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Drivers of growth in the private security industry.

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DRIVERS OF GROWTH IN THE PRIVATE SECURITY INDUSTRY

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ABSTRACT

Due to the emerging security issues in Kenya private security services have increased over the years. While a number of reasons such as increased crime, vandalism and terrorism on the back of the state's diminishing capacity to contain the same can be attributed to this, there hasn't been a dedicated study to prove or otherwise disagree with such anecdotally held evidence. Given the emerging rise of the private security industry, we found it necessary to carry out a study to find out the drivers of growth of the private security industry. Using a cross-sectional survey design and census of the target population of registered members of KSIA, the study findings based on collected primary data from 37 firms (24 registered with KSIA and the rest either aspiring or already in the process of registration) shows that the evolution of security roles has risen beyond manned guarding to more complex services which include consulting, training, alarm response services, vehicle tracking, security systems and technology, cash management and investigative services among others. Besides, the private security firms are growing at a significant rate with increasing annual profits of more than 1 billion Kenyan Shillings on average every year. This increased profit can be attributed to a sound regulatory environment that has allowed the firms to take more of a center-stage in providing security solutions to the people. Also, dispute resolution mechanisms available in the country are helping improve consumer confidence in the procuring of private security services. The implication of these findings is that we can never take for granted the private security industry and despite the regulation of the same provided for in the Private Security Regulation Act in 2016, there are key lessons that can be forwarded for a more sustained growth within the precepts of the law. Firstly, private security firms should diversify their service provision to encompass a wider scope of service delivery. Secondly, there is opportunity to continue investing in the industry particularly in security services to individuals in their homes and offices with more diversified products to address the needs of the rising middle class. Finally, there is need for continued effort in ensuring a sustainable regulatory environment and full implementation of the dispute regulation strategies in Kenya.

DECLARATION

I, the undersigned declare that this is my original work and it has not been submitted to any college, institution or university other than Strathmore Business School, for academic credit. All material obtained from other sources is duly acknowledged.

Signature………………………………. Date 29/10/2021 …………………………………………

Fred Kinywa

This dissertation has been submitted for examination with my approval as the appointed university supervisor.

Signature………………………………. Date 29/10/2021 …………………………………………

Fredrick Onyango Ogola

Academic Director – MBA Programs

Strathmore Business School

Signature………………………………. Date…………………………………………

Prof.

DEDICATION

I dedicate my research paper to my family which has had to contend with my absence in order to complete my studies in enhancement of my professional standing.

ACKNOWLEDGMENT

The writing of such a thesis is assumed to be an individual's effort. However, the work that goes into it to meet the required rigor of a master's level degree is quite a collaborative effort. I would like to give Glory to God for His provisions that have enabled me to come this far, without good health and strength to continue, it would not have been possible to complete this thesis.

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God bless you all!

ABBREVIATIONS AND ACRONYMS

AfDB: African Development Bank

GDP: Gross Domestic Product

GoK: Government of Kenya

KDF: Kenya Defence Forces

KIPPRA: Kenya Institute of Public Policy Research and Analysis

KSIA: Kenya Security Industry Association

KWPSWU: Kenya National Private Security Workers Union

NGOs: Non-Governmental Organizations

PSCs: Private Security Companies

SME: Small and Medium Enterprises

TI: Transparency International

UN: United Nations

USD: United States Dollar

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Emerging threats such as terrorism, organized and urban crime makes the provision of security a fundamental challenge to many states and Kenya is not an exception to this. Consequently, there has been a constant increase in the demand for security, beyond what the state can provide. This has led to the emergence of Private Security Companies (PSCs) as an alternative and complementary actor in the provision of security. Manpower is a key factor in the provision of private security all over the world and it involves duties such as guarding, supervision, surveillance, patrols and responding to emergency situations.

Nationally, the private security industry plays a key role in the economic growth and development of the Kenyan economy. This has been enhanced by the state's diminishing capacity to contain increased crime, vandalism and terrorism in Kenya. These non-state actors commonly referred to as private security companies (PSCs) have emerged and gained a foothold in the provision of security services making it considered as one of the fastest growing industries in the nation, with a high growth rate contributing over 3,000 new jobs annually. Majorly, private security firms in Kenya provide services across different sectors such as corporate, industrial and manufacturing, commercial, financial services, hospitality and residential.

1.2 Background of the Study

The Private Security Companies (PSCs) are considered to be for-profit enterprises or corporations which provide armed and unarmed security services to private and public clients. They are companies mainly engaged in guarding and patrol services, primarily described as protection of personnel and/or assets (Murunga, 2014). In the global context security functions previously regarded as the proper domain of the state, including prisons, prisoner transport, immigration control, and airport security, have been privatized and outsourced, and these shifts in governance and the ensuing proliferation of market opportunities are closely connected to the growth of the private security industry (Johnston, 1992; Button, 2002; Wakefield, 2003).

The history of private security companies can be traced to the early 1960s in countries like the United States, Britain and Canada when these states' monopoly on policing was broken by the creation of private and community-based agencies to prevent crime, deter criminality, catch law breakers, and investigate offences and to stop conflict. According to Ruteere et al., (2003), the concept of private security and community policing largely popularized in the United States and in the United Kingdom from the 1980s onwards. The popularization was based on three factors: the principle of co-ordination and consultation between the police and the policed; on the definition of security needs; and on the implementation of ways of preventing and curbing crimes and of enhancing safety.

In Africa, it is South Africa which is recognized as the champion of private security in the continent with the most advanced experience in the implementation of private security (Gumedze, 2008). The rationale behind private security in South Africa was based on the fear and hatred of the police during apartheid in the townships together with a dependence on private security initiatives. After apartheid, private security and community policing was contained in the country's interim constitution, articles of the constitution, the police act and the South African Police Service's Strategic Plan.

Nationally, private security is entrenched in the long-term national strategy for Kenya, Vision 2030 which aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. The strategy recognizes the important role of security in enhancing good governance, social welfare and economic development. Particularly, security is key in achieving rapid and sustained economic growth, national productivity and competitiveness, and socio-economic and political transformations are not possible to achieve without security (Omolo, 2018).

The state of Kenya's economy, inequality and provision of adequate and trustworthy state security, increasing levels of crime in recent years, threats of terror coupled with vulnerability to terrorist attacks, low police to citizen ratio (about 1: 1150 against the recommended UN police officer to citizen ratio of one police officer to every 450 citizens), crimes of opportunity – those that are committed when people grow desperate as a result of their joblessness, financial situation, the reduction of government jobs, domestic insurgencies and drug wars have given rise to the booming private security industry. Also, government outsourcing of many security functions has led to the emergence of the private security industry in Kenya. Besides, many of the roles traditionally held by police officers are today being filled by private security professionals.

Today, private security agents provide a number of security services and products. For example, protecting corporate office buildings, industrial and manufacturing plants, warehouses, retail shopping centers, hospitals, as well as private individuals. Real estate growth has also played a role in the growth of the industry particularly among the tier 2 and tier 3 players. The reclassification of land use in previous single-dwelling plots into multiple-dwelling or commercial plots has the transformation of hitherto low-density residential areas into high-density areas, as well as into commercial districts e.g. Upper Hill, Kileleshwa, Westlands and

Kilimani. This has led to increased demand among emerging gated communities dominated by apartment blocks as well as a need for security services among companies occupying commercial spaces.

The private security industry in Kenya has not only grown in importance but also in size. It is estimated that the private security industry has over 500,000 employees and 2,000 registered companies (Omolo, 2018). Majority of the private security companies are local with only five being multinational. Kenya's private security market is also segmented, pitting big, medium, small and micro-sized firms against each other.

The industry has a burgeoning informal economy characterized by individual companies that are neither duly registered nor operate from a recognized physical address. However, with the advent of the Private Security Regulatory Authority following the passing of the Private Security Regulation Act in 2016 a number of these challenges are expected to be addressed. Nonetheless, the private security industry is still characterized by triangular forms of employment such as labour brokerage, subcontracting and outsourcing. The industry is largely manpower-driven and has the highest minimum wage limit in the region, as the government has effected statutory minimum wage increases over time. Typically, these increases in minimum wage announced on Labour Day are passed on to customers in the form of price increases. These wage increases can be explained by the existence of the Kenya Security Industry Association (KSIA) which is a federation of private companies whose core business is the supply of security products and services, and Kenya National Private Security Workers Union (KWPSWU) whose main focus is on improving the private security workers' welfare. The KSIA strives to drive compliance among its members in order to level the playing field as well as promote the welfare of workers in the private security industry.

Despite the existence of the authority, association and workers union, direct costs and therefore prices of manned services of the private security companies (PSCs) that stay compliant have gone up as they endure massive price undercutting. This is because lower tier and non-compliant players are able to charge far less for services due to lower direct costs because they do not adhere to the statutory minimum wage requirements nor invest adequately in resourcing of manpower. While this translates into overall growth across the industry, it simply means that growth has shifted from the tier 1 players to the tier 3 as the former's pricing grows out of reach of the much bigger middle class and SME segment (Abrahamsen & Williams, 2005).

Private security services in Kenya are mainly provided in five main components: the Guarding component (protects fixed assets and property such as buildings, shopping complexes and schools, patrolling of privately owned public spaces and the policing of strike action). Also, Alarm Response (entails the installation of electronic security systems linked to a central control room, which is responsible for deploying trained mobile response personnel when required), Cash-in-Transit component, security technology (includes installation of alarms and other electronic security systems), and the Investigation and Risk Management components (includes private investigators and risk consultants).

The private security industry in Kenya spans over 40 years and includes private security companies that have been in operation since the late sixties, seventies and the eighties, for example, Wells Fargo and G4S (previously known as Securicor) as well as others such as BM, Securex Agencies, Riley Services and Security Group Africa (previously Group 4 Security and

Factory Guards). The common thread among the early security companies with the exception of G4S is that they are family-owned. This trend has continued since the nineties where new entrants in the industry are mostly family-owned with the recent exception of KK Security which was acquired by Gardaworld, a Canadian company in 2016.

Today, the private security market in Kenya is highly competitive with different companies offering some or all of the services that can be sourced from these companies. The most common services are manned security or guarding as this is easy to set up and has lower startup costs. The more established firms offer alarm monitoring and response in addition to guarding services and are therefore able to offer differentiated services than those firms that only provide manned security. Among the top tier players can be found additional services relating to Cash Management and CIT as well as technology-based solutions comprising integrated security systems like Intrusion, CCTV, Fire and Access Control. As the economy grows and diversifies demand continues to increase as the state's ability to provide security as aforementioned stretches even further across the different economic segments. However, there is growing demand among the middle class. According to AfDB (2015) the size of the middle class stood at 44.9% of the total population in Kenya (According to the African Development Bank, individuals or households who have a daily spend of between USD 2 – USD 20 per day are in the Middle Class). This growth in middle class has led to some innovation among different sectors of industry including the private security industry which has had to contend with the need for new ways of meeting demand for services in a growing market.

Generally, private security companies like other companies are motivated by profit and have to position themselves to leverage opportunities that abound in the market driven by demand as a result of security risks that the state cannot adequately address. It is therefore imperative to provide evidence on the factors influencing the growth of the private security industry in Kenya for policy direction.

1.3 Problem Statement

Security helps to provide an optimal environment for business and as such can be said to influence the flow of investment. In Kenya, Vision 2030 envisages a stable, peaceful and secure environment in order to realize growth and development. On the contrary, insecurity undermines growth and productivity of a country's development in macro and micro-economic terms, as well as social and individual well-being. This has a tangible impact in terms of costs associated with funding security infrastructure to mitigate against crime risk. Similarly, insecurity leads to direct GDP losses as insecurity increases the cost of credit and insurance, the cost of doing business as businesses are forced to make their own security arrangements such as deploying security technology and manned security to protect their businesses from imminent security threats and challenges.

The police are charged with the responsibility of addressing insecurity issues in Kenya. Nonetheless, the problems facing police (human resource/numbers and equipment) are eminent and inhibit them from successfully addressing security challenges. Thus, the government established a commission headed by Phillip Ransley. This Report commonly known as Ransley's Report recommended many reforms to improve the police service. Unfortunately, what remains a big challenge is meeting the UN-recommended police officer-to-citizen ratio of one police officer to every 450 citizens (GoK, 2008). Undoubtedly, this makes private security provision inevitable. Besides, the private sector also brings efficiency and effectiveness due to the fact they are able to invest in the right resources such as infrastructural, financial and human (Kwong-Leung, 1997).

Increasing criminal rates and failure of public security sectors to offer sufficient security to citizens has led to the growth of private security in Kenya. According to an earlier study by Kamenju et al., (2004), the growth of an operative private security sector needs a controlling charter that institutes certifying and supervising the values while also taking caution and procedures in advancing the security and protection of security guards.

In an attempt to explain the reason behind the growth of private security in Kenya, Ngugi et al, (2004) postulates that the services from the government in Kenya began to worsen more in the late 1980s through the l990s whereby the nation's spending and investments were diminished during this period of economic decline. This further contributed to worsening of the capability of the administration and civic organizations to bring rule and command services with fraud and financial malpractice yielding to a sharp rise in criminality and insecurity thus the growth in the private security sector (Wairagu et al., 2004).

According to Gumedze (2007), the 20th Century has witnessed a propagation of private security firms in Kenya because of the increase in criminal acts and the failure of public security services to offer sufficient security leading people to look for different security services in order to improve their safety and security. To effectively manage the private security sector in Kenya, relevant legislation has been provided through the Private Security Regulation Act of 2016.

Over the years some growth has been seen in this industry. However, little is known about the factors that influence growth in the private security industry in Kenya in order to have more policy-oriented recommendations on how to make the sector more vibrant. This study sought to build on the literature on growth of the private security industry in order to assess this growth and its impact. The study assessed the profile of the private security industry in Kenya in order to illustrate its evolving role. Furthermore, this research aimed to give an insight on factors responsible for the growth of the industry in Kenya.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to determine the drivers of growth of the private security industry in Kenya over 10 years (2008-2018).

1.4.2 Specific Objectives

i. To examine how the regulatory environment affects the growth of private security firms in Kenya

ii. To establish how adoption and use of technology enhances the growth of private security Firms in Kenya.

iii. To establish how the overall state/growth of the economy influences the growth of the private security industry in Kenya

1.5 Research Questions

The study was guided by the following questions:

i) How does the regulatory environment affect growth of the private security industry in Kenya?

ii) How does the use and adoption of technology enhance the growth of the private security industry in Kenya?

iii) How can overall state/growth of the economy influence the growth of the private security in Kenya?

