

Trends in the private security industry:  
blurring boundaries and the search for effective regulation

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On my way to this conference, I encountered more private security personnel than police officers: when my taxi dropped me off at the airport, one of the 170 airport security guards was patrolling the curb side and prevented cars from stopping for more than a couple of minutes. Before I checked in, I was asked a few questions by another guard in a suit whose salary was paid by the airline this time: he wanted to know why I was travelling to Chile and I could feel that if I did not provide him with a satisfactory answer, he would not let me board the plane. I was also offered the opportunity to have my suitcase wrapped up in a sheet of transparent material, preventing anyone from tampering with it and planting drugs or explosives inside (it would also probably prevent me from leaving the airport in Santiago with someone else's luggage). In Canada, since 9/11, air transport security is the responsibility of Crown corporation called CATSA, whose role is to award contracts to private security companies to screen and search travellers who pass through Canadian airports. It also awards contracts to the RCMP, the Canadian federal police, to "purchase" air marshall services for certain designated flights to the US (I don't know if you like me wonder about the irony of a quasi-public company that hires a public police force to provide security on commercial flights in order to comply with requests from a foreign country). While my carry-on luggage was X-rayed by two people who were engaged in a heated discussion about the upcoming hockey game (and paying no attention at all to the screen in front of them) I thought about an email I had received a few days earlier from a Security consultant who specializes in advising women executive travellers and was advertising her presence at a tourism and travel show: she was offering advice on what to include in your emergency travel kit, how to minimize your chances of becoming a victim while travelling, and how to pick your room at your hotel (mine has a wonderful view on Andes, thank you!). Actually, most of that information is available free of charge on the Canadian Department of Foreign affairs website. Meanwhile, at the airport, the few visible officers from the Montréal police were also working under contract with the local airport authority and the US Customs and Immigration service. As soon as I had landed in Chile, I learned that the *Metro de Santiago* was awarded a few month ago a crime prevention award for a CCTV system of 500 cameras that reduced robberies and other crime in subway stations by more than 50%. This system was designed and installed by Bitelco and Bell Pacom, a subsidiary of the giant security company *Securitas AB*, which employs more than 200.000 people all over the world.

This little story has nothing exceptional: we experience it every day and most of us don't even notice the familiar presence of private security anymore. We constantly navigate

through ‘bubbles of security’ that are provided by a broadening range of companies whose main motive is to profit by selling security or its placebo, the feeling of security, to citizens, companies and governments. This trend is leading us to reconsider the classical theory according to which governments have an internal monopoly over the legitimate use of coercive force, and by extension the production of security, through the public police and its legal powers. The discovery of the size of the private security sector in the 1980s in the US, Canada and the UK led some observers to forecast a “quiet revolution” (Shearing & Stenning 1980 cited in O’Connor et al. 2004). This quiet revolution is now upon us, and it goes far beyond comparisons of the number of employees in the private sector, versus the number of police officers. It currently follows four trends that can be observed all over the world:

1. The advent of High-private security
2. Competition with public police
3. Increased coordination and partnerships with public police
4. The search for effective regulation

### ***1. The advent of High-private security***

Just like sociologists discovered a while ago that police work involves much more than uniformed patrol (Brodeur), we learn daily about the expanding nature of private security. Far from being limited to the protection of buildings and patrol of mass private properties by underpaid personnel, private security is now undertaking a range of tasks that require vast amounts of expertise, and in some cases, expertise that is not available in the public sector:

- At the military end of the private security spectrum, what have been called Private Military Companies (or PMCs) operate in 50 conflict zones around the world, sharing an estimated US\$ 100 billion in revenue (Scott Tyson 2004). These companies mostly hire former Special Forces and other highly qualified military personnel to secure the operations of private corporations (often in the natural resources extraction business) and NGOs in dangerous areas.
- In Latin America, the US Department of State hires private companies to spray Coca crops and conduct surveillance of air traffic to spot drug shipments.
- In cases of kidnappings for ransom, companies and families can call on the services of firms such as Global Risk International<sup>1</sup> or Control Risks Group<sup>2</sup>, which has offices in Bogotá and Sao Paulo and can dispatch a security consultant on site within 24 hours to help plan the negotiation and rescue.
- The financial sector has also relied more heavily on the forensic services of the big accounting firms such as KPMG or Price-WaterhouseCoopers to investigate complex financial fraud in the absence of equivalent services offered by the police.

