and preventive aspects of insecurity phenomena and that public security actors can concentrate on the curative and repressive links in the security chain.

For the sake of completeness, we must also mention that the private security concern offers many legal, economic and social advantages. Legal advantages may include contractual freedom of choice, responsibility, liability and eliminates the excludability and rivalry which is sometimes present in public service provision.

From an economic perspective, we note that labour distribution leads to specialisation, which in turn implies improved efficiency and effectiveness. Decentralisation is also considered an operational advantage. Due to the existence of the supply-side economy, there is innovation and the combination of supply and demand creates an information flow that results in correct pricing and cost reduction. Insurers' requirements can also be monitored more effectively. Socially, it also means that there are high employment levels of lower educated people and risk groups in the labour market, professionalisation, education, training and the harmonisation of social and labour laws.





PART III

UPDATE OF THE SOCIO-ECONOMIC ADDED VALUE OF PRIVATE SECURITY SERVICES

VII. Introduction

The update for the socio-economic added value of private security services is to be approached using the aforementioned 'value chain analysis'. The 'inbound logistics' are, as already mentioned in the theoretical part, the set of 'inputs' required to develop the service and/or product for the market. These 'inputs' are found in the risk society, integral security concern and nodal orientation as underlying security strategies. These are identified and converted into club goods in supply-side economic realities or markets by microeconomic actors such as companies active in the private security sector. As a result, this second part will no longer mention these basic theoretical principles.

The 'operations' stood for the operational use of the service and/or product in the market and the 'outbound logistics' involved transferring the service and/or product to the client, as the end user. The 'marketing/sales' activities referred to the resources required to make the client, as the end user, aware of the service and/or product's existence. In this context, one must examine the morphology of private security services in existing markets and those to be developed. Lastly, it was the 'service' that could actually maintain or increase the value of the service and/or product. This presumes a valuation using the so-called 'cost of crime' approach and 'value selling'.

In the supporting activities, 'procurement' represented the set of activities necessary to support the service and/or product in its development. The 'human resources management' involved employee 'screening', recruitment, training, development and salary. A very important 'building block' that we also encounter in private security services. The technological developments referred to the 'know-how' and/or 'research & development'. Private security services also invest in technology and science.

The 'infrastructure' related to the planning, financial management and quality control. This translates into sales figures and economic growth for private security services.

VIII. The morphology of private security services

The morphology of private security services is manifested in the existence of segments in already clearly defined markets. It goes without saying that this supply-side economic reality will create other segments in other markets. The markets to be developed must subscribe to 'future thinking'. In some cases, this means that

one will have to convert to thinking about the unthinkable³³ in the here and now.

1. Clearly defined market segments

Existing markets include segments such as guarding, mobile services, technology, mass private property and several public segments. Services related to 'guarding' include basic, commercial manned, in-house manned, event, door supervision (bouncing), bodyguarding, canine services, ascertaining material facts, museum, stewarding, fire prevention and protecting services, safety of track construction, receptionist/concierge services and firearms.

The 'mobile services' consist of beat patrol, mobile alarm response and call-out services, cash-in-transit services and transporting valuables. Technological security management mainly involves alarms, CCTV monitoring and installation.

Higher-level services include security manager, loss prevention, private investigation and security consulting. The 'mass private property' service involves aviation security, urban security (train/metro stations, city patrols) and maritime security. The public domain includes critical infrastructure protection and the guarding military units³⁴.

2. Market segments to be developed

The markets still to be developed include the guarding and security services that already exist, which are either in an early stage or are completely new or those that will be developed in the future. Each of these provide an added value as previously mentioned.

a. Penitentiary management

In addition to electronic monitoring and house arrest³⁵, transporting prisoners³⁶, guarding civilians deprived of their liberty in the context of temporary imprisonment ('custodial services') and supplying goods to penitentiary institutions³⁷, we are also familiar with private prisons³⁸. These currently exist for example in Australia, Canada, New-Zealand³⁹, the United Kingdom and the United

States of America⁴⁰. In Europe, this trend can currently be observed as a public-private partnership with the emphasis on 'design-build-finance-maintain'. One could say that security in the form of developed prison management is still rather marginal.

The markets still to be developed are based on an 'accountability perspective'. This means that agreements are established by public authorities in the form of 'service level agreements' that could for example take occupancy levels, insurance and penalties for escapes into account⁴¹. In more detail, the agreements may also take into account the number of hours walking, showering, visits from family members and lawyers, telephone calls, borrowing books, meals, purchases in the canteen as well as laundry service, training and physical relaxation⁴². The same applies to security facilities and controls⁴³. Guarding and the security of refugees and asylum centres is also relevant.

b. The aging population, healthcare and education

The baby boom following the Second World War on the one hand and improvements and the expansion of healthcare on the other have meant that, in the future, an increasing number of citizens will enjoy their retirement and live much longer⁴⁴.