1.6 Significance of the Study

The rationale for this study was that the findings and results would elaborate the growth of the Kenyan private security sector with a focus on the drivers of this growth and the significance of the private security industry in Kenya; its contribution to economic growth in line with the aspirations of Vision 2030.

Towards achieving a safe and secure society as envisioned in Vision 2030, the Government of Kenya has been determined to improve security by reducing the police-to-population ratio to recommended UN standards among other strategies. This is intended to attract investment, lower the cost of doing business and to provide Kenyans with a more secure living and working environment. Nonetheless, threats of terror coupled with vulnerability to terrorist attacks; crimes of opportunity; reduction of government jobs; burglary and inadequate state capacities in the provision of security have given rise to the need for individuals and businesses to seek private security services.

This research aimed to provide a better understanding of private security as an important contributor to secure living and working environments. The research findings provide some insights to the government on continued growth of private security industry and its contribution towards the realization of the Vision 2030 security goal thereby enabling the government to come up with better strategies to harmonize the private-public security usage and to facilitate the growth of the private security industry. Also, this study provides background information and useful literature of significance to future researchers and academicians on the perspectives of private security industry growth in developing countries like Kenya.

1.7 Limitations of the Study

Certain limitations were expected to be encountered in the course of this study. Key among these included access and collection of data due to extreme data gaps and scarcity and reluctance of respondents to fully complete the survey owing to some being family-owned and therefore opaque, thus limiting the number of respondents involved in the study.

1.8 Scope of the Study

This research focused on the private security industry in Kenya in the period starting 2008 – 2018. Prior periods provided bases of information to guide the research towards meaningful hypotheses. The study period was picked based on emerging security needs during the period and possible data availability. While there are various private security firms in Kenya, the researcher concentrated on a few who are members of KSIA (Kenya Security Industry Association) due to lack of sufficient funds and time to carry out the study, as well as opacity among the smaller family-owned security businesses. However, it was assumed that the sample studied gave a reflection of what is happening in Kenya's private security industry.

The study was intended to be completed within a period of four months from January to April 2019. The period from January to mid-March 2019 was used to gather data, while the remaining period was used for data analysis and final compilation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of the theoretical and empirical literature relating to private security as per the study objectives. To address these, the study examined different theories, their proponents, the principles underlying these theories, applications and their relevance to this study in relationship to the variables of focus. The theoretical review is followed by a review of relevant empirical literature emphasizing on the study objectives, study methodology and the expected results. The chapter finalizes with a summary of the research gap and the proposed conceptual framework.

2.2 Theoretical Literature

According to Trochim et al., (2016), social research is basically theoretical and as such concerned with developing, exploring or testing the theories or ideas that social researchers have about how the world operates. According to them, refined principles that enhance understanding or explanation of a phenomenon(s) is what makes a theory. This definition is not far from that of Ngugi (2013) which defined theory as a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested and can be used to make predictions. Based on these definitions, in addition to theories, we included a logical framework to represent reality to support the use of the variables in this study. This study makes reference to two main theories: nodal governance theory and capitalist theory to explain the growth of private security industry.

2.2.1 Key Theoretical Concepts

Security: The level of protection against risk, harm, loss and criminal activity (Bryden & Caparini, 2006).

Safety: The situation of being protected against bodily, communal, spiritual, monetary, political, emotional, work-related, mental, educational or other types or consequences of failure, risk, accidents, injury or other events that may be considered non- desirable (Kinsey, 2006).

Growth: An enhancement in some amount over a period of time or and can be enumerated as the variation in the number of people of any group or items in a populace using "per unit time" for measuring (Tsirel, 2004).

2.2.2 Nodal Governance Theory

This theory, also known as Networked Nodal Governance Model provides an explanation on how a variety of actors operating within social systems interact along networks to govern the systems they inhabit (Shearing et al., (2003). According to this theory, governance in a system is constituted in nodes that mobilize the knowledge and capacity of members to manage the course of events. Nodes have four essential characteristics: mentalities, technologies, resources, and institutions.

In the context of private security industry growth, associated services supplement public security provision and works hand in hand with the same to provide overall security and safety. Just like nodes, the private security industry governs in a wide variety of ways, including by mobilizing resources, deploying new and modern technologies, using rules or laws, and directly governing people within the system of the overall security provision. It therefore follows that private security industry growth can be explained by aspects of technology and the overall state of the economy (institutions).

Burries et al., (2005) argue that the main virtue of nodal governance, namely, the emphasis on local capacity and knowledge can be retrieved, reaffirmed, and reinstitutionalized in ways that enhance the self-direction of poor communities while strengthening their 'collective capital'. This requires a trained workforce and enhanced technical capacities through adoption and use of technology for more output.

Schuilenburg (2015) while acknowledging that nodal governance is both a theoretical and normative aspect developed by criminologist Clifford Shearing in conjunction with colleagues such as Les Johnston and Jennifer Wood argues that nodal governance sets out the theory that the government is merely a node within a security network and that punishment is no more than one of the many instruments used to enforce order. Thus, the performance of the security sector would be determined by the existing governance in place which is also responsible for overall growth of the economy.

2.2.3 Capitalist Theory

The increase growth of private security can be explained through the capitalist theory. According to Forst (2000), the guarding of profit has become increasingly more intricate, and the flexibility and softness required under late-to-present conditions favour private security over public security provision (Avant, 2005). Foundationally, capitalism is considered an economic system that focuses on a free market to determine the most efficient allocation of resources and sets prices based on supply and demand. Accordingly, increasing profits will represent evidence of growth in the private security industry.

Shearing et al., (1983) emphasized on the aspect of profitability by arguing that that the reason of late capitalism involves and feeds on the commodification of security. The shift in security functions between the public and private sectors has taken place because of the need to meet the demand for security. However, the continued growth and progress of the private security industry is because of the sustained profits and the desire for bottom line profitability.

Schumpeter (1911) in his exploration of the fact that capitalism is a system of largely private ownership that is open to new ideas, new firms and new owners, postulates that innovations are normally the creation of business people. Furthermore, innovations are embodied in new firms. Thus, the agent of change is the entrepreneur who, hitting upon the prospective profitability of some unnoticed commercial application starts up an enterprise to implement the innovative ideas. In like manner, private security companies are a result of innovative ideas by entrepreneurs that also include adoption and use of technology in the sector.

Weiss (2007) postulates that the increasing number of people demanding security services not being adequately served by public security explains why the private security sector is growing today. Subsequently, the political wealth of the private security industry has assumed different types and functions in response to the altering needs of capital and the revolution of the state. As it is in most countries presently, there is demand for private security to run the surplus population in unsuccessful countries and states which are incapable or reluctant to provide governmental security. This in some extent has been motivated by increasing economic growth that results from increasing population thus enhanced effective demand.

According to Abrahamsen (2005) security can be viewed as a progression of capital accrual as wel1 as state strategy. Therefore, commercialization of security achieved through the activities of capital and capital securitization are a common practice in the field of security, but more particularly, private security. According to its proponents, capitalism needs a competitive market. This competition leads companies to strive to be better than their competitors, so that they may gain a larger portion of the market share for their given product or service thus increasing their profits, which often leads to innovation to edge out the competition. This foregoing argument explains the recent growth of private security companies with different technological and differentiated products by different private security companies.

More recently, economists have identified four types of capitalism distinguished according to the role of entrepreneurship (the process of starting businesses) in driving innovation and the institutional setting in which new ideas are put into place to spur economic growth (Baumol et al., (2007).

2.3 Empirical Literature

The need for security has been a part of the human condition since ancient times. In the more modern sense, security particularly private security has gained prominence due to threats of terror coupled with vulnerability to terrorist attacks, low police to citizen ratio, crimes of opportunity, reduction of government jobs, domestic insurgencies and drug wars. This chapter focused on the role of the security industry i.e. how it affects the social, economic and political environment, and defining private security industry growth with focus on the period of analysis 2008-2018. It also provided an understanding of the meaning of growth of the private security industry and how the industry grew.

2.3.1 The Role of the Security Industry

Like other developing countries, the private security industry plays a critical role in Kenya. Currently the police-to-citizen ratio is 1:1150 against the UN-recommended 1:450. Consequently, private security companies come in to fill this enormous gap. Besides, the instances of insecurity and terror attacks experienced in the country has led to the rising demand for private security services in Kenya.

A plethora of research has concentrated on the levels of insecurity in Kenya with occasional literature on the factors influencing the growth of these PSCs (KIPPRA, 2004; Mkutu et al., 2007; Makokha, 2004)

According to Schreier et al., (2005), private security refers to security services provided to clients by non-state organisations. This definition includes companies that specialize in providing security and protection of persons and property including humanitarian and industrial assets. On explaining the growth in private security Gumedze (2009), postulates that the growth of the private security industry has been facilitated by rising insecurity, terror threats as well as insufficiency of state organizations in protecting their citizens. Accordingly, PSCs are officially registered companies providing predominantly defensive services to domestic properties, businesses, offices and embassies. PSCs employ security guards who work in risky places and are in most cases unarmed. In some cases, these guards do not receive any training in military methods or tools.

On the same line of thought, Abrahamsen et al., (2005) contends that PSCs provide technology-backed security services, manned guarding services, patrol dog services, cash and parcel-in-transit services. Given that some of them are unarmed, PSCs work together with the police or military personnel in non-formalized arrangements. Because of the enhanced use of technology and collaboration between private security and the public security (police/military), there is increased growth of the private security industry.

More recently, Omolo (2018) observed the revitalization the Kenya National Private Security Workers Union from an outfit that was characterized by leadership wrangles, coup d'états, demarcation conflicts and low membership density to one with relatively high membership, stronger cohesion and solidarity, and unity among the leadership and rank-and-file members. Based on his analysis, he alludes to the revitalization of the Kenya National Private Security Workers Union a sustained institutional power which has seen the union gain more sympathy and relevance from members of the public, while internally presenting it with articulation capabilities to bring together national officials, shop stewards and rank-and-file members. These changes have made the union increase its density by almost tenfold between 2011 and 2017. It has also enabled the union to emerge as a strong, cohesive and vibrant union capable of turning challenges into opportunities.

In Kenya, security is one of the major hindrances to investment and economic growth (KIPPRA, 2004). Subsequently, almost all business premises and domestic properties as well as embassies and both small and large businesses, NGOs and humanitarian agencies have dominantly utilized PSCs' services to address their immediate security needs which though require government security, cannot be feasibly addressed by the same, thus contributing to Kenya's economic growth.

According to Mkutu et al., (2007) and Makokha, (2004), PSCs contribute to a conducive business environment through the enhancement of security. The greatest revenue earners that thrive well with a safe and conducive business environment in Kenya include tourism and investor attraction. But the business environment cannot be enhanced by state agencies alone thus establishing the PSCs role in Kenya's economic growth. Specifically, the PSC sector has an annual turnover of about Kshs.2.0 billion and employed one of the largest labour forces of all service-oriented industries in Kenya estimated at over 300,000 people for a twenty-four hour shift as at 2002.

The market for PSCs is differentiated and highly competitive. The main market for private security services is commercial entities that include international organizations and businesses, industries, commercial firms, among others. Commercial institutions consist of 89.7% of the entire market for security services and are the target market for the majority of the first and some of the second-tier security firms. The residential market consists of 10.3% of the market for private security services and is highly fragmented. First tier firms and some of the second-tier firms tend to offer their services to high-net-worth households, who make up a small percentage of the residential market. Most of the other households who cannot afford the services of the larger PSCs opt for the services of the third-tier security firms (Abrahamsen et al., 2005).

2.3.2 The Structure and Role of the Public and Private Security Industry

Public security is the government's initiative to offer security services to her resources both human and material. For public safety the government is majorly concerned with law enforcement, fire and emergency as well as patrol. However, the police-citizen ration in Kenya is wide and therefore the role of the private security industry in closing the gap cannot be understated. The global emergence of the private security industry met various reactions in various states. For example, private security was viewed as a threat to the essential 'stateness' of security in the United Kingdom while the United States of America embraced private security as a commercial enterprise (Malcom, 2014).

Public policing is done by public servants who are answerable to the government. Private security on the other hand has been defined as public policing or security services offered by private security agents including volunteers, security-related enterprises, specialized and non-specialized employees in the private or NGOs and public police engaged by private organizations (Malcom, 2014). For public or private policing, their roles must not conflict in any way but rather complement one another. However, drawing a line between the two can sometimes be complicated. This necessitates a careful consideration on the relationships thereof and aligning them to achieve security for the citizenry.

While the public and private security industries have a common interest in safeguarding both property and citizens, public-private partnerships on law enforcement, the intelligence community and the private sector are of great emphasis in order to achieve a common goal (Carter, 2008). These partnerships are critical in enhancing information sharing to prevent or mitigate threats and emergency preparedness and response efforts to insecurity. Malcom (2014) reiterates that skilful management of public-private partnerships constitute a core competency for police executives. Additionally, Burt (2012) argues that private security requires legislation in order to sufficiently contribute to public safety with accountability. This implies that private and public security services should be synchronized to achieve the common good of the citizens.

2.3.3 Defining Private Security Growth with Focus on the Period of Analysis 2008-2018

Kenyan private security companies have grown in the last three decades. Since the 1990s there has been a tremendous increase in the number of PSCs in Kenya. Cilliers (1999) states that PSCs have increasingly replaced the primary responsibility of state agencies to provide security both for the people and for profitable business activities.

The increase in private security can be tied to supply and demand, as with the development of any market. In the early 1990s, the supply factors came from both local and international phenomena that caused militaries across Africa as well as the rest of the world to be downsized in the late 1980s and early 1990s. The downsizing led to a security gap in many countries including Kenya that the private market rushed to fill (Singer, 2008). The Kenyan military has been constantly engaged in international peacekeeping missions for example Kenya Defence Forces (KDF) in Somalia that contributed to the downsizing of the military serving within the country. In addition, the downsizing released experienced military personnel with intimate knowledge of other countries in the region.

The growth of the PSCs has basically been influenced by growing global insecurity and terrorist attacks that have been rampant from early 2000. This has presented opportunities for security provision hence demand that could not be filled by government agencies. Growth of PSCs as firms is therefore a result of exploration of opportunities. Firms are a collection of a certain number of resources that provide the means to successfully take advantage of those opportunities and grow (Barney, 1991).