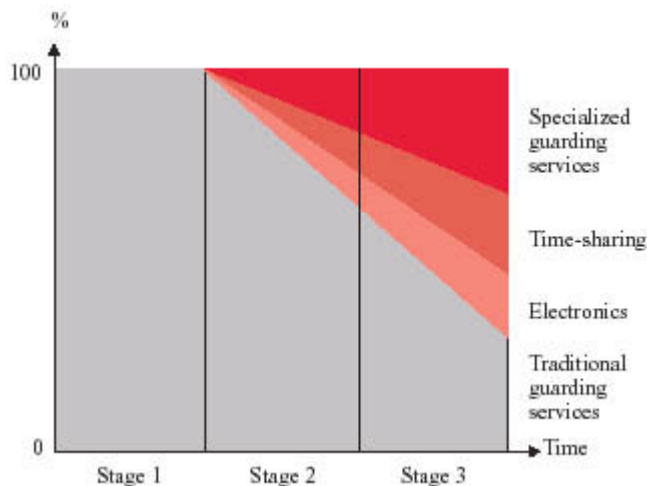
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<sup>1</sup> <http://www.globalrisk.uk.com/home.html>.

<sup>2</sup> <http://www.crg.com/html/index.php>.

- Furthermore, the Data-mining industry that helps companies target their customers for their marketing campaigns is now entering the security market, selling products and databases to public agencies and private companies that want to screen their employees or just bypass restrictive privacy laws. Clients of companies such as Choicepoint or Seisint include the FBI, the CIA and many other law enforcement agencies. The company Choicepoint sells for example an employee screening system called Esteem that compiles reports from dozens of retailers such as Target, Home Depot and others about employees who have admitted to, or been convicted of, shoplifting (O'Harrow 2005).
- Finally, more and more patrol on public space is conducted by private guards under contract with Business Improvement Districts, Public housing authorities and municipalities (Rigakos, Cooley, Vindevogel).

The growth potential of these new activities is, according to the giant Securitas AB, quite promising and the indicator of a developing market, as the figure below shows. These high-end services offer better profit margins and prospects for the security industry, and the push to offer them will be sustained.



Source : Securitas AB

This colonization of a broadening range of responsibilities previously assumed exclusively by the state (and the growing reliance of the police of private security for certain forms of expertise) opens the door to ethically dubious practices and plain mistakes that do not command equivalent levels of oversight to the one imposed on the police. See for example the theft of Latin American electoral rolls by the American company Choicepoint to be used in the US by the Immigration service, or the poor protection of data that led to the theft of millions of records from the same company.

## ***2. Competition with the public police***

This rise in the profile of private security generates some active resistance from the police, which can culminate in open competition. Every new attempt at regulation of the

private security industry is actively supported by police organizations and unions, which generally suggest that private security should be forbidden from any enforcement and investigative function, and limited to more benign loss prevention tasks. This resistance is understandable: as the market share of the private security industry continues to grow on average at the rate of 8-10% a year (according to forecasts by Securitas AB in Europe and ASIS International in North America), and show no sign of slowing down, the public police is contemplating a shift of resources and fears its downsizing in favour of more flexible, non-unionized and lower paid security guards. There is currently not a single police mission that private security has not been able to accomplish somewhere in the world.

Furthermore, the massive transfer of expertise that will result from the retirement of the baby-boom generation from the public police will also vastly improve the competitive advantage of the private security sector: consider for example that in Canada, for the period going from 2003 to 2006, 25% of the most experienced police officers will claim their pension (33% in my home province of Quebec), and that a fair share of them, who are still very active and will want to maintain their lifestyle, will consider extending their career in the private sector.

As a result, some police forces have decided to adopt an offensive approach and offer some services on their own for sale, while reducing their costs: the trend is coming from Britain this time (I do not include police corruption and extortion as a legitimate activity, although it could be argued that it provides sometimes protection to those who pay for it). The introduction of CSOs or Community support officers, has enabled the police to hire new recruits who do not have full police powers but are paid minimum wages and receive only a few weeks of training. CSOs, whose uniforms are very similar to those of full fledged police officers, are often subcontracted to local communities or businesses so that costs are shared between the public and private sectors. In Argentina, the cities of Buenos Aires and Rosario have launched Urban Guards that follow the same principles. Meanwhile, British police forces are encouraged to generate income by selling patrol services. The trend is also visible in Canada: In Montreal, renting a fully equipped off-duty police officer will cost you around \$40 per hour, and you can also rent a police car or a police dog for an additional amount. While it is much more expensive than the average cost for a private security guard (about \$11 an hour in Canada), it gives you access to the legitimacy and powers of the police in case of an incident (operational responsibility remains with the police chief though).

In the future, the line between private and public security will become even more blurred, as they will adopt similar marketing and management techniques, and compete for the same contracts, although with different resources at their disposal. The risk here is to see the public police lose sight of its public interest mandate and concentrate exclusively on activities where costs can be recovered.

### ***3. Increased cooperation and partnerships with the public police***

Nevertheless, public and private security can not exist in isolation: many private security services produce beneficial outcomes that extend far beyond those who purchase them: take for example the LoJack system. LoJack is a GPS tracking device that facilitates the recovery of stolen vehicles. The rate of stolen cars in regions where Lojack is being sold has seen decreases of up to 50%. Most of those cars that were not stolen did not subscribe to the service, but benefited from its existence and the fact that other more wealthy people paid for it. LoJack increases the uncertainty for thieves, because cars that are protected are unmarked, and stolen cars can be traced silently to the ‘chop shop’ where they are reconditioned. LoJack benefits the whole community by decreasing the number of high speed police chases and the accidents that are linked to them, by increasing the number of arrests, and by increasing the number of recovered vehicles and therefore decreasing the amount of insurance premiums.