This implies that rest homes and nursing homes, psychiatric institutions as well as hospitals will create new forms of 'mass private property' in which private security services will be active. Attention will also have to be paid on a lower level to the security of pharmacists and doctors.

An identical reasoning applies to education, certainly in terms of preventing violence⁴⁵. Schools, from day care centres, nurseries to higher and university education, must still be able to guarantee the safety of their pupils, students, teachers and professors. Private security services can provide relevant solutions⁴⁶.

c. The debate about core tasks of the police and justice services

The ongoing debate about core tasks of the police and justice services implies the existence of literal and figurative tasks performed by the police and justice authorities. In practice, the academic core tasks debate is dominated by the premise that the

33 Gosselin, D., Tindemans, B., Toekomstmakers. De kunst van het vooruitdenken (Future Makers. The art of thinking ahead), Tiel, Lannoo Campus, 2010, 23.

34 CoESS, Private security services in Europe, facts & figures 2011, Wemmel, 2011, 150 p.

35 Berry, B., Matthews, R., 'Electronic monitoring and house arrest: making the right connections', in Matthews, R., Privatizing criminal Justice, London, Sage Publications, 1989, 107.

36 Beyens, K., Snacken, S., Eliaerts, C., Privatisering van gevangenis (Privatising prisons), Brussels, VubPress, 44; Guery, M., 'La privatisation de la sécurité et ses limites juridiques' (Privatising Security and its legal limits), La Semaine judiciaire, Société genevoise de droit et de législation, 2006.

37 Kötter, F., 'Justizdienste' (Judicial service), in Stober, R., Olschok, H., Gundel, S., Buhl, M., Management-handbuch, Sicherheitswirtschaft und Unternehmenssicherheit (Management manual, The security sector and Corporate security), Stuttgart, Richard Boorberg Verlag, 2012, 449.

38 Benson, B., To serve and protect. Privatization and community in criminal justice, New York, New York University Press, 1998, 21 – 25.

39 Harding, R., Private prisons and public accountability, New Brunswick, Transaction Publishers, 1997, 184 p.

40 Taylor, M., Pease, K., 'Private prisons and penal purpose', in Matthews, R., o.c., 186 – 191.

41 Harding, R., o.c., 103 – 106.

42 Harding, R., o.c., 140 – 141.

43 Beyens, K., Snacken, S., Eliaerts, C., o.c., 42.

44 Peersman, G., Schoors, K., De perfecte storm (The perfect storm), Ghent, Borgerhoff & Lambrechts, 2012, 183 – 184.

45 Palacio, M., 'L'école et sécurité. La nouvelle donne ?' (School and security. The new deal?), Cahiers de la Sécurité, INHESJ, Paris, 2011, 7 – 13.

46 Cools, M., De Clerck, H., Van Sand, L., 'La gardiennage privé et la protection dans les écoles' (Private security and protection in schools), Cahiers de la Sécurité, INHESJ, Paris, 2011, 106 – 110.



police and justice authorities perform too many tasks, which produces too few results, which furthermore has a negative effect on detection tasks. The insufficient number of police officers and justice officers employed on the one hand and excessively high wage costs on the other also fuel this debate.

In this context, private security services can also achieve added value by taking over a number of these figurative police and justice tasks either as a result of actual privatisation or outsourcing whereby the police or the justice authorities continue to fulfil the management role.

Justice services, for example, can and could include:

- *External and internal security guard services for courts and tribunals*
- *Security guard services for centres for illegal immigrants*
- *Security guard services for prisons following strikes by prison officers*
- *Guarding seized goods*
- *Transferring minors*
- *Transferring prisoners on remand and sentenced prisoners*
- *Transferring illegal immigrants*
- *Transferring the mentally ill*
- *Transferring court documents*
- *Serving administrative documents*
- *Collecting fines*

Police services can and could involve:

- *Public order enforcement assistance*
- *Road safety assistance*
- *CCTV management*
- *VIP escorts*
- *Handling speeding violations*
- *Handling accidents involving solely material damage*
- *Handling environmental offences*
- *Handling offences in the hospitality sector*
- *Archiving*
- *Administration related to arms registration*
- *Victim support*
- *Assistance to judicial officials and authorities*

d. Critical infrastructures

Guarding and securing critical infrastructures such as organisations and/or installations that have a serious impact on the continued operation of the public authorities, the market and society, when they face an emergency, is vitally important. These include energy, ICT, transport, mobility, water supplies and banking and insurance entities on the one hand and healthcare, civil security and political institutions on the other. More specifically, these critical infrastructures must be protected according to their function, security data, the available 'know-how' and their continuity. The emergencies these critical infrastructures could face are very diverse, from natural disasters and technical failures to crime.