According to Mbuvi (2015), the private security sector in Kenya impacts on and influences overall safety and security. The study found that there has been growth and development of the private security sector in Kenya and it continues to do so currently. Further, the study revealed a significant relationship between the functions of the private security sector and the development of the private security industry in Kenya which have had an extensive influence on levels of safety and security in that country. In terms of recommendation, the study proposed the need to better train private security guards and faster adoption of technology in order to enhance overall security being provided to clients.

Penrose (1959) suggests that there is no limit to the growth of the firms but it is the rate of growth that is limited in the short run but there is no limit to the size of the firm. Several studies have undertaken the task of assessing the relationship between growth and size of the firm. According to Gibrat's law, the size of the firm at a given point in time is the product of a series of random growth rates in the history of the firm. The growth of PSCs is rather measured by the number of clients they serve as well as how diversified they are in their services than the size. Reliability and efficiency are the key selling factors for PSCs.

Most business entities sub-contract PSCs for security services. Outsourcing has become necessary in a bid to maximise limited resources due to the unavailability of or inadequacy of funds for security operations (Charles et al., 2009). However, PSCs have extensively been used in logistical and support services, security and policing functions and military support (Lilly, 2000). Both public and private aid organisations hire private companies to ensure the protection of their operations in unstable areas.

Towards fulfilling their missions, humanitarian NGOs have to enlist the services of private security companies in order to achieve their security needs (Bures, 2008; Leander, 2002). On the contrary, Musah et.al, (2000) criticize privatization of security claiming that it undermines state control and the democratic process. Within the confines of the foregoing argument, Shearer (1998) and Brooks (2000), suggest that PSCs offer solutions to security problems that can operate within national interests and the values shared by the international community.

2.3.4 Understanding the Security Industry's Growth in Kenya

Litavski (2012) asserts that the demand for services of PSCs is constantly on the rise due to economic, demographic and political social changes. Concurrently, the state reduces its responsibility for public security and transfers it to other subjects. With an intention to ensure full flexibility and the best relationship between price and demand, these functions are increasingly transferred to the private security industry. In most Western countries, the owners of private houses, representatives of local communities and the private sector increasingly rely on private security companies rather than the police financed by taxpayers' money to protect them from crime, due to downsizing of police forces and a suspicion about the efficiency of the entire criminal justice system. This is not different from developing countries like Kenya.

Given the ongoing developments PSCs have become responsible for ensuring public peace and order and protecting public and private property on a wide range of locations. Their fields of activity have been extended to areas of high risk such as nuclear power plants, crucial national infrastructure, banks, embassies and airports. The services which PSC afford extend to operating prisons, enforcing parking regulations, providing witness protection and security in courts, providing security during public events, escort of high-risk transports, including transport of gas, chemicals, prisoners, mental patients, patrolling military bases and training camps, securing immigration centers and various other services.

Close by Kenya, in 2012, the Tanzania Deputy Commissioner of police in charge of Dar es Salaam, Mr. Suleiman Kova stated that there were fewer than 1 million police officers in Tanzania and that private security guards were filling the gap. “We can no longer work in isolation. The total number of private guards in the country is up to 1.2 million, as opposed to less than 1 million police officers. Private guards have been instrumental in maintaining security and now we have decided to give them police-like training”. Consequently, he recommended a six-month training for private security guards managed by the police (The Guardian, July 8th 2012).

In Kenya, the growth and development of the private security industry has come as a result of increasing crime rates and failure of public security sectors to offer sufficient security to citizens. Wairagu, Kamenju & Singo (2004), state that the development and growth of an operative private security sector needs a controlling charter that institutes certifying and supervising the values while also taking caution and procedures in advancing the security and protection of security guards. This has been achieved through the creation of the Private Security Regulatory Authority and the private security workers union. They further assert that increase in crime rates resulted in development of the private security industry in Kenya and brought about attrition of the nation’s security as well as economy (Schreier & Caparini, 2005).

Delmar et al., (2006) state that various indicators can be used to measure business growth. First, business growth can be measured by analysing asset levels of a firm. Asset level analysis measure is most appropriate for firms defined according to individual(s) or governance structures. Another indicator used to measure business growth, as suggested by Delmar et al., (2006) is employment levels. Like the former, this indicator is important if a firm is defined according to governance structures. As such, growth of employee numbers can be attributed to good governance structures that allow a business to absorb additional labour efficiently and effectively.

Besides, sales expansion, in most cases proxied by sales turnover can be used as an indicator of business growth for PSCs. This is the most useful indicator of business growth regardless of the definition of a firm that has been employed. However, this indicator is best analysed in conjunction with costs as both are a direct factor in profitability and by extension, business growth.

In most studies focusing on the factors that influence business growth, the outstanding general view is the resource-based view (Penrose, 1958) which posits that a firm's growth is influenced by how well a business manages its tangible and intangible assets. PSCs growth is based more on technology, goodwill and organizational systems and culture since it is based on human resources and less on tangible assets that include plant and equipment and financial capital (Grant, 2008).

Another view postulates that external and internal factors influence growth of a business, where the latter factors are those factors that the business has little or no control over but which have an influence on decision making. These are mostly macro-environmental factors such as politics, the economy, the environment, social trends, technology and the legal framework of a country. Internal factors are defined as those that the firm has control over such as its mission, plans, methods, people and other resources.

Jovanovic, (1982) views business growth from a cognitive point of view. The model, commonly known as the Learning Model, identifies the entrepreneur as the principal determinant of business growth. The Learning Model proposes that business growth is a function of an entrepreneur's managing abilities. From this theory, management is identified as the principal determinant of business growth. Management affects the growth of PSCs as good management translates to better service provision hence increased sales. PSC's businesses will grow based on their governance, leadership and management of the human resources which are core to their business services.

According to Maher et al., (1999), governance is a factor of PSCs' growth. According to the study, governance relates to the strategies and the calibre of human resources employed to guide a firm to growth and profitability. Accordingly, poor governance is a recipe for poor performance and is a major hindrance to growth. Another aspect of governance is leadership defined as the use of non-coercive influence to shape the group's or organisation's goals, motivate behaviour towards the achievement of these goals and help define a group or organisation's culture' (Griffin, 2006). Leadership is critical to a firm as it provides prudent guidance and direction and enables it to function cohesively in its attempt to grow.

Griffin (2006) identifies two aspects of leadership - process and property. Leadership as a process refers to the existence of unique ideals that provide direction and motivation to staff. These ideals provide a purpose to the company and as such are a major influence on business growth. There are two ways in which leadership as a process is manifest in a firm. Firstly, leadership as a process is manifest in the vision and mission statement, company objectives and firm strategies.

Without visions and strategies companies do not have purpose and cannot adequately manipulate their resources to achieve and sustain profitability and growth. Secondly, leadership as a process is manifest by the level of motivation, inspiration and creativity exhibited by the employees in a firm and the rapport between a firm and its various stakeholders such as customers and suppliers. Staff demotivation and low outputs decrease profits and diminish prospects for business growth. A poorly motivated company relates poorly with its stakeholders and this could result to operational clogs such as late deliveries, poor attention to detail and low customer satisfaction.

Leadership as a property identifies whether a firm has people who can influence the behaviours of others voluntarily as to be accepted as a leader by others. People are the most influential aspect of a company and, as a consequence, the most influential aspect of business growth. With good leaders, a company can effectively and efficiently provide its services and manage its customers leading to profitability and growth.

The quality and performance of PSCs' management is considered a competitive edge in the growth of PSCs (Morris et al., 2002). Good management is considered to comprise good planning, strategy, organization, staffing, motivation, budget, supervision and evaluation. Thus, efficient management relates to the management of inputs and outputs to maximize profits and achieve targets. An efficient manager is therefore able to optimize profitability.

Security companies that have vast growth in Kenya in the period under review such as G4S, KK, BM, Securex, Security Group and Wells Fargo are thought to have employed all or a combination of good governance, leadership and management skills coupled with diversification of service provision. Most third tier PSCs only offer guard services while most first and second tier PSCs have dog services, security technology, money and parcels-in-transit in addition to guard services. This diversification enhances much growth in terms of employment and sales returns.

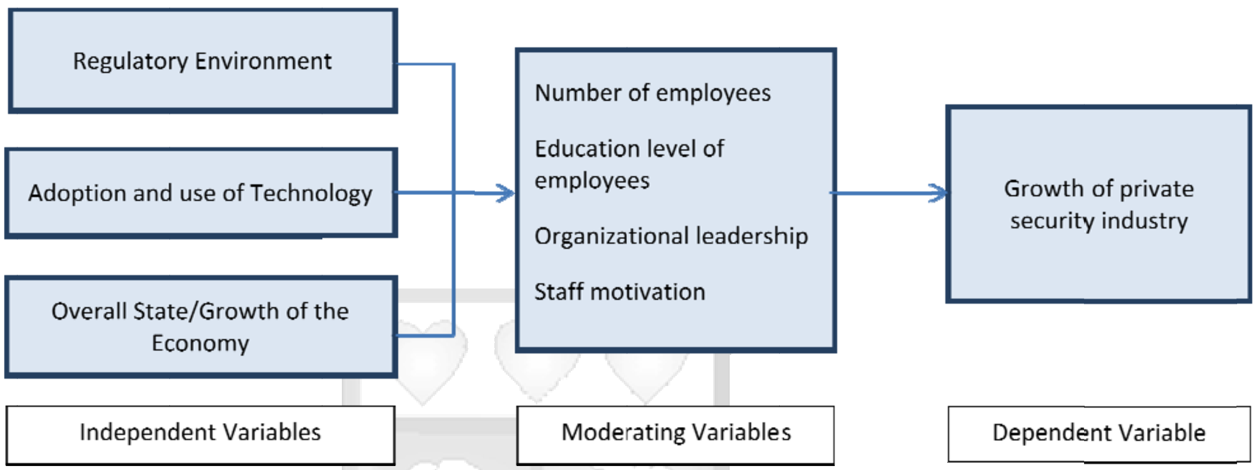
2.4 Summary and Research Gap

The need for private security is supported by the increase in criminal acts and the failure of public security services to offer sufficient security leading people and businesses to look for alternative security services in order to improve their safety and security. From the literature reviewed private security, though evolving has graduated to a must-have for development and economic growth. Spanning from a capitalist theory today, private security can be viewed in the context of the nodal governance model where government is merely a node within a security network and that punishment is no more than one of the many instruments used to enforce order.

2.5 Conceptual Framework

The conceptual framework below in figure 2.1 was developed in response to the research objectives and as informed by literature in the foregoing section. The growth of the private security, herein known as dependent variable was operationalized by level of growth, improvement and annual turnover over 2015 and 2018, profit level improvements and contribution of private security to the economy and society in terms of new employment created, efficiency and competitiveness. On the strength of the literature reviewed, private security industry growth is determined by a number of independent variables such as the regulatory environment, adoption and use of technology and the overall state/growth of the economy. Therefore, this relationship is conceptualized as below (see figure 2.1):

Figure 2.1 Conceptual Framework Explaining the growth of private security



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In the above conceptual framework, each of the three independent variables and which are the objectives of the study either independently or collectively and had an impact on the growth of security growth which is the dependent variable.

2.5.1 Discussion of the Conceptual Framework Factors

The regulatory environment was one of the top issues that were considered to have had the most impact on a firm's growth. On the general view the regulatory environment is provided for by the government. However, at the firm level such factors as having and meeting all the regulatory requirements sets a firm in the right track towards growth. For example, compliance to statutory minimum wage and its enforcement can affect growth as it is a primary cost driver in the pricing of manned guarding services.

According to Jaap (1999), quality regulation has a positive impact on the growth of industry. Legislation and effective enforcement are critical for the pursuance of policy which promotes the encouragement of private businesses and prevents undesirable trends. For growth of the industry therefore a well-defined regulatory framework is paramount.

The regulatory environment is based on the structure of taxation, the design and implementation of workplaces and environmental regulations, the amount and nature of government investments in physical infrastructure and human capital, the legal environment of operating business such as intellectual property rights and handling of liability claims, and the amount and nature of government support for technology development, research and programs.

Jaap (1999) states that training, regulation and licensing are the most important aspects of the regulatory environment. To achieve compliance to such regulations is costly and firms which meet the requirements often gain a competitive advantage. This implies that the regulatory environment can influence growth favourably or otherwise depending on the level of compliance of the particular firms.

H_1= Regulatory environment has an impact on the industry

Use and adoption of technology is believed to be a good measure of innovation and knowledge/capacity development. Therefore, it is believed that as a firm adopts and uses new technology, it also grows and that growth is extended and seen in the whole sector and industry. Thus, firms which adopt and use technology will experience growth. On the other hand, firms which do not adopt nor use new technology will always remain at the same level or decrease in terms of growth. Firms differ in growth because of differences in technologies and how they are applied. Consequently, a firm that embraces technology is expected to achieve faster growth than those reluctant to adopt it.

According Nakamura et al., (2008), new technologies bring about effective and efficient service delivery. In the security industry, technology enhances detection and prevention of danger as well as quick responses to combat insecurity. More productive firms have often been associated with high levels of technology adoption that enhance growth. Accordingly, more competitive security firms are likely to adopt technology compared to less competitive firms. Since technology adoption comes with cost the adoption rate at firm level varies within the security industry. This indicates that growth levels among the private security firms vary. The implication is that adoption of technology is a factor of growth in the private security industry. Thus, it is hypothesized that adoption of technology enhanced growth in the private security industry

H_2= adoption of technology enhances the growth of the industry

Overall state/growth of the economy is a critical component for growth for firms in a given economy. As the economy grows, it is expected that the same will be experienced in the firms within the same economy as more expansion, competition and the need for efficiency enhances such growth. Firms expect to achieve growth by increasing the size of the customer pool through acquisition of additional customers and maintaining previous customers which can also be realized in a growing economy with increasing population that is more empowered economically.

Overall state/growth of the economy determines the growth of the private security industry. Firms that operate in a struggling economy often register slow growth as compared to firms that operate in a growing economy. A growing economy is directly proportional to the firm's growth since it enables the firm to acquire new technologies, qualified staff, and comply with regulatory requirements as it builds and grows its customer pool. A positive relationship between overall state/growth of the economy and the growth of the private security industry was therefore hypothesized;

H_3= Overall state/growth of the economy is positively related to growth

The number of employees and their educational qualifications is an important influence of a firm's growth. There is a strong positive relationship between number of employees and educational qualifications usually considered as firm assets. Unless a firm's assets grow, production and profitability become limited. More specifically, evidence has shown that the more the number of employees, the bigger the firm's size hence growth rate, ceteris paribus.