Similarly, the 9/11 commission report noted that private security personnel were the real first responders in the World Trade Centre and that their immediate presence and their early involvement in the evacuation of the twin towers saved thousands of lives.

These examples show us that contrary to what is often stated, the outcomes of private security are not restricted to those who pay for it: just like policing, private security has a positive diffusion effect (what economists call positive externalities) that we need to evaluate and understand (however, it can work both ways and private security sometimes creates more problems than it solves). We need to understand the conditions that make private security effective at the community level in order to improve the coordination with the public police and deliver optimal security. This is not easy.

A research I have just completed in Montreal shows that private and public security engage daily in partnerships that range from the exchange of expertise and data to the pooling of resources. Security in the modern city is produced through horizontal networks rather than vertical hierarchies, and the state should take that finding into account when designing new homeland security policies. In our study, we identified 207 security organizations in a city of 1.8 million people, which maintained more than 1600 active ties. Locating the police in such a bird’s nest diagram is not easy.

Since 9/11, public and private partnerships have been hailed as the new magical cure to deliver security, but we still know very little about the management and social mechanisms that foster effective security networks. Much research and experimentation needs to be done.

#### ***4. The search for effective regulation***

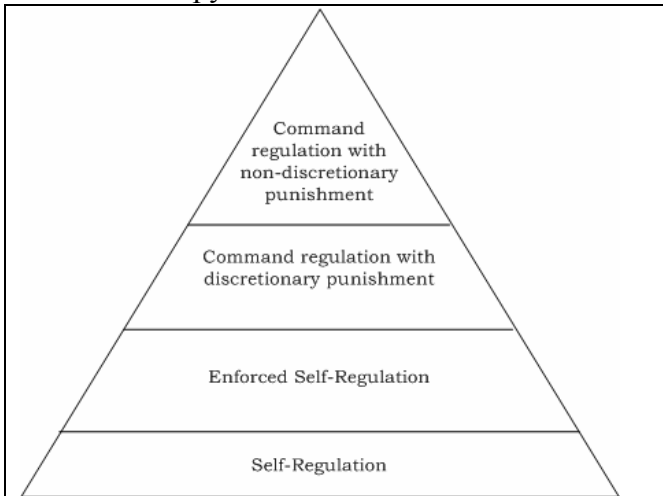
Finally, the rise of the private security industry has led many governments (and members of the industry themselves) to update obsolete regulatory tools. In Europe alone, 12 out of 25 European Union members have in the past 5 years introduced or renewed their legislation relating to private security (COESS). In Canada, four out of ten provinces have in the past couple of years initiated legislative processes to update the regulatory framework pertaining to private security (Burbidge 2005).

This outbreak of legislative activity relies mainly on a tightening of the licensing requirements for companies and their employees, higher levels of competencies based on national or local certification schemes, and a strong self-regulation component, since there are few resources available in governments to enforce the new rules. It is very likely that the new regulation standards will result in the disappearance of fringe security companies whose practices are problematic and that it will strengthen the market share of the large companies such as Securitas AB or Group 4 Securicor (some cynics argue that the new regulations are in fact supported by these large companies in order to squeeze the smaller ones out of the market).

These new regulatory regimes are welcome in a fast changing environment, but one danger lies in their counterproductive effect, particularly when they alienate the industry or are enforced inconsistently (Sarre & Prenzler 1998).

In that context, the enforcement pyramid designed by John Braithwaite (2000) offers an interesting option that fosters ‘responsive regulation’:

Enforcement pyramid – Braithwaite 2000



Compliance with regulation is gained through an escalation of enforcement that reflects the level of resistance: self regulation is encouraged for the vast majority of organizations that willingly apply the new standards, while non-compliance results in higher levels of intervention from the professional association first, and a higher regulatory authority that has enforcement powers and can impose tough sanctions. This gradation of enforcement ensures that regulation is embraced by the industry while it removes from the industry the repeat offenders. This regulatory strategy is more progressive and adjusts better to the variations in behaviours. It also allows a more efficient allocation of resources toward the top of the pyramid, where it is most needed.

External stakeholders also need to be involved, since the production of private security impacts on society as a whole: this can be done either through a public complaint mechanism such as the one found in British Columbia, which is very similar to a police

complaint authority. A more controversial suggestion involves the establishment of security boards that would consider public policing and private security as a whole, and craft public policies and regulations accordingly. As it was recommended by the Patten Commission in Northern Ireland, they could also allocate security budgets to public or private security organizations for specific tasks, depending on their track records and proposed strategies. But I am drifting away from current trends into science fiction here...