The added value of the private security concern for the security of critical infrastructures must be sought in specialisation. Private security services companies can develop 'know-how' specific to these organisations and/or institutions by focusing on specialised market segments. These include energy, chemicals, pharmaceuticals, automation, airports and aviation, banks, insurance, maritime affairs and healthcare⁴⁷.

e. Military infrastructures and international security institutions

The core tasks debate is also ongoing in defence. Guarding and securing military infrastructures and even performing military tasks is no longer a political taboo. With regard to guarding and securing military infrastructures, we note that private security guards are already performing certain tasks that provide added value for defence because professional military personnel can focus exclusively on their core tasks. These include access control and perimeter security guards for military buildings, who may or not be armed or may or may not be accompanied by dogs, and security guards for specific installations such as munitions depots and military equipment⁴⁸.

In addition to these tasks, private security services could also be embedded in the operations of, for example, Europol and Eurojust, in addressing international environmental crime, organised crime and cybercrime. By expanding specialist 'know-how', they could contribute to the compilation of so-called 'threat assessments', which are necessary for these international institutions to act.

In this regard, the expansion of private security services in support of or in replacement of military, police or other public authorities in the fight against piracy at the high seas, must also be mentioned.

f. Community guards and nuisance

The citizen in particular as a participant in social events is confronted by social nuisance (such as aggression, urinating in public, disturbing noise, rubbish, public drunkenness and the vulgar behaviour of loiterers), which can be perceived as seriously disturbing behaviour. Furthermore, the nuisance phenomenon has a negative effect on overall feelings of (in)security in the public and semi-public domain.

This situation offers a possibility for private security services in those countries where urban public authorities mainly rely on so-

47 Müller, J., 'Schutz kritischer Infrastrukturen' (The protection of critical infrastructures), in Stober, R., Olschok, H., Gundel, S., Buhl, M., *Managementhandbuch, Sicherheitswirtschaft und Unternehmenssicherheit* (Management manual, The security sector and corporate security), Stuttgart, Richard Boorberg Verlag, 2012, 366 - 375.

48 Kusen, J., 'Schutz militärischer Liegenschaften' (The protection of military property), in Stober, R., Olschok, H., Gundel, S., Buhl, M., o.c. 403 - 410.

called community guards to identify nuisance and penalise these offences using administrative channels. The presence of community guards provides the citizen and business community with the feeling that there is apparent control and monitoring in the public and semi-public domain. In reality, the introduction of community guards is often purely a public employment project for the long-term unemployed or social and socio-economic risk groups. The employees concerned therefore work under relatively weak labour law conditions with low wages and rather limited training. The citizen and the business community also have a very clear view of the community guards' actual and legal authority.

Private security services could take over these tasks as well as the employed community guards. Due to the fact that, as a rule, private security services also employ individuals that are not particularly young and focus on the correct male/female ratio on the one hand and offer decent financial remuneration and training on the other, the community guards would enter a professional sector with an expanded employee status supported by effective social dialogue.

IX. The cost of crime and private security

In order to clarify the cost of crime, it is necessary to refer to the law and economics approach. Using economic methodology on the one hand and a conceptual framework on the other, this approach mainly focuses on the economic consequences of the law. This takes place at the level of formal regulations, evaluation of the consequences and the transaction costs for contracts and agreements⁴⁹. With regard to security, law and economics devotes attention to the economic analysis of criminal behaviour, the economy of the effects of crime prevention and the economy of the sentence⁵⁰. This law and economy approach involves several key assumptions. These are methodological individualism and rational choice⁵¹. Methodological individualism has already been discussed, so we must now turn our attention to rational choice in the mind of the perpetrator and in the mind of the victim. One can further build on this using the 'value selling' approach.

1. The 'cost of crime' approach

It was G. Becker who possessed the vision to relate economic understanding to crime. He places all human behaviour, including

crime, in an economic perspective⁵². The economic approach was further established by D. Cornish and R. Clarke in the criminological theories developed in the rational choice approach in which one places the emphasis on the decision that precedes the offence, of whether or not to commit a crime. The criminal as the perpetrator is a 'reasoning criminal'⁵³.

The criminal also acts in a market and aims to maximise usefulness. This market is illustrated schematically. Taking account of the marginal usefulness (MB) of his behaviour, the more crime he commits, the lower the marginal usefulness of his behaviour. The pursuit of marginal usefulness can be viewed on the part of the criminal as the demand side. This consists of opportunity, risk of punishment and potential personal gain.

There are also marginal (transaction) costs (MC) linked to committing crime. These involve the costs for preparation, material costs, the time necessary as well as that of the probability of detection and the severity of the penalty. The probability of detection refers to the chance that a perpetrator will be sentenced to a certain punishment. The severity of the penalty refers to the severity of the sentence imposed⁵⁴. The more crime one commits, the greater the chance of being caught.

If the probability of detection and/or the severity of the penalty increases, the marginal cost of crime increases and there will be a reduction in crime⁵⁵.

In short, the added value offered by private security services is not so much in the direct impact of the probability of detection nor in the severity of the penalty, as both these elements remain a public task, but in the limitation of opportunities in the mind of the perpetrator by providing (situational) prevention measures for the victim.