Organizational leadership and staff motivation are important determinants of a firm's growth. Specifically, it was found that the quality of leadership is critical to growth. Therefore, to anchor strong growth, firms must not only attract and retain the right talent but also fully leverage available skills among this talent with growth strategies. Besides, once this leadership is put in place, it should be motivated and also have the necessary skills to motivate their staff to enhance growth.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was used to carry out the study. Specifically, it deals with research design, research methods, population and sampling design, sample size, data collection methods and data procedure, data analysis methods, reliability and validity. The role of both primary and secondary data in the process of addressing the various research questions was also addressed and is discussed.

3.2 Research Design

The purpose of the research was to assess factors influencing the growth of the private security industry in Kenya. A cross-sectional survey design was used. Cross-section survey involves collection of data to make inferences about a population of interest at one point in time. Cross-sectional surveys can be conducted using any mode of data collection including self-administered questionnaires which were used in this study. The aim was to provide data on the entire population under study. Generally, cross-sectional studies are descriptive studies. This was the most appropriate design towards effectively addressing the research objectives for it portrayed an accurate profile of the security industry in Kenya.

Descriptive survey research designs allow researchers to gather information in exploratory and preliminary studies and to summarize, present and interpret it for the purpose of clarification (Orodho, 2002). Mugenda & Mugenda (1999) give the purpose of descriptive research as determining and reporting the way things are. The study fit within the provisions of descriptive survey research design because the design helped the researcher obtain information concerning the descriptive profile of the private security industry in Kenya by providing the most detailed and up to date picture of the industry in Kenya, and thus related the information to the objective of the research.

3.3 Target Population

Population refers to the entire group of individuals, events or objects having common observable characteristics (Mugenda & Mugenda, 2003). It is the aggregate of all that conforms to a given specification. Denscombe (2007) defines a sampling frame as "an objective list of the population from which the researcher can make his or her selection". While the target population comprised private security companies in Kenya, the population of interest in this study was the entire collection of all the private security firms registered with KSIA. According to KSIA, there are 40 registered private security companies.

3.4 Sampling

Sampling may be defined as the selection of some parts of an aggregate or totality on the basis of which judgments or influence about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it (Kothari, 2004). The study utilized census as the targeted population was only 40. Therefore, in this study we purposed to collect information from all the 40 private security firms.

3.5 Data Collection Methods and Procedures

Data was collected through the use of self-administered questionnaires. Both primary and secondary data was collected. Primary data was collected using the questionnaires instrument while secondary data was obtained from the Internet, newspapers, journals, business publications and magazines. The structure of questionnaire used (see appendix) involved both closed and open-ended questions using the Likert scale. This questionnaire was used to obtain relevant data and information for the study. The questionnaire was designed to acquire information on the factors influencing the growth of the private sector industry and various characteristics of private security firms. During data collection the researcher explained the purpose of the survey and shed more light on questions that were not clear to the respondents. The questionnaires were delivered to the respondents both by email and by hand (drop and pick). It was assumed that the selected private security firms are well established, with both senior managers and middle managers. Because of the nature of the study only senior and middle management positions of these companies were targeted for response.

According to Kothari (2009), questionnaires are used owing to their low cost and because they are free from bias. Also, large samples can be utilized and respondents have adequate time to give concise answers. The results tend to be more reliable and will inform the approach towards addressing the research objectives. According to Mugenda & Mugenda (2003), the questionnaire method is commonly used to obtain data about a population, since each item is developed to address a specific objective. Besides, questionnaires guarantee confidentiality as respondents act without any fear or embarrassment. They also have standard answers that make it simple to compile data.

3.6 Pilot Study

This was a trial run of the survey instrument with a small number of preliminary respondents to evaluate and rehearse the study procedures. To achieve this purpose, a pilot study with at least 10 security companies was conducted to test the reliability of the questionnaire. Where necessary the questionnaire was amended for optimal relevance after the pilot. This helped the researcher to rephrase questions which were vague, address deficiencies and rectify the procedure of data collection and analysis before administering instruments to the sample population. This enhanced the reliability of the instruments and also saved time and money. The pilot companies were the private security companies not registered with KSIA.

3.7 Data Validity and Reliability

3.7.1 Validity of the Instrument

Validity is the accuracy and meaningfulness of inferences which are based on research. It is the degree to which results obtained from the analysis of data actually represent the phenomenon under study. According Singleton et al., (1988), validity cannot be assessed directly and defines it as "the congruence or goodness of fit" between an operational definition and the purpose it is purported to measure. In logical analysis the adequacy of the reasoning as opposed to the truth of the premises.

The instrument validity was measured using the content validity test to check for appropriateness (Kothari, 2005). Also, expert advice was sought to determine whether the set of items in the questionnaire represented the concept under study. According to Borg and Gall (1989), content validity of an instrument is improved through expert judgment. The pilot study also assisted in ascertaining the degree to which data obtained from the questionnaire represented the theoretical concept under study.

3.7.2 Reliability of the Instrument

Reliability is concerned with the question of stability and consistency. It is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Pre-testing and retesting instruments were utilized. The research attempted to minimize random errors that could arise from inaccurate coding, ambiguity as well as interviewer and interviewee fatigue and biases.

The reliability of the instrument was measured using the Split-Half technique. Pilot questionnaires were divided into two halves from where a correlation coefficient for the two halves was computed using the Spearman Brown Prophesy formula which indicated the degree to which the two halves of the test provided the same results and hence described the internal consistency of the test. According to Kiess & Bloomquist (1985), a minimum correlation coefficient of 0.65 is recommended as indicating that an instrument is reliable. From our pilot analysis we found a correlation coefficient of 0.56 thus we confirmed the reliability of our analysis.

3.8 Data Analysis and Presentation

Collected data was summarized and tabulated for ease of analysis to obtain answers to research questions. Descriptive analysis was adopted for analyzing data. The methodology was used to describe all basic features of the data in the study. Descriptive statistics is concerned with organizing and summarizing the data at hand to make it more intelligible (Singleton et al., 1988).

Bogdan & Biklen (1992) define data analysis as the process of systematically searching and arranging field findings for presentation. Before analysis, all the received questionnaires were edited to detect errors and omissions. Simple graphics and percentages were used to summarize the data using descriptive techniques such as the mean score, mode, median and percentile measures.

Statistical Package of Social Sciences (SPSS) software was used to analyze descriptive statistics data where tables and charts with frequencies and percentages were generated and critical analysis and description of the outcome made accordingly. It involved working with data, organizing, breaking into manageable units, synthesizing, searching for patterns, discovering what is important and deciding what to tell others. Inferential statistics was used to generalize and draw inferences from the sample data to the entire study area. Inferential statistics was in the form of factor analysis, that is, the Pearson Correlation Test for multicollinearity and regression analysis.

Organized and coded data was used for cross-tabulations to generate frequency distribution tables, graphs and percentages. Gay (1976) points out that the most commonly used methods of reporting descriptive survey research are by developing frequency distributions, calculating percentages and tabulating them appropriately.

3.9 Ethical Considerations

The researcher ensured that all the research ethics and logical considerations were observed in carrying out this research study. Ethics has been defined as that branch of Philosophy which deals with one's conduct and serves as a guide to one's behaviour (Kovacs, 1985) as cited in Mugenda & Mugenda (1999).

There are three broad areas of ethical concern in scientific research: the ethics of data collection and analysis, the ethics of responsibility to the society, and the ethics of treatment of participants. (Reese & Fremouw, 1984) as cited in Singleton et al., (1988). This research study observed and addressed all the three ethical issues.

CHAPTER FOUR

DATA ANALYSIS, RESEARCH FINDINGS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter deals with presentation of the analysis process, findings of the study and their interpretations. It outlines the main results presented as summary statistics accompanied by infographic representation of key study items with their significance. The study based its results from 37 completed research questionnaires which represented about 92.5% given that the originally targeted security firms were 40. Unlike initially planned, only 24 out of the planned security firms to be interviewed (60% of registered members) were able to respond. The other 13 of the 37 private security firms whose results were reported are other private security firms in Kenya who play in the league of the registered security firms and were either planning or were in the process of registering. The results are presented in line with the research questions specified for this study. The section will contain the demographic information of the sample, key research findings as per the study objectives and a chapter summary.

4.2 Demographic Characteristics of the respondents

4.2.1 Ages of the Respondents

As shown in Table 4.1, majority of the respondents (46.6%) were aged 41-50 years, 28.1% of them were aged between 31-40 years, and 12.5% were of the age category between 21-30 years and 51-60 years respectively. As depicted by the results, it is clear that majority of the managers in the private security industry were aged 41 and above.

4.2.2 Gender Representation

Of the 37 respondents, a majority of them (78.4%) were men while 8 (21.6%) were women. The representation of women was considerably dismal.

4.2.3 Duration working for Security Firm

Majority of the respondents (48.6%) reported to have worked in their respective firms for more than 6 years. 1 (2.7%) reported to have worked for one year in the company he or she was employed at, 10 (27.0%) reported to have provided their service to the company for about 1 to 3 years, and 8 (21.6%) had worked for the company for about 4-6 years

4.2.4 Level of Education

20 (54.1%) respondents reported their highest level of education to be university education. Those reporting to have attained secondary and lower levels of education were 4 (10.8%), 7 (18.9%) had completed tertiary college education while those with post graduate education were 6 (16.2%). The results are shown in Table 4.1.

4.2.5 Position held at the Firm

The respondents reporting to be officers were 2 representing 2.7%, 6 (16.2%) reported to have been employed as supervisors, 17 (45.6) were employed as managers, and finally, those employed as senior managers were 12 (32.4%). (See Table 4.1).

Table 4.1: Demographic Characteristics of the Respondents

Demographic Characteristics		No. of respondents	Proportion (%)
Age of the respondents(years)	21-30	4	12.5
	31-40	9	28.1
	41-50	15	46.6
	51-60	4	12.5

Demographic Characteristics		No. of respondents	Proportion (%)
Gender	Male	29	78.4
	Female	8	21.6
Duration working in the firm	Less than a year	1	2.7
	1-3 years	10	27.0
	4-6 years	8	21.6
	Above 6 years	18	48.6
What is your position in the firm?	Officer	2	5.4
	Supervisor	6	16.2
	Manager	17	45.9
	Senior Manager	12	32.4
Level of Education	Secondary and lower	4	10.8
	Tertiary/College	7	18.9
	University	20	54.1
	Post Graduate	6	16.2

Source: Survey Data 2019

4.2.6 Services Offered by Security Firms

In terms of service types that private security companies offered, 25 (67.6%) provided alarm response services, 23 (62.2%) provided vehicle tracking services and cash management services were reportedly offered by 19 (51.4%) firms, while security systems and technology services were provided for by 18 (48.6%) firms. Fire protection and safety solutions were offered by 16 (43.2%) firms, 15 (40.5%) firms offered secure journey management, 7 (18.9) provided secure data solutions, all the 37 (100%) firms offered manned security or guarding services, 12 (32.4%) provided investigative services, and finally 17 (45.9%) companies provided security training services or consultancy services in security.

Table 4.2 Services Provided by Security Firms

	No		Yes	
Service type	Freq.	%	Freq.	%
Alarm response	12	32.4	25	67.6
Fleet control	14	37.8	23	62.2
Cash management	18	48.6	19	51.4
Security systems and technology	19	51.4	18	48.6
Fire protection & safety solutions	21	56.8	16	43.2
Secure journey management	22	59.5	15	40.5
Secure data solutions	30	81.1	7	18.9
Manned security/guarding services	0	0.0	37	100.0
Investigative services	25	67.6	12	32.4
Security training/consultancy services	20	54.1	17	45.9%

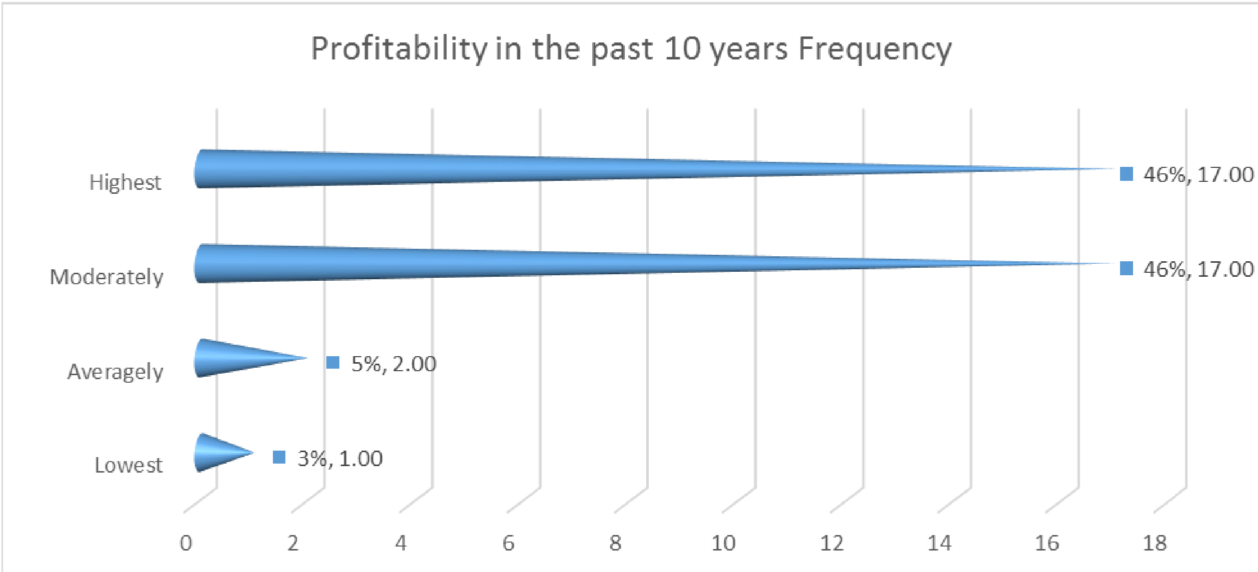
Source: Survey Data 2019

4.3 Private Security Industry Situation in Kenya

4.3.1 Profitability of the Security Firms in the Past 10 Years

The security companies reported to have gained a lot in the ten years under study. About 17 (46%) of them reported to have gained their highest profits in the preceding 10 years and an equal number (46%) reported to have attained moderate gains. This represented about 92% of the total sampled firms. The lowest profits were recorded by 1 (3%) company as showed in Figure 1 while only 2 (5%) reported to have recorded average profits.

Figure 4.1: Firms' Profitability in the past 10 Years



Source: Survey Data 2019

4.3.2 Average Annual Turnover (2015-2018)

Since business growth is pegged on the amount of returns accrued to its investments, the performance of the firms over time was measured based on how much profit they had been able to generate over time. The annual turnover of the firms between the years 2015 and 2018 was seen to have steadied at an average of Ksh. 1.1 billion. However, though the year saw shifts in amounts reported with a firm recording a maximum of Ksh. 8.6 billion and then increased to Ksh. 8.8 billion. In the year 2017 the maximum annual turnover reduced to Ksh. 7.0 billion before increasing to Ksh. 7.5 billion. The bare minimum profits made over the years seemed to have steadied at Ksh. 1.5 million except for the year 2017 where Ksh. 1.3 million was reported by either one of the firms.

Table 4.3 Average Annual Turnover by Security Firms

Annual Turnover	P-Value
2015	0.694
2016	0.596
2017	0.596
2018	0.572

Source: Survey Data 2019

The correlation analysis between the how respondents rated the turnover over the past ten years indicated that there was not significant correlation between their perceptions and turnover. Based on the P-value scores in Table 4.2, the study had sufficient grounds to accept the null hypothesis since the scores were higher than the level of significance.

Table 4.4 Average Annual Turnover by security Firms

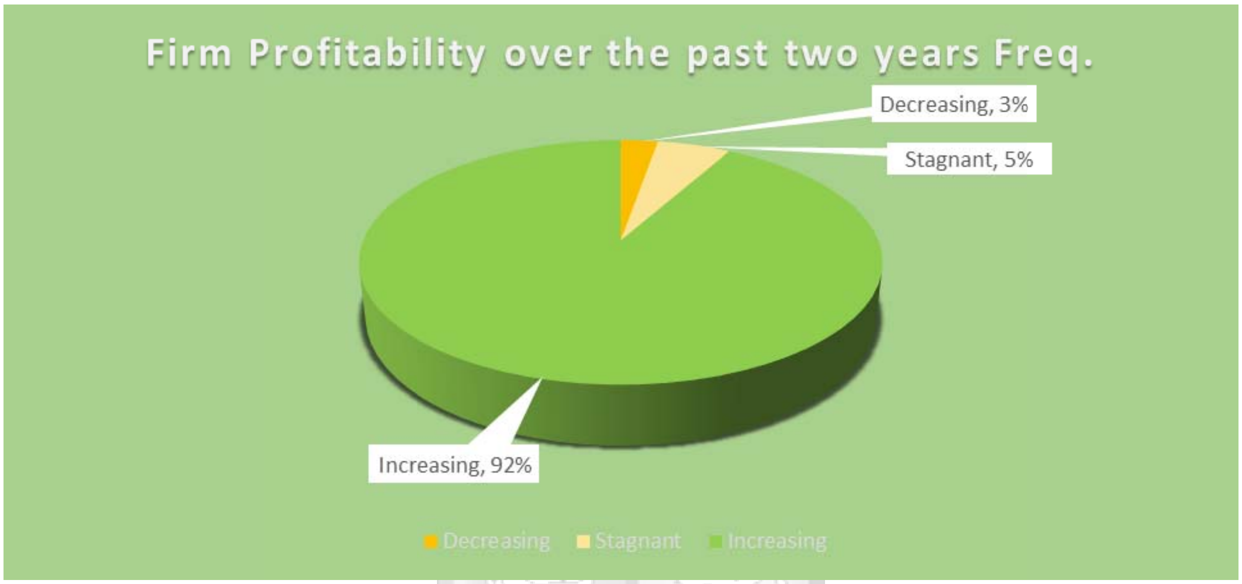
Annual Turnover	N	Minimum	Maximum	Mean
2015	15	1,500,000	8,600,000,000	1,069,099,973.13
2016	15	1,500,000	8,800,000,000	1,145,561,365.13
2017	15	1,300,000	7,500,000,000	1,013,817077.80
2018	14	1,500,000	7,900,000,000	1,119,321,428.57

Source: Survey Data 2019

4.3.3 Profitability in the Past 2 Years

While the results in Table 4.3 showed that the reported turnovers were shifting from year to year, the companies continued to make profits over time. According to Figure 4.2, a staggering 92% of the firms sampled recorded to have made increasing profits in the preceding 2 years while only 3% made declining profits, and finally only 5% of the firms reported that their returns had been stagnant.

Figure 4.2 Profitability in the past 2 Years



Source: Survey Data 2019

4.4 Significance of Private Security to Kenya's Economy

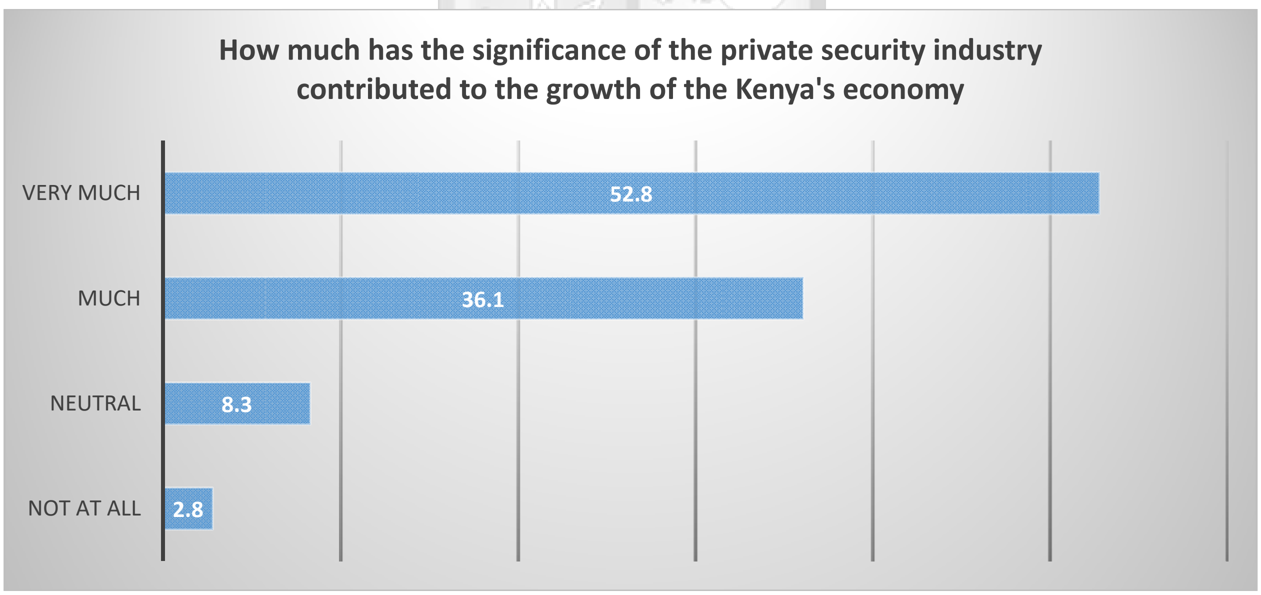
The final section of this paper focuses on finding out the significance of the private security industry to Kenya's economy. The results show that the private security industry contributed much to the growth of the industry. On average, most security firms pursued expansion in their businesses in the preceding two years. In terms of the number of permanent employees, the findings showed that most firms had above 50 under permanent employment (76%). Only 3 had 2% and 22% had 6-10 and 11-50 respectively of their employees on permanent basis. Towards providing fulfilling services, most firms agreed that their services satisfied their clients, contributed to the growth of the economy and also agreed that they contributed to the economy of Kenya.

Table 4.5 Significance of Private Security to Kenya's Economy

Statement	N (Valid)	Mean	Minimum	Maximum
How much has the significance of the private security industry contributed to the growth of the industry?	36	4.36	1	5
What is the most appropriate direction for your firm's business development over the next one to two years?	36	3.92	3	4
Indicate total number of permanent employees in your firm?	37	3.73	2	4
To what extent do you agree that your services satisfy your clients?	37	4.05	1	5
To what extent do you agree that your service provision contributes to the growth of the security industry?	37	4.19	1	5
To what extent do you agree that your service provision contributes to the growth of Kenya's economy?	37	4.22	1	5

Source: Survey Data 2019

Figure 4.3 Private Security Industry and Growth of Kenya's Economy



Source: Survey Data 2019

4.5 Challenges affecting the growth of Private Security Firms in Kenya

Some of the challenges identified in the growth of the security firms included labor or employment challenges with 4 (11.1%) of the respondents attesting to it. The majority (27, 75%)

however believed that financing challenges were the greatest challenges for their firms and last but not least was sales activities with 5 (13.9%) people attesting to this.

Table 4.6: Main Challenges Affecting the Private Security

	Frequency	Valid Percent
Labor/Employment	4	11.1
Financing/Financial problems	27	75.0
Sales/Other business activities	5	13.9
Total	36	100.0

Source: Survey Data 2019

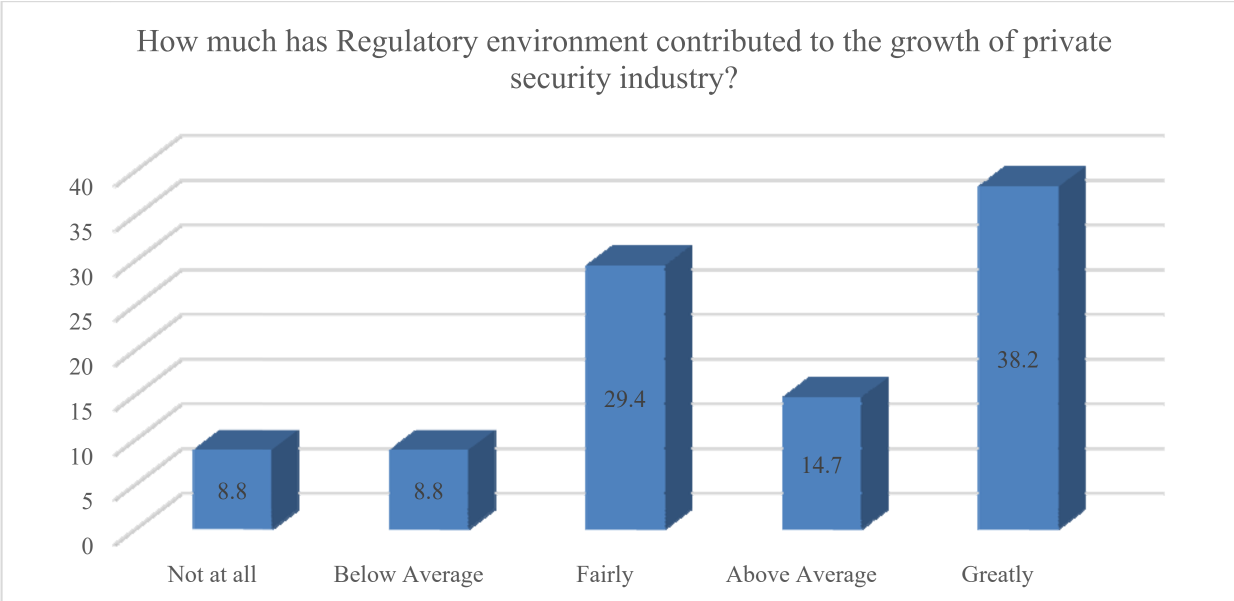
4.6 How the Findings Address the Research Questions

As per the study objectives, this study aimed at answering three critical research questions: How did regulatory environment affect growth of private security in Kenya? How did the use and adoption of technology enhance the growth of private security in Kenya? And how did overall state/growth of the economy influence the growth of the private security industry in Kenya?

4.6.1 Regulatory Environment and the growth of Private Security Firms in Kenya

The results showed that regulatory environment greatly affected the growth of the private security in Kenya (32.8%). Of those who were asked to give their responses, only 8.8% either felt that regulatory environment did not at all affect private security growth in Kenya or rated it below average (see the figure below) while 14.7% believed that the environment influenced the growth in a more than above average manner and 29.4% believed it fairly affected the growth of private security firms.

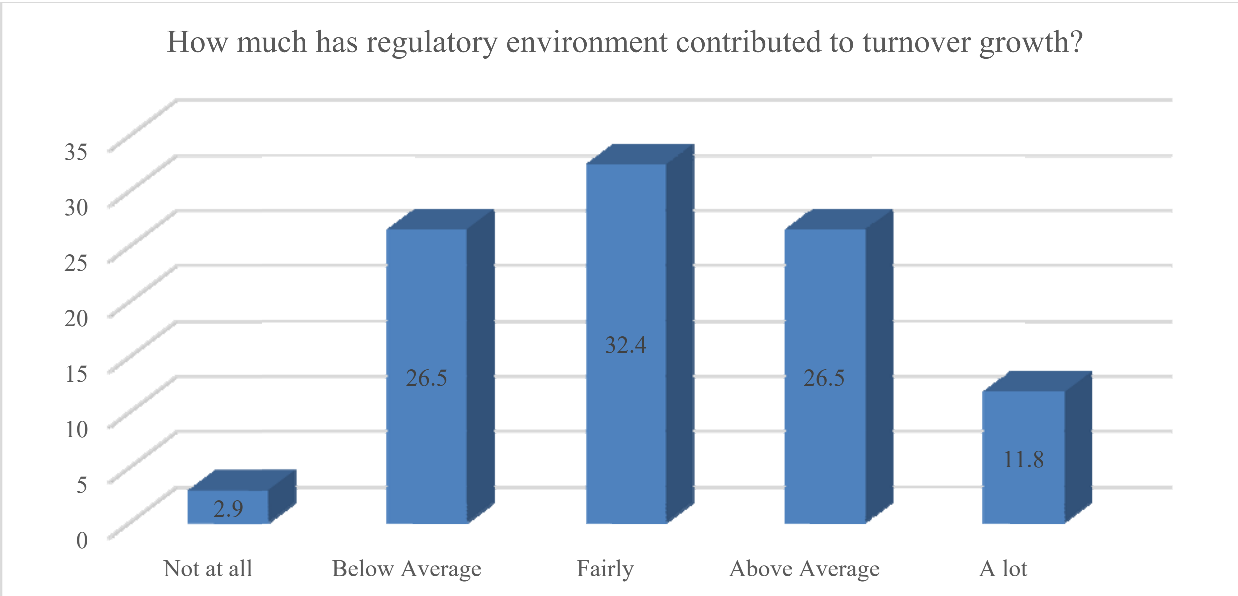
Figure 4.4 Regulatory Environment and Growth of Private Security Industry



Source: Survey Data 2019

The other aspect under regulatory environment was to link the regulatory environment with turnover. As depicted below, the results showed that majority of the respondents (about 32%) could fairly link the regulatory environment with turnover growth; 26.5% believed that the regulatory environment helped increase turnover growth of the private companies in Kenya beyond average while 11.8% believed regulatory environment contributed a lot to turnover growth.