This produces the following equation, whereby (G) represents the perpetrator's personal gain, (S) the risk of punishment that is equal to the product of the probability of detection (P) and the severity of the penalty (F), or $S = P \times F$. If $G > S$, the perpetrator will turn to crime.

If $G < S$, the perpetrator will not turn to crime⁵⁶. S may be greater than G if the private security services ensure that P increases as a result of introducing preventive (situational) opportunity structures in the mind of the perpetrator. F is and continues to be a task for the public authorities.

49 Hirsch, W., *Law and Economics: an Introductory analysis*, San Diego, Academic Press, 1999, 4-6.

50 Eide, E., 'Economics of Criminal Behavior', in Bouckaert, B., De Geest, G., *The Economics of Crime and Litigation*, Cheltenham, Edward Elgar, 2000, 345 - 389; Van Velthoven, B., Van Wijck, P., *Recht en efficiëntie: een inleiding in de economische analyse van het recht (Law and efficiency: an introduction to the economic analysis of the law)*, Deventer, Kluwer, 2001, 435 p.; Holzhauser, R., Teijl, R., *Inleiding Rechtseconomie (Introduction to Law and Economics)*, Arnhem, Gouda Quint, 1995, 355 p.

51 Matthys, J., *Private Security Companies and Private Military Companies. A Comparative and Economical Analysis*, Antwerp, Maklu, 2010, 21.

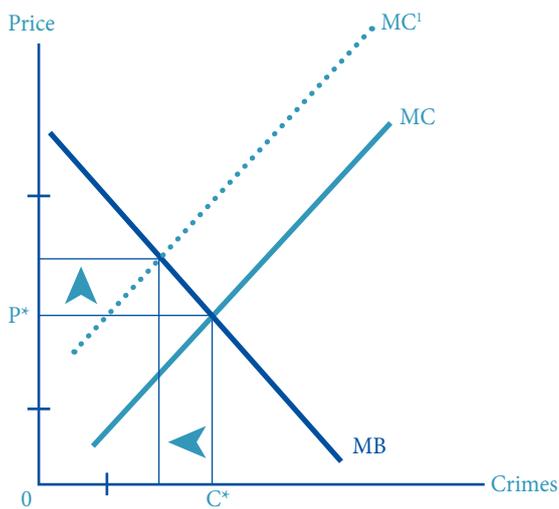
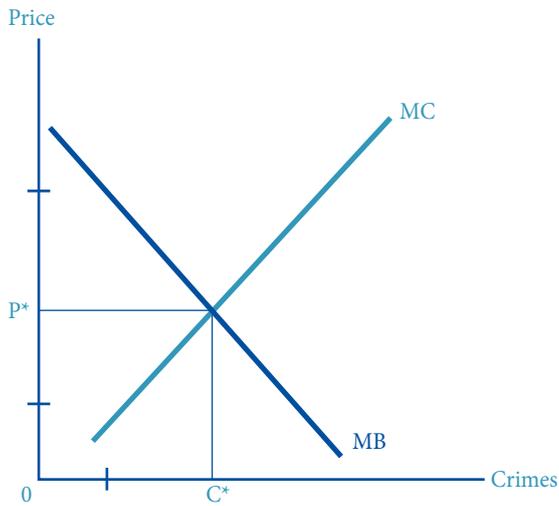
52 Becker, G., *The economic way of looking at behavior: the Nobel lecture*, Stanford University, 1996, 6-9.

53 Cornish, D., Clarke, R., *The Reasoning Criminal. Rational Choice Perspectives on Offending*, New York, Springer-Verlag, 1986, 6-9.

54 van Velthoven, B., *Economie van misdaad en straf (Economics of crime and punishment)*, The Hague, Boom Lemma Uitgevers, 2012, 38; van Tulder, F., *Van misdaad tot straf (From crime to punishment)*, Rijswijk, Sociaal en Cultureel Planbureau, 1994, 60.

55 Szulczyk, K., *Lecture notes for microeconomics*, www.oocities.org, 161012.

56 Van Velthoven, B., o.c., 42.



A 'win-win' situation is also created for the citizen and society as a victim⁵⁷, particularly with regard to so-called 'petty' or street crime, and the public authorities as persecutor and judge. In this context, it is useful to refer to the model developed by the UK's 'Home Office'. It uses the categories 'cost in anticipation', 'cost in consequence' and 'cost in response to crime'. The first category refers to surveillance and security investments and the cost of insurance. The second refers to the value of the loss caused by crime, the emotional, physical and psychological cost for the victim and victim support. The last one refers to the traditional criminal prosecution approach to crime in the criminal justice system comprising police, the public prosecution service, courts and tribunals, sentencing and aftercare⁵⁸. If there is an increase in the 'cost in anticipation' caused by the private security concern, the 'cost in conse-

quence' or 'victim cost'⁵⁹ and the 'in response to crime' or 'third-party' and 'society cost' decreases⁶⁰. The recent 'international crime victims survey' reveals once more that the use of private surveillance and security measures, such as anti-burglary systems, has a positive effect on the reduction of crime⁶¹.