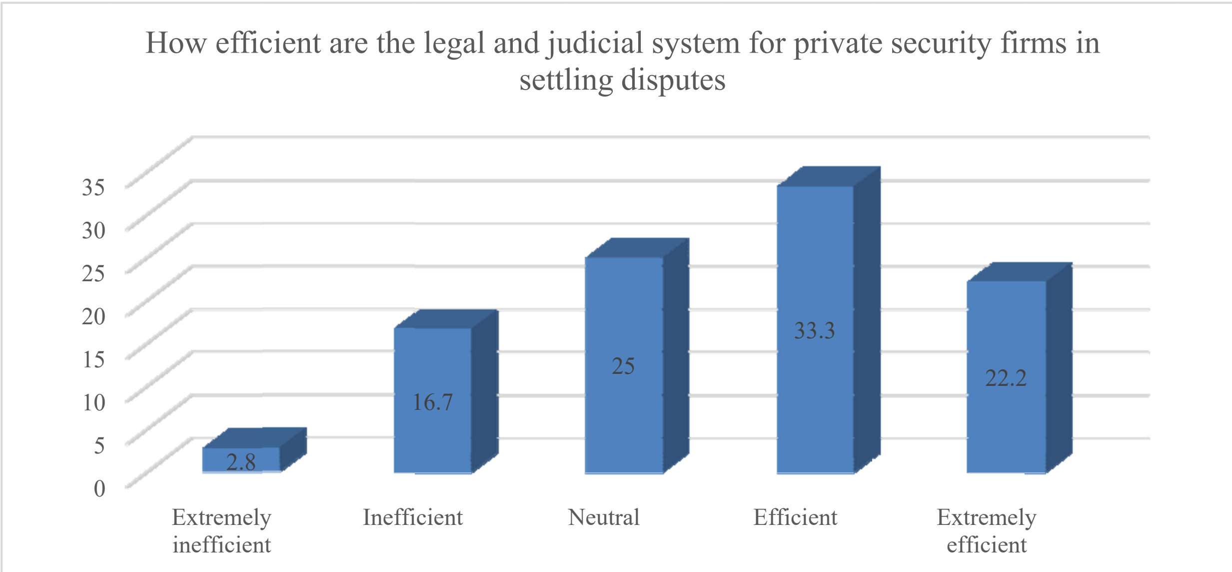
Figure 4.5 Regulatory Environment and Turnover Growth



Source: Survey Data 2019

The other aspect under regulatory environment looked at the legal and the judicial system in Kenya and how they efficiently contributed to the settling of disputes in the industry. As depicted below, most respondents believed that legal and judicial systems for private security firms in Kenya were very efficient (33.3%) in dispute resolution; 22.2% believed they were extremely efficient; 25% were neutral; while only 2.8% believed they were extremely inefficient and 16.7% inefficient.

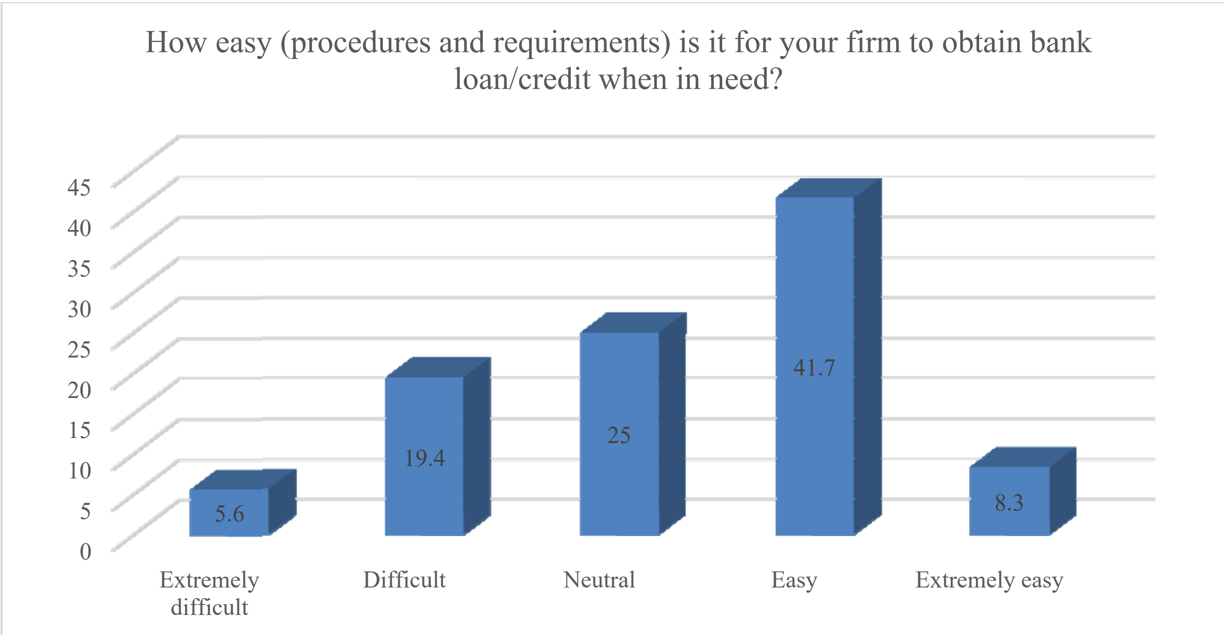
Figure 4.6 Legal and Judicial Systems Efficiency in Dispute Resolution



Source: Survey Data 2019

Finally, under regulatory environment, the study looked at the ease with which private security firms were able to get a bank loan or credit. As shown in the figure below, for most of these firms (41.1%) it was easy and 8.3% said it was very easy for them to access loan/credit. 5.6% admitted it was very difficult while 19.4% admitted it was difficult for them to access bank loan/credit for their firms when in need. However, 25% were neutral on this.

Figure 4.7 Ease with which to Access Bank Loan/Credit Facility

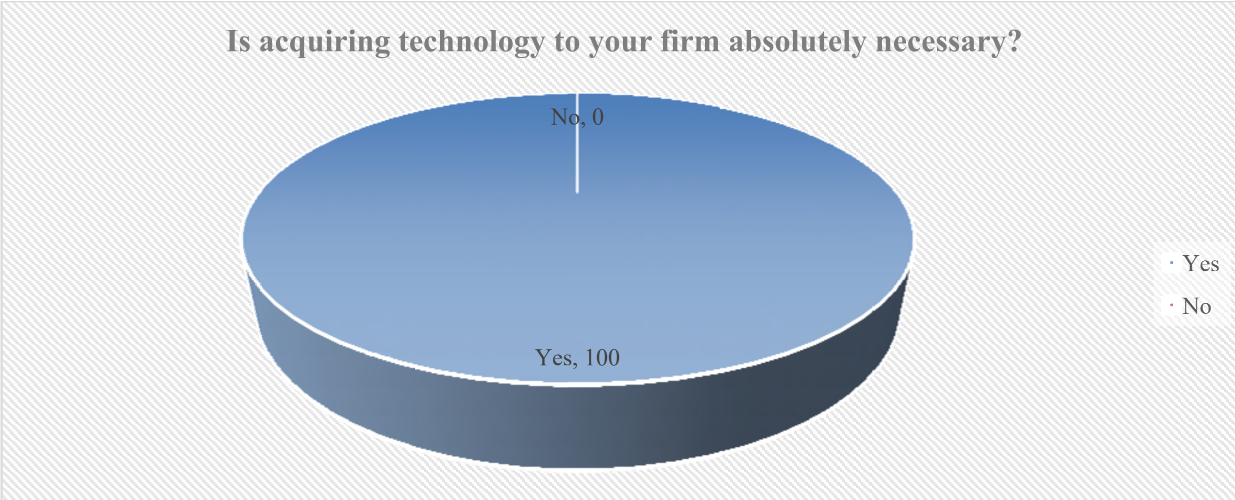


Source: Survey Data 2019

4.6.2 Use and Adoption of Technology and the Growth of Private Security Firms in Kenya

The second objective of this study aimed at finding out how use and adoption of technology enhanced the growth of the private security industry in Kenya. To start off addressing this objective, we attempted to find out the importance of acquiring new technology by private security firms in Kenya. As depicted by the results below, all firms interviewed argued that it was absolutely necessary for them to acquire new technology to enhance competiveness through increased efficiency and effectiveness.

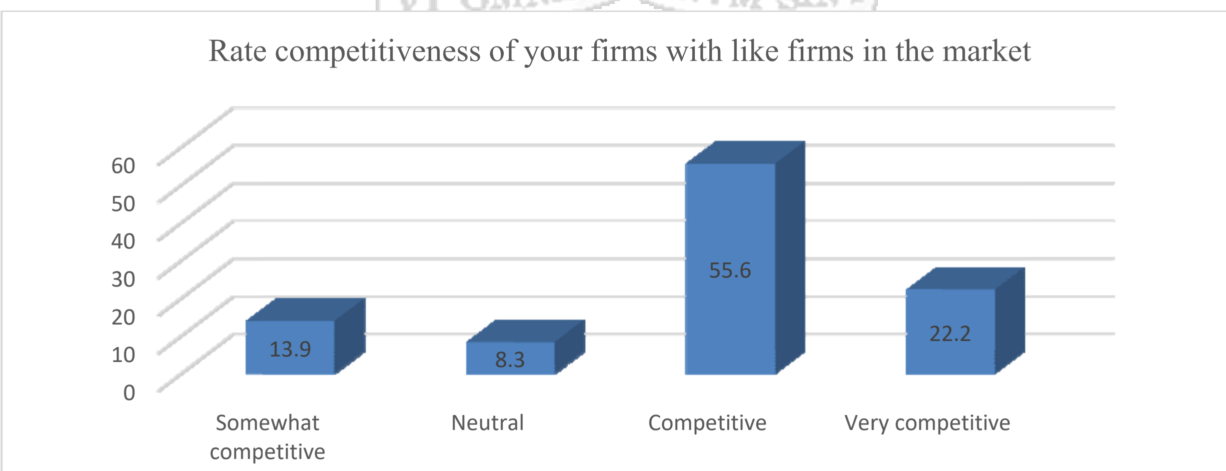
Figure 4.8 Use and Adoption of Technology



Source: Survey Data 2019

As shown in the figure below, most of the private security firms believed that their firms were competitive (55.6%) and very competitive (22.2%). 13.9% of them believed they were somehow competitive while 8.3% were neutral on the competitiveness of their firms with like firms in the market.

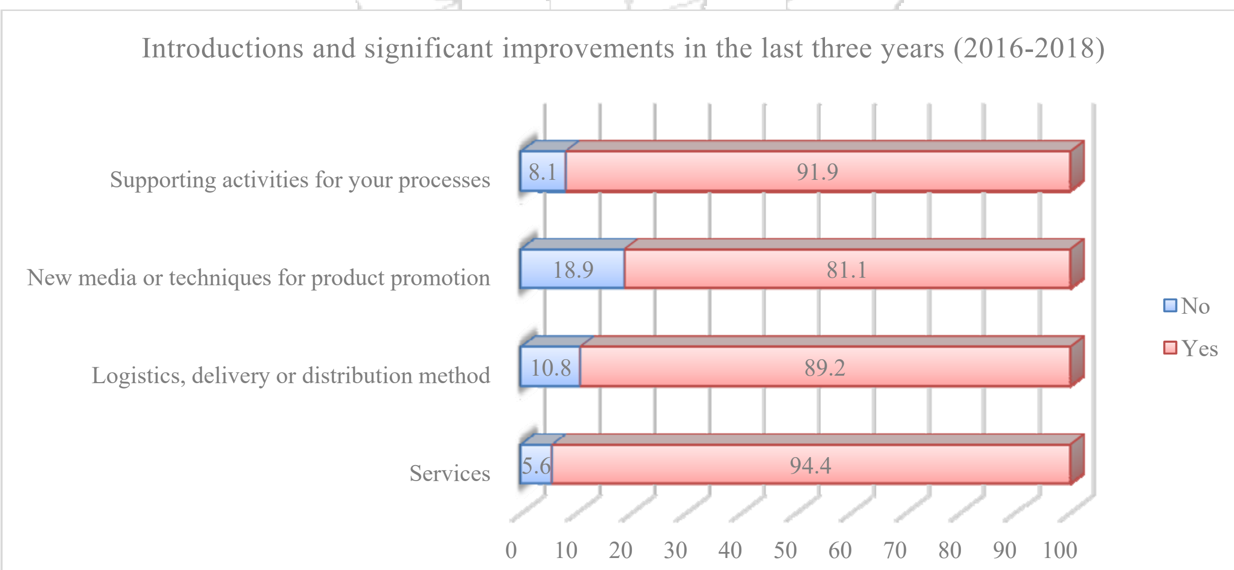
Figure 4.9 Competitiveness of the Firm



Source: Survey Data 2019

In terms of introducing new or significantly improving new services, the study investigated the introduction of new or improved technologies/innovations in the preceding three years, that is, 2016 to 2018. As per the results presented below, the results showed that for most of the firms, there was something being introduced as new or an improvement was made in the existing services; logistics, delivery or distribution methods; new media or techniques for product promotion; and supporting activities for processes, such as maintenance systems or operations for purchasing, accounting or computing. More specifically, the results show that 94% of the firms either introduced a new service or made significant improvement in their services; 92% introduced new or significantly improved supporting activities for processes, such as maintenance systems or operations for purchasing, accounting or computing; 89% introduced new or had their logistics, delivery or distribution methods improved; while 81% of the firms introduced new media or techniques for product promotion. Generally, introduction of a new or improving new services implied growth or desire to grow.