2. The 'value selling' approach

The added value of private security services as 'value selling' can be illustrated in microeconomic and mathematical terms. The end user confronted with an incident can certainly valorise the latter in terms of cost. An end user that wishes to manage these incidents in a preventive manner will also consider investing in surveillance and security measures (SM). The impact of these measures can be calculated using the so-called 'sensitivity analysis'. This relates to the impact (I) of the measures on the cost of the incident. The surveillance and security measures taken also present an added value in addition to their intrinsic value (AD). The 'return on investment' (ROI) is therefore the sum of the impact and the added value divided by the measures. This produces the following formula: $ROI = (I+AD)/SM$ ⁶², which suggests 'value for money'⁶³.

To support this vision, it is necessary to express this in terms of content. The total cost of the incidents must be viewed as the number of incidents multiplied by the cost per incident. The surveillance and security measures do not have to be provided in detail, as it is generally accepted that these are taken in relation to the assets (employees, goods, capital and information) available to an organisation. From a view of crime consisting of property, violent and computer crime, these specialist measures, adapted to the needs of the end user, relate to the inspection of persons and goods and information security on the one hand and to a form of conflict management consistent with a security management process and structure⁶⁴ on the other.

However, it is important to reflect on the 'sensitivity analysis' and added value provided by the surveillance and security measures. The former can be considered in the context of an impact approach of, for example, 10, 25 or 50% of the total cost of the incidents. It goes without saying that other impact percentages can also be used by clients depending on the surveillance and security level they wish to strive for. The added value of the surveillance and security measures may be related to additional assignments and tasks that a security guard can perform.

57 Conway, E., 50 inzichten economie (50 economic insights), Uitgeverij Veen Magazines, Diemen, 2009, 32.
58 Gill, M., Burns-Howell, Keats, G., Taylor, E., Demonstrating the value of security, Leicester, PRCI, 2007, 28.

59 Cohen, M., The Cost of Crime and Justice, London, Routledge, 2005, 41-73.
60 Cohen, M., o.c., 74-89.
61 van Dijk, J., 'The International Crime Victims Survey', Criminology in Europe, European Society of Criminology, Freiburg, 2012, 24 - 33.
62 Van Bever, F., Value selling – Executive report, Brussels, 2011, 68 p.
63 Conway, E., o.c., 20.
64 Cools, M., Werknemerscriminaliteit (Employee crime), Brussels, VubPress, 1994, 230-239.

These include but are not limited to reception and dispatch services, communication back-up outside of working hours, key management, monitoring excessive energy consumption, guard patrols related to fire safety, hygiene and environmental management, alarm and CCTV management, car park management, stock management, and management of lost property and body-guarding⁶⁵.

X. 'Human resources', employment and technology

In private security management as a sector, the individual security guard continues to be the main priority. In addition to the 'human resources' side of the coin, this sector also invests in the science that in turn makes technological developments possible. The combination of these two elements provides added value, especially in the 'combined contract' strategy. First we will discuss 'human resources' and employment, and then we will turn our attention to technology and science.

With regard to the statistical data provided throughout this white paper, we must point out the crucial importance of the 'CoESS Facts & Figures 2011 - Private Security Services in Europe'⁶⁶. Without this document, it would be (scientifically) impossible for anyone in Europe to properly assess and reflect on the private security services sector.

1. 'Human resources'

a. Age, gender and salary

In the 'value chain analysis' approach, when a security guard is recruited, he or she undergoes an implicit comprehensive screening, performed by the public authorities in relation to his or her conditions of employment, providing, developing and implementing training, education and/or lifelong learning as an essential element. This fact was cited in the 'Third white paper - Private security in Belgium; an inspiration for Europe?' as an example of the Bologna reforms in education, implemented by the European Union⁶⁷. The private security sector has developed several relevant training courses. Before we explore this subject in more detail, it is necessary to first discuss aspects involving security guards' age, gender and salary.

As illustrated by the following table (Age, gender and salary), the average age of a security guard is 34.5 years old and his or her aver-

age starting salary amounts to EUR 1,166.30. Of course it is necessary to point out that the age in many countries (Belgium, Estonia, France, Italy, Croatia, Latvia, Luxembourg, Austria, Poland, Portugal, Romania, Serbia, Spain and Switzerland) is much higher than this average.

The same applies to salaries. In Belgium, Denmark, Finland, France, Italy, Luxembourg, the Netherlands, Norway, Austria, Sweden and Switzerland, salaries are higher than the average.

Table: Age, gender and salary

State	Average age security guard years	Male/female m/f%	Average gross starting monthly salary in euros
Austria	35.0-40.0	80.0/20.0	1,600.00
Belgium	35.0	85.2/14,8	2,064.00
Bosnia-Herzegovina	25.0	98.0/2.0	480.00
Bulgaria	45.0	87.7/12.3	178.95
Croatia	35.0	88.0/12.0	505.00
Cyprus	N/A	75.0/25.0	4.08 (hour)
Czech Republic	N/A	N/A	350.00
Denmark	N/A	80.0/20.0	2,773.00
Estonia	40.0	80.0/20.0	473.00
Finland	N/A	75.0/25.0	1,600.00
France	37.5	84.0/16.0	1,200.51
Germany	45.0	80.0/20.0	1,500.00-2,600.00
Greece	25.0	80.0/20.0	700.00
Hungary	N/A	85.0/15.0	250.00 (net)

⁶⁵ Van Bever, F., o.c.

⁶⁶ CoESS, Private security services in Europe, facts & figures 2011, Wemmel, 2011, 150 p.

⁶⁷ CoESS, Third white paper - Private security in Belgium; an inspiration for Europe?, Paris, 2010, 31-35.



Ireland	N/A	98.0/2.0	9.27 (hour)
Italy	42.0	91.0/9.0	1,750.00
Latvia	35.0	80.0/20.0	286.68
Lithuania	30.0	80.0/20.0	4.08 (hour)
Luxembourg	38.0	80.0/20.0	2,107.67
Macedonia	30.0	98.0/2.0	300.00
Malta	N/A	N/A	N/A
the Netherlands	25.0	76.0/24.0	1,585.59
Norway	25.0	70.0/30.0	3,125.00
Poland	38.0	95.0/5.0	312.04
Portugal	42.0	80.0/20.0	600.00
Romania	35.00	85.0/15.0	160.00
Serbia	35.00	80.0/20.0	270.00
Slovakia	N/A	N/A	N/A
Slovenia	N/A	95.0/5.0	550.00
Spain	40.0	85.0/15.0	1,045.00
Sweden	30.0	70.0/30.0	1,795.00
Switzerland	35.0	81.0/19.0	3,228.70
Turkey	25.0	80.0/20.0	375.02
the UK	N/A	N/A	2,181.51
Average	34.5 (24)	83.3/16.7	1,166.30 (27)

The recruitment process for security guards is not a hurried one. Each recruitment in turn gives rise to the aforementioned education, training and lifelong learning as a basis for social employment in the private security sector.

b. Education, training and/or lifelong learning

Today education, training and/or lifelong learning are implemented at different levels. These focus on guarding, mobile services, technical services, management and higher skills and large-scale security⁶⁸. A detailed overview includes:

Guarding

- Basic
- Commercial manned
- In-house manned
- Event
- Door supervision (bouncing)
- Bodyguarding
- Refresh
- Canine services
- Ascertaining material facts
- Museum
- Stewarding
- Fire prevention and protecting services
- Safety of track construction
- Receptionist/concierge services
- Firearms

Mobile services

- Beat patrol
- Mobile alarm response and call-out services
- Cash-in-transit services
- Transporting valuables

Technical

- Alarm and CCTV monitoring
- Alarm installation

Management and higher skills

- Security manager
- Loss prevention
- Private investigation
- Security consulting
- Store detective

Large-scale security

- Aviation security
- Urban security (train/metro stations, city patrols)
- Critical infrastructure protection
- Maritime security
- Guarding military units

⁶⁸ CoESS, Private security services in Europe, facts & figures 2011, o.c..

This summary shows once more the added value provided to the individual 'security professional', and to the user, as a result of increased professionalisation through training, education and/or lifelong learning.

For the sake of completeness, it must be noted that the added value of this training, education and/or lifelong learning has in itself contributed to the creation and operation of a market segment in the private security sector. This form of private education increases the skills available in society, representing an added value 'in itself'.

2. Employment

One cannot gain an insight into employment in the private security sector in Europe without the figures published by CoESS. Due to the fact that these figures have long been available, it is once again possible to make a comparison and provide an update for 2011. In addition to the EU Member States, CoESS also publishes statistical data for the following countries: Bosnia-Herzegovina, Croatia, Macedonia (FYROM), Norway, Serbia, Turkey and Switzerland.

CoESS 2011 figures show that in the 34 European countries considered there were 2,085,021 employees in the private security

services. Although this figure has increased in many countries, it is to be noted that in other countries the number of security staff has decreased.

The proportion of public and private security industries translates to ratios of 1 in 356 citizens compared with 1 in 567 citizens respectively. Both sectors are growing closer together.

In the 2011 CoESS figures and again in the 34 European countries considered, the total number of private security companies is 51,559. As is the case for the number of personnel, this figure has increased in various countries but also decreased in several others. Nevertheless, it is a fact that the private security services sector still leaves room for newcomers in a regulated market, which proves that this sector is characterised by creativity, entrepreneurship and sustainability.

The tables below follow the structure of the previously mentioned 'CoESS Facts & Figures 2011 - Private Security Services in Europe' and give the English name of the (Member) State in question, the population, the police force ratio, the security force ratio, the number of private security companies and the number of personnel in the private security sector⁶⁹.