Figure 4.10 New Introductions and Significant Improvements in the 3 Years



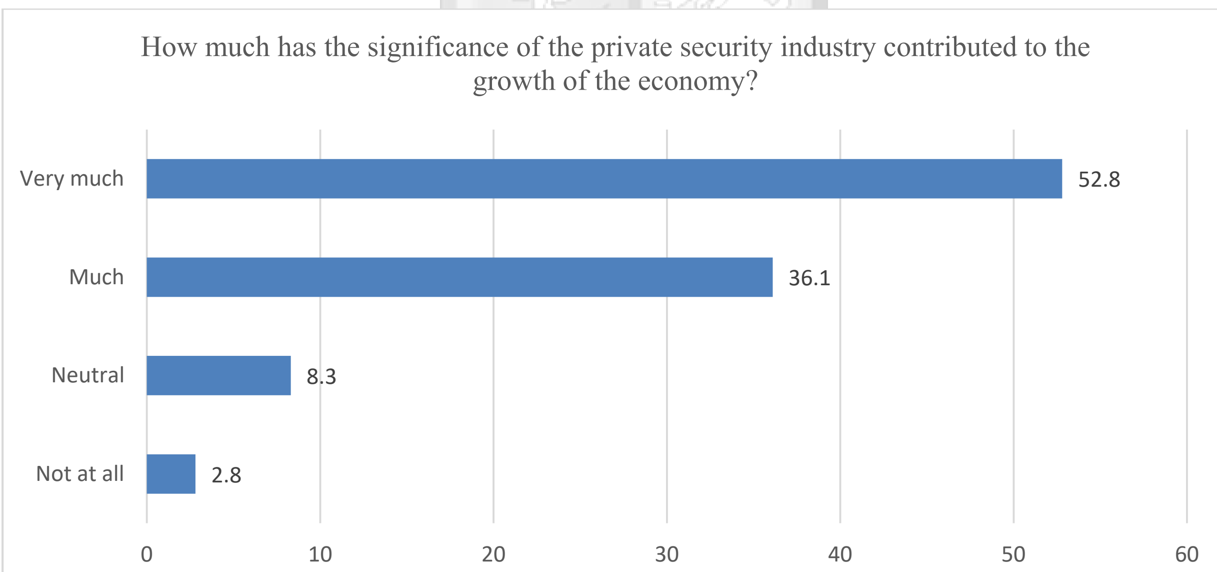
Source: Survey Data 2019

4.6.3 Overall State/Growth of the Economy and Growth of Private Security Firms

The final objective in this study was to establish how the overall state/growth of the economy influenced the growth of the private security industry in Kenya.

The starting point was to find out how the growth of the private security industry contributed to the Kenyan economy. As per the results, it is believed that the Kenyan economy had grown very much (55.8%) as a result of the significance of the private security industry in Kenya. 36% of the firms argued that much of the economic growth of Kenya had been as a result of the significance of the private security industry while 2.8% didn't relate at all any relationship between the significance of the private security industry and the growth of the economy.

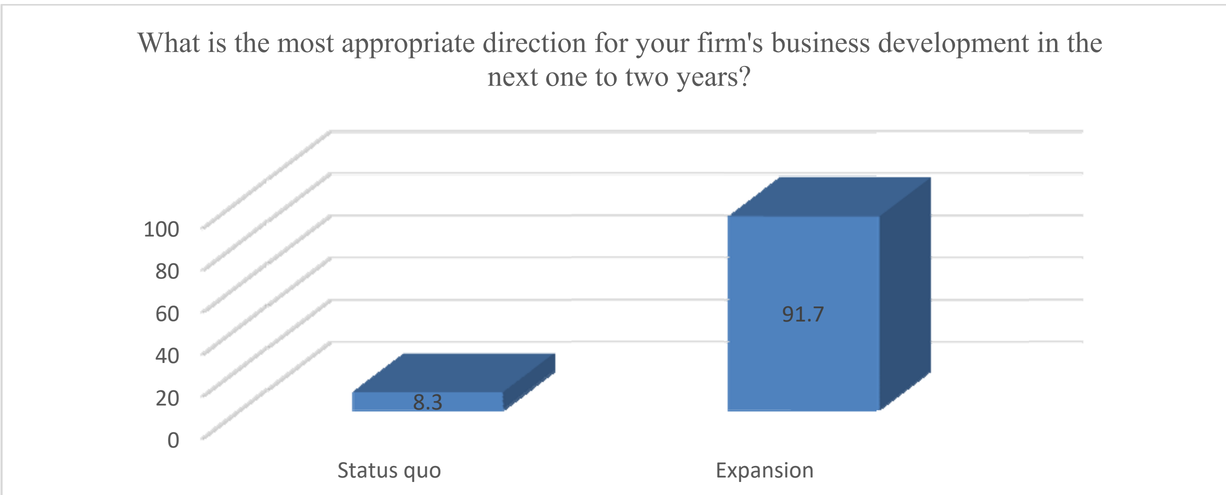
Figure 4.10 Significance of Private Security Industry and the Country's Economic Growth



Source: Survey Data 2019

The next question looked at the projected growth in the following one to two years by private security firms. As revealed by the results, most private security firms were optimistic that they would expand (91.7%) while only 8.3% believed in the status quo. This positive aspect of future expectations was attributed to the general feeling among the firms about future economic growth. It was noted that none of the firms considered withdrawal or downsizing as a possibility in the coming years.

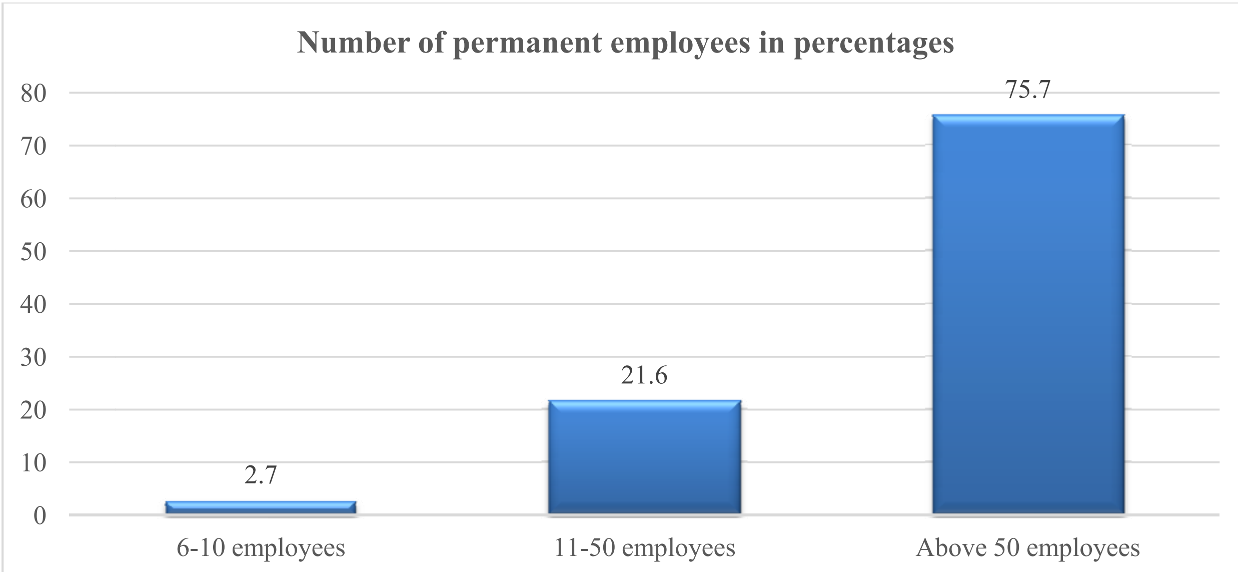
Figure 4.11 Business Projections in the following 1 – 2 Years



Source: Survey Data 2019

The study also looked into the general asset levels of the companies by looking at the number of permanent employees in private security firms. As the results showed, majority of the firms had permanent employees above 50. With only 2.7% having had permanent employees between 6 and 10. No company had less than 5 permanent employees.

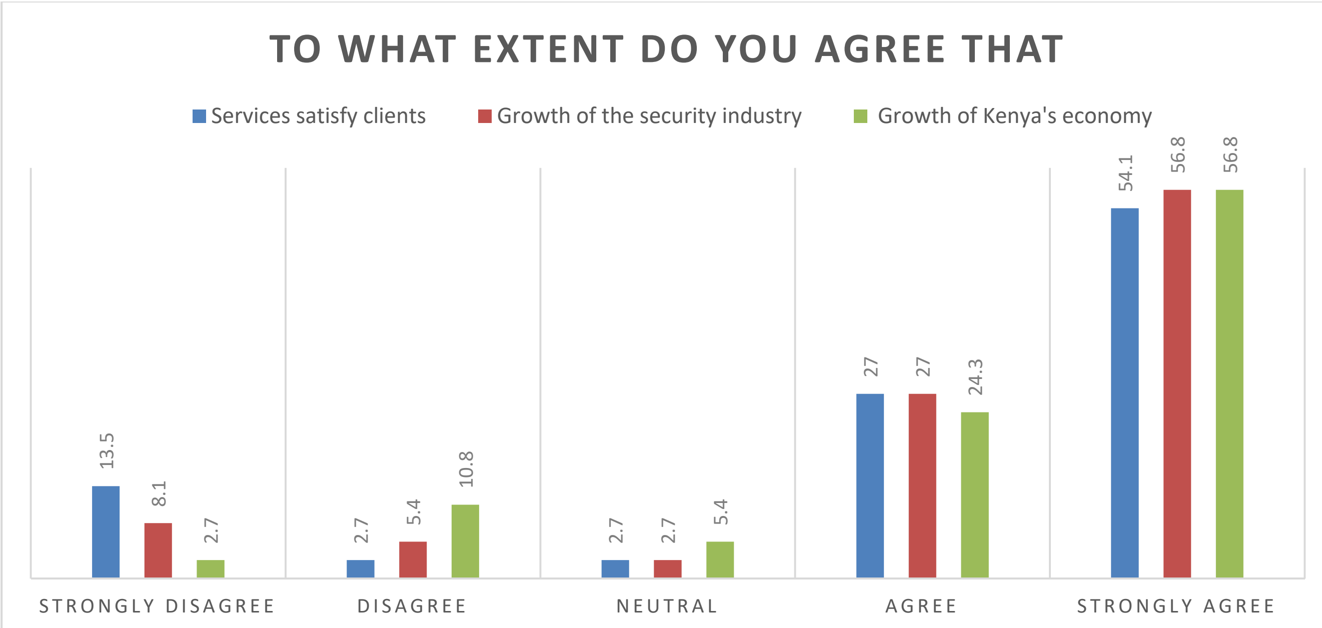
Figure 4.12 Number of Permanent Employees



Source: Survey Data 2019

The other three questions looked at rating security firm's service provision in terms of service satisfaction, contribution to the growth of the security industry and contribution to the Kenyan economy. The results showed that most firms strongly agreed that their services satisfied their clients, contributed to the growth of the security industry and Kenya's economy (54.1, 56.8 and 56.8 respectively). Strongest disagreement was on the satisfaction of their services to the clients (13.5%). This was a serious pointer to the need to better understand the clientele they were dealing with in terms of their needs, priorities and interests.

Figure 4.12 Customer Satisfaction



Source: Survey Data 2019

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the detailed discussion of the study findings, conclusion and policy recommendations based on the findings of the study. It discusses each of the study objectives built under the broad objective which was to determine the drivers of growth of the private security industry in Kenya over 10 years (2008-2018). To achieve this broad objective, we attempted to answer how the regulatory environment affect growth of private security in Kenya, how the use and adoption of technology enhances the growth of the private security industry in Kenya and how the overall state/growth of the economy influenced the growth of the private security industry in Kenya. Also presented in this chapter is the limitation of the study and areas of further research.

5.2 Discussion of Research Findings

This section highlights the findings of the study based on the specific research objectives. The specific research objectives were: to examine how the regulatory environment affected growth of private security firms in Kenya, established how the adoption and use of technology enhanced the growth of private security firms in Kenya and established how the overall state/growth of the economy influenced the growth of private security industry in Kenya.

5.2.1 How the Regulatory Environment Affected Growth of Private Security Firms in Kenya

As per the findings of this research the regulatory environment affected growth of private security firms in Kenya positively. In line with Omolo (2018) revitalization of the Kenya National Private Security Workers Union from an outfit characterized by leadership wrangles, coup d’états, demarcation conflicts and low membership density to one with relatively high membership, stronger cohesion and solidarity, and unity among the leadership and rank-and-file members is responsible for growth of security sector industry also confirmed our finding that showed that the regulatory environment was key to growth of the sector.

According to Jaap (1999), quality regulation has a positive impact on the growth of industry. This is the same argument provided by our findings. Thus, legislation and effective enforcement are critical for the pursuance of policy which promote private businesses and prevent undesirable trends in the private security industry. A well-defined regulatory framework was therefore found to be essential for the growth of the private security industry in Kenya.

Also, there is some linkage between the regulatory environment and turnover growth of private security companies in Kenya meaning with a sound and improving regulatory environment, turnover growth WAs expected. This finding is in conformity with the capitalist theory propagated by Shearing et al., (1983) who emphasized on the aspect of profitability by arguing that the reason of late capitalism involves and feeds on the commodification of security. The shift in security functions between public and private sectors has taken place because of the need to meet the demand for security. However, the continued growth and progress of private security is because of the sustained profits and the desire for bottom line profitability. Therefore, as evidenced by the findings that the regulatory environment enhances turnover growth, with a good and favourable regulatory environment, many firms would not only grow but also start to take advantage of turnover growth. As stipulated by Mkutu et al., (2007) and Makokha (2004) that the greatest revenue earners thrive well with a safe and conducive business environment, for continued PSCs growth a conducive business environment must be enhanced and this can also be promoted through the enhancement of security. This is in line with Burt (2012), who argued that the private security industry requires legislation in order to sufficiently contribute to public safety with accountability.

Similarly, the results showed that the legal and the judicial system in Kenya efficiently contributed to settling of disputes in the private security industry. This was found to be important as judicial and legal systems contributed immensely to growth of companies. The findings are not far off from those of nodal governance theory that asserts value to institutional governance (Shearing et al., 2003). Delmar et al., (2006) confirms asset levels of a firm (employment levels) as a key business growth indicator. They further argue that employment levels as an indicator is important if a firm is defined according to governance structures. As such, growth of employee numbers can be attributed to good governance structures that allow a business to absorb additional labour efficiently and effectively. It therefore goes without saying that the legal and judicial system in Kenya was vital in not only settling disputes among private security firms but also for the growth of the sector.

Our findings also conform to those of Maher et al., (1999), who found that governance is a factor of PSCs' growth. According to their study, governance relates to the strategies and the caliber of human resources employed to guide a firm to growth and profitability. Accordingly, poor governance is a recipe for poor performance and is a major hindrance to growth. Though they provide certain aspects to explain governance such as leadership, we can conclude that regulatory environment was a key determinant of growth of the private security industry.