Table: Updated CoESS figures for 2011

State	Population	Police Force/Ratio per inhabitants	Security force/ratio per inhabitant	Security Companies	Personnel
Austria	8,374,872	1/380	1/837	200	10,000
Belgium	10,839,905	1/266	1/703	220	15,411
Bosnia	3,844,046	1/217	1/914	94	4,207
Bulgaria	7,563,710	1/155	1/132	1,200	57,146
Croatia	4,425,747	1/216	1/277	246	16,000
Cyprus	803,147	1/156	1/472	60	1,700
Czech	10,506,813	1/238	1/204	5,629	51,542
Denmark	5,534,738	1/503	1/1,107	470	5,000
Estonia	1,340,127	1/412	1/290	252	4,627
Finland	5,399,090	1/701	1/771	250	7,000
France	64,714,074	1/271	1/438	9,425	147,800
Germany	81,802,257	1/326	1/487	3,700	168,000
Greece	11,305,118	1/428	1/377	1,200	30,000
Hungary	10,014,324	1/380	1/125	11,304	80,000
Ireland	4,467,854	1/344	1/223	280	20,000
Italy	60,340,328	1/565	1/1,261	1,299	47,858
Latvia	2,248,374	1/300	1/105	500	21,500
Lithuania	3,244,601	1/290	1/295	121	11,000
Luxembourg	502,066	1/330	1/186	13	2,700
Macedonia	2,052,722	1/213	1/513	165	4,000
Malta	412,970	1/215	1/590	6 (2010)	700 (2010)
Netherlands	16,574,989	1/461	1/525	1,300	31,543

Norway	4,858,199	1/567	1/627	250	7,750
Poland	38,167,329	1/388	1/191	3,200	200,000
Portugal	10,637,713	1/228	1/273	160	38,928
Romania	21,462,186	1/1,050	1/201	1,282	107,000
Serbia	7,306,677	1/218	1/146	797	50,000
Slovakia	5,424,925	1/251	1/315	1,730 (2010)	17,200
Slovenia	2,046,976	1/256	1/322	113	6,364
Spain	45,989,016	1/213	1/512	1,494	89,750
Sweden	9,340,682	1/522	1/467	250	20,000
Switzerland	7,785,806	1/463	1/439	637	17,742
Turkey	72,561,312	1/220	1/170	1,212	427,967
the UK	62,008,048	1/382	1/170	2,500	364,586
Total	603,900,741	Average 1/356	Average 1/290	51,559	2,085,021

3. Technology

There is a sustainable relationship between science, technology and prosperity⁷⁰. Technological developments follow innovative science that is in turn fundamental or applied and/or policy supportive and therefore generates prosperity in the market for the public authorities and the citizen. A good understanding of the advances in technological developments is vitally important for the economy⁷¹. Investments by private security industries in scientific research also provide an added value. The sector finances scientific research at universities, colleges of higher education and private research agencies. The enhanced value of this scientific research is achieved through study days, publications and active participation in scientific advisory councils. This scientific knowledge replaces old technology by introducing new ones⁷².

Today there are many technological applications that permanently improve the traditional security domain, ranging from alarm monitoring centres and their management and access control to CCTV applications, which significantly reduce costs for the end user and increase the efficiency and effectiveness of the service for that same user.

Technological surveillance and security activities, performed by the security guard, client or remotely, are carried and supported by ISDN, DSL, GSM and GPRS, RFID technology. Applications for each of these, which are subject to standardisation and certification, are countless. These include perimeter security and new applications related to wire technology, door technology, turnstile technology, barrier technology and 'tyre killer' technology, key technology and glass technology.

⁷⁰ Kealey, T., *Sex, Science & Profits*, London, William Heinemann, 2008, 17.

⁷¹ Heertje, A., *Echte Economie (Real Economics)*, Valkhof Pers, Nijmegen, 2007, 94.

⁷² Kealey, T., *The Economic Laws of Scientific Research*, Houndmills, Macmillan Press, 1996, 217.



Private security also provides added value in electronic surveillance and security. This is represented by the increased quality of video surveillance, CCTV, heat and 3D detection. The application of biometrics will most certainly be expanded in the future. These include fingerprints, hand geometry, iris and 2D or 3D recognition.

Focusing on the future, the surveillance and security sector must opt for the 'combined contracts' approach. Surveillance and security can no longer exist without 'state-of-the-art' consultancy and technology. These investments remain in the service, which provides added value through increased surveillance and security on the one hand and cost reduction for the client on the other.

XI. The economic added value of private security services

In contrast to public security services, private ones essentially have no part in the strict fiscal relationship between the citizen, the market and its public authorities. The citizen, business community and the public authorities themselves that call on the expertise of private security services will consequently want to benefit from added value. This consists of the value that the citizen, business community and the public authorities attach to additional security, their contractual freedom of choice that increases and the fact that a market correction is possible if the security is not effective and/or efficient.

This can be illustrated by the potential economic growth or increase in economic⁷³ value in the private security market, and the same for turnover. The following table (turnover and market growth) shows that the private security sector generated a turnover of EUR 34,283.9 million, which is 0.23% of the total gross national income, and achieved a market growth of 14.09%⁷⁴.

Table: Turnover and market growth

State	GNI in billions of euros	Private security market turnover in millions of euros	Average market growth (2003-2010) %
Austria	274.30	350.00	8.90
Belgium	373.29	640.00	2.90
Bosnia-Herzegovina	13.53	28.80	141.70
Bulgaria	35.12	311.20	17.30
Croatia	46.46	160.00	16.00
Cyprus	22.56	25.00	N/A
Czech Republic	135.13	629.31	N/A
Denmark	245.67	430.00	N/A
Estonia	13.94	128.00	5.30
Finland	180.30	400.00	N/A

73 Romer, P, Economic growth, in Henderson, D, o.c., 128-131

74 CoESS, Private security services in Europe, facts & figures 2011, o.c.



The socio-economic added value of private security services in Europe

France	2,101.96	5,290.00	4.50 (2005-2010)
Germany	2,655.80	4,390.00	1.69
Greece	242.00	275.00	N/A
Hungary	97.60	550.00	N/A
Ireland	147.30	1,200.00	N/A
Italy	1,569.00	2,700.00	2.00 (2007-2010)
Latvia	20.78	365.93	N/A
Lithuania	29.65	58.00	N/A
Luxembourg	29.19	N/A	N/A
Macedonia	6.79	N/A	N/A
Malta	4.37	N/A	N/A
the Netherlands	612.49	1,480.00	1.05 (2008-2010)
Norway	312.59	934.00	12.70
Poland	357.60	1,500.00	4.42
Portugal	178.25	730.00	6.50 (2003-2007)
Romania	232.42	643.00	N/A
Serbia	33.62	180.00	14.00 (2006-2010)
Slovakia	59.99	N/A	N/A
Slovenia	36.78	1.30	N/A
Spain	1,129.47	3,386	2.98
Sweden	347.66	840.00	5.85
Switzerland	386.85	678.36	3.85



Turkey	499.02	2,010.00	11.42
the UK	1,956.84	3,970.00	4.30 (2005-2010)
Total	14,388.32	34,283.9	14.09

In short, these figures reveal that the citizen and business community have confidence in the sector and also perceive the latter as a real market with growth potential, i.e. a market that above all guarantees contractual freedom to procure additional security.

XII. General conclusion

The socio-economic added value provided by the private security concern's services and/or products consists of the improved or additional value for security so that the total value of security increases for and as a result of public authorities, the business community and the citizen. Security strategies (risk society, integral security concern and nodal orientation), from which the private security sector can no longer be excluded, provide added value purely and simply as a result of its socio-economic existence. Private security services represent an additional complementary partner in total security management.

The 'value chain analysis' allows added value to be viewed from the perspective of end users such as the public authorities themselves, the business community and the citizen. Private security services can also identify 'building blocks' that provide added value for subsequent 'building blocks'. Private security services continue to offer services and/or products that the demands of the market designate as excludable and non-competitive club goods with a predominantly preventive character. As a result, public security can increase and improve its focus on more repressive tasks.

Due to this, we note that the private security market has already established clearly defined market segments as 'building blocks' ('basic, commercial manned, in-house manned, event, door supervision (bouncing), bodyguarding, canine services, ascertaining material facts, museum, stewarding, fire prevention and protecting services, safety of track construction, receptionist/concierge services, firearms, beat patrol, mobile alarm response and call-out services, cash-in-transit services and transporting valuables, alarm,

CCTV monitoring and installation, security manager, loss prevention, private investigation and security consulting, aviation security, urban security - train/metro stations, city patrols, maritime security, critical infrastructure protection and guarding military units'). In addition to these, a number of market segments are being developed (penitentiary management, the aging population, healthcare and education, police force tasks, critical and military infrastructures, international security institutions and community guards) as new 'building blocks', which in turn can make use of the effects of the already acquired efficiency and effectiveness of existing market segments.

The 'human resources management' available in the security sector, which provides a considerable number of jobs (2,085,021 employees) on the one hand, including professional education, training and/or lifelong learning, and technological developments and investments on the other, also has an impact on the cost of crime. As a result of preventive surveillance and security measures provided by private security services, the cost of crime increases for the perpetrator and decreases for the victim in general and for society in particular. Private security services prove that it is possible to provide added value in this respect.

Moreover, the private security sector also provides an economic added value. This is illustrated by its turnover amounting to EUR 34,283.9 million. Furthermore, when considering the whole of Europe, the sector continues to achieve economic growth.

Taking this statement into account, it is socially and economically undesirable for - the appeal, assessment and decision related to private and most certainly public, national and international - tenders for private security services to be made exclusively according to a lowest price strategy. This study reveals that price in particular, which is only a balance between supply and demand, is also the exponent of a socio-economic added value for the citizen, business community and public authorities. In brief, a correctly rated price in relation to quality criteria more than guarantees an increase in all aspects of general security.



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