Finally, the study showed that for most private security firms in Kenya, accessing bank loan/credit facilities was not difficult. This was insightful because access to credit facilities was found to positively impact on growth of security firms. This finding agrees with the nodal governance theory promoted by Shearing et al., (2003) which shows that just like nodes, the private security industry players govern in a wide variety of ways, including by using rules or laws, and directly governing people within the system of the overall security provision. Therefore, favourable procedures and requirements enhanced access of private security firms to loans and credit facilities. It is also clear that the performance of the private security sector would be determined by the existing governance systems, which was also responsible for the overall growth of the economy. With these discussions, we can confirm our hypothesis that the regulatory environment had an impact on the growth of the private security industry in Kenya during the period under study.

5.2.2 How Adoption and Use of Technology Enhanced the Growth of Private Security Firms in Kenya

Use and adoption of technology was revealed to have enhanced the growth of private security firms in Kenya. As the results indicate all firms interviewed argued that it was absolutely necessary for them to acquire new technology. To support this argument, majority of the companies either introduced new technology to significantly improve their services in logistics, delivery or distribution methods, new media or techniques for product promotion and supporting activities for processes, such as maintenance systems or operations for purchasing, accounting or computing. Evidence provided in this study also shows that majority of the private security firms either agreed that they were competitive or very competitive. Generally, competition implies growth or enhances growth in a sector/business as depicted by Abrahamsen (2005) who was a proponent of the capitalist theory. According to him, security can be viewed as a progression of capital accrual as wel1 as state strategy. Therefore, commercialization of security achieved through the activities of capital and capital securitization are a common practice in the field of security, but more particularly, private security. Accordingly, capitalism needs a competitive market. This competition leads companies to strive to be better than their competitors, so that they may gain a larger portion of the market share for their given product or service, increasing their profits, which often leads to innovation to edge out the competition.

The study findings support Schumpeter (1911) who argued that capitalism is a system of largely private ownership that is open to new ideas, new firms and new owners and postulated that innovations are normally the creation of business people. Furthermore, innovations are embodied in new firms. Thus, the agent of change is the entrepreneur who hitting upon the prospective profitability of some unnoticed commercial application starts up an enterprise to implement the innovative ideas. In like manner, private security companies are as a consequence of innovative ideas by entrepreneurs that also include adoption and use of technology in the sector.

The study findings fulfil the recommendations of Mbuvi (2015) that proposed the need to better train private security guards and faster adoption of technology in order to enhance overall security being provided to clients. This is also in line with the findings of Grant (2008) revealing that PSCs growth is based more on technology, goodwill and organizational systems and culture since it is based on human resources and less on tangible assets.

This foregoing argument explains the recent growth of private companies with different technological and differentiated products by different private security companies as our results provided evidence that the private security firms in Kenya were competitive. This is also true in terms of the nodal governance theory as Burries et al., (2005) argue that the main virtue of nodal governance, namely, the emphasis on local capacity and knowledge can be retrieved, reaffirmed, and re-institutionalized in ways that enhance the self-direction of poor communities while strengthening their 'collective capital'. This requires trained workforces and enhanced technical capacities through adoption and use of technology for more output. The adoption and use of various technologies was evidenced by the affirmation to the introduction of new and significantly improved aspects by different firms.

The study findings are also in conformity with AfDB (2015) which revealed that the private security market in Kenya was highly competitive with different companies offering differentiated products and services such as Alarm Monitoring and Response, Guarding services, Cash Management as well as technology-based solutions comprising integrated security systems like Intrusion, CCTV, Fire and Access Control.

Similarly, Nakamura et al., (2008) added their voice to this argument postulating that new technologies bring about effective and efficient service delivery. In the security industry, technology enhances detection and prevention of danger as well as quick responses to combat insecurity. More productive firms have often been associated with high levels of technology adoption that enhance growth. Accordingly, more competitive security firms are likely to adopt technology compared to less competitive firms. Since technology adoption comes with cost the adoption rate at firm level varies within the security industry. This indicates that growth levels among the private security firms vary. The implication is that adoption of technology is a factor of growth in the private security industry. Thus, the findings support our hypothesis that adoption of technology enhanced growth in the private security industry in Kenya.

5.2.3 How the Overall State/Growth of the Economy influenced Growth of Private Security Industry in Kenya

As per the study findings, the study shows that the Kenyan economy had been on a trajectory growth since 2008 after the post-election violence. As depicted and shown in this study, this growth had also increased the demand for private security services thereby enhancing the growth of private security firms. In terms of how the growth of the private sector industry contributes to the Kenyan economy, the results revealed that the Kenyan economy had grown also as a result of the significance of the private security industry. The study findings are in line with those of Schreier et al., (2005) which state that as the economy grows, it is expected that the same will be experienced in the firms within the same economy as more expansion, competition and need for efficiency enhances such growth.

Likewise in Kenya, Wairagu, Kamenju & Singo (2004) state that the development and growth of an operative private security is necessitated by rising crime rates which is a common characteristic of developing countries due to the expansive growth thus the need for security. Omolo (2018) recognized the important role of security in enhancing good governance, social welfare and economic development. Particularly, security was considered key in achieving rapid and sustained economic growth, national productivity and competitiveness. Moreover, socio-economic and political transformations are not possible to achieve without security according to the study. This therefore means that in line with this study, security and overall economic growth are inseparable.

Overall state/growth of the economy also determined the growth of the private security industry. Firms that operate in a struggling economy often register slow growth as compared to firms that operate to a growing economy. A growing economy is directly proportional to a firm's growth since it enables the firm to acquire new technologies, qualified staff, and comply to the regulatory environment, building a customer pool among others (AfDB, 2015). Further, according to AfDB (2015), the size of the middle class stood at 44.9% of the total population in Kenya. This growth in middle class led to some innovation among different sectors of industry including the private security industry which had to contend with the need for new ways of meeting demand for services in a growing market. Litavski (2012) asserts that the demand for services of PSCs is constantly on the rise due to economic, demographic and political social changes.

The level of optimism among the private security firms in Kenya was encouraging. For example, the evidence provided by the results showed that most private security firms were optimistic that they would expand in the following one to two years. This positive attribute of future expectations was attributed to general feeling of the firms about the growing future economic growth. Weiss (2007) postulated that the increasing number of people demanding security services cannot be adequately served by public security, explaining why the private security sector was growing. Subsequently, the political wealth of private security has assumed different types and functions in response to the altering needs of capital and the revolution of the state. As it is in most countries, presently, there is demand for private security to run the surplus population in unsuccessful countries and states which are incapable or reluctant to provide governmental security. This in some extent has been motivated by the increasing economic growth that results from the increasing population thus enhanced effective demand for private security services.

In terms of number of employees, our results indicated that majority of the firms had permanent employees above 50 with no private security company with less than 5 permanent employees. This was a pointer to a study by Omolo (2018) which showed that the private security industry in Kenya had not only grown in importance but also in size with over 500,000 employees and 2,000 registered companies. Besides, Jovanovic (1982) using the Learning Model, identified the entrepreneur as the principal determinant of business growth. The Learning Model proposes that business growth is a function of an entrepreneur's managing abilities. PSCs businesses will grow based on their governance, leadership and management of the human resources (employees) which are core to their business services.

Regarding service satisfaction, contribution to the growth of the security industry and contribution to the Kenyan economy, the results showed that most firms strongly agreed that their services satisfied their clients, contributed to the growth of the security industry and Kenya's economy. According to KIPPRA (2004), firms expect to achieve growth by increasing the size of the customer pool through acquisition of additional customers and maintaining previous customers which can also be realized in a growing economy with an increasing population that is more empowered. The implication of this is the need for satisfied customers. This is more important given the need for almost all business premises, domestic properties as well as embassies and both small and large businesses, NGOs and humanitarian agencies for services to address their immediate security needs which though require government security, cannot be feasibly addressed by the same, thus contributing to Kenya's economic growth.

Based on the discussions above, the hypothesized positive relationship between overall state/growth of the economy and the growth of the private security industry H3= Overall state/growth of the economy was positively related to growth was hereby confirmed.

5.3 Conclusion

The role of private security firms in Kenya has continued to increase over time. The evolution of security roles has risen beyond manned guarding to more complex services which include security technology, consulting, training, alarm response services, vehicle tracking, cash management and investigative services among others.

In terms of growth in private security firms, it is considered to be so in a significant manner. The reported annual profits in the private security industry was more than 1 billion Kenyan Shillings on average every year. Most firms had confidence that they could provide security solutions to the people, which means that there were several opportunities that could be explored further. As such, the opportunities which the private security industry could leverage were broad.

The study identified four main factors that directly impacted the growth of the private security industry in Kenya. One of the main contributors was the sound regulatory environment that allowed firms to effectively position in providing security solutions to the people. The regulatory environment strengthened dispute resolution mechanisms available in the country. This alone helped improve consumer confidence in the procuring of private security services. With a stable regulatory environment and amicable dispute regulation strategies the private security companies continued to make profits from 2015-2018.

Despite the growth, there were challenges affecting the establishment of security firms in Kenya. These included financial problems, employment issues and sales of the services provided. In as much as employing new clients was a challenge, the companies retained their employees for long.

5.4 Recommendations

Based on the study findings, competition on the back of growth was notable especially among firms whose service offering is concentrated in manned security for which replication is faster and less expensive. Therefore, to increase and sustain profitability and growth, this study recommends that private security firms should diversify their service provision to expand outsourcing opportunities to include a wider scope of service delivery underpinned by technology to include integrated security systems, consulting, training, alarm response services, vehicle tracking and investigative services, among others.

As depicted by the study findings, the Kenyan society is struggling with low police-to-population ratio and such services amid the exponentially increasing population in Kenya. This presents great opportunities for the expansion of private security firms. This need is further enhanced by the emerging issues of terrorism and crime. The changing socio-economic landscape in Kenya means that the wants and needs of customers seeking security services will constantly evolve. This study recommends that private security firms to should drive future growth through innovation which will trigger greater adaptation of emerging technology, new methods as well as incorporation of new skills from the labour pools and job market. In other words, maintaining the same products, services and methods will only diminish competitiveness and relegate participation in the industry to price wars and lower margins.

As the study showed a sound regulatory environment and amicable dispute regulation strategies proved to be essential. There is need for continued effort in ensuring a sustainable regulatory environment and full implementation of dispute regulation strategies in Kenya. This study further recommends that private security companies should consider providing for effective dispute resolution mechanisms to complement the stable regulatory environment that already exists in the country, for example, strengthening of the industry association in order to create benchmarks that will guide in various areas of business. For example, in contracting, where contracts should provide for dispute resolution options that are less fastidious like mediation before full blown litigation in order to restore parties to their normal activities or core business sooner.

Though the evidence provided in the results show that the firms strongly agreed that their clients were satisfied with their service provision, the strongest disagreement was also on the satisfaction of their services to the clients. This is a serious pointer to the need to understand the various companies' clientele in terms of their needs, priorities and interests to better serve them and gain customer loyalty. Growth is a product of new customer acquisition and retention of existing customers. It is therefore recommended that private security companies continue to leverage technologies, systems, policies and processes that increase customer interaction in order to be able to measure customer satisfaction more accurately and more regularly.

The study also established that the number of security firms registered nationally under a professional body were about 40 only. While this study did not concentrate on the benefits of membership organizations, evidence shown by other research studies imply that industry associations provide more opportunity for member's by championing their interests. Similarly, we recommend that more effort should be made in promoting registration of security firms within existing industry association frameworks in order to promote compliance, good governance and to level the playing field in a free market. This will not only benefit the consumer but entrench sustainability among security firms with growth in employment, expanding supply chains and contribution of revenue to government through taxes with positive impact on the broader economy.

5.5 Limitations of the Study and Recommendations for Further Research

In this study more in-depth views of respondents and owners were not necessarily obtained due to the ownership structure of the security companies that were involved in this research. Majority of the private security companies in Kenya are family-owned and therefore with a degree of opacity with respect to inner workings. This study therefore proposes another study that will look into the ownership structure of security companies and the impact of those structures on the growth and stability of private security companies in Kenya.

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APPENDIX ONE: SAMPLE QUESTIONNAIRE

FRED KINYWA,

STRATHMORE BUSINESS SCHOOL,

P.O. BOX 59857 - 00200

NAIROBI.

Dear Respondent,

RE: QUESTIONNAIRE FOR PRIVATE SECURITY FIRMS IN NAIROBI COUNTY

I am a master's student at Strathmore Business School conducting research on 'An Assessment of Factors Influencing the Growth of the Private Security Industry in Kenya'. The outcome of this study is intended to provide information that will be useful in informing the sector on how best to grow and improve competitiveness.

Because your organization is part of this sub-sector, you have been identified as a potential participant in the study. You are therefore kindly requested to spare a few minutes to respond to the questions presented in the questionnaire as honestly as possible.

I wish to assure you that the information provided will be treated with utmost confidentiality and will only be used only for the purpose of this study.

Thank you for your cooperation.

Fred Kinywa

SAMPLE WORKING QUESTIONNAIRE

Section A: General information about the research study

1. Firm Bio Data

Name of firm………………………………………………………………………

Postal Address …………………………………………………………………...

Physical Address …………………………………………………………………

Telephone Number ………………………………………………………………

Email Address……………………………………………………………………

Website …………………………………………………………………………….

What services does your firm provide (Tick all that apply)? □ Alarm Response □Secure Logistics □ Risk Management and Consultancy □ Fleet Control □ Cash Management □ Secure Journey Management □ Fire Protection & Safety Solutions □ Security Systems and Technology □ Manned Security Services/Guarding □ Secure Data Solutions □ Investigative services □ Security Training/Consultancy services □ Others (Specify)

Of the mentioned services in (1) above, in order of priority, which are your three main services?

i. ……………………………………………………………………

ii. ……………………………………………………………………

iii. ……………………………………………………………………

Indicate by ticking appropriately your main nature of Market served □ Local □ Regional □ National □ International

2. Description of the respondents

a) What is your age in years ……………………………………..

b) What is your gender? ☐ Male ☐ Female

c) What is your highest academic qualification? ☐ Secondary and below ☐ tertiary/college ☐ University ☐ Post-graduate studies

d) How long have you worked in this firm? ☐ Less than a year ☐ 1-3 years ☐ 3-6 years ☐ Above 6 years

e) Indicate your current position in the company. Tick where appropriate

☐ Officer ☐ Supervisor ☐ Manager ☐ Senior manager

Section B (Dependent Variable)

1. How much has your security firm grown in the last 10 years ☐ Highest ☐ Moderately ☐ Averagely ☐ Lowest ☐ None at all
2. How much has your turnover improved in the last 10 years ☐Very much ☐ Much ☐ Neutral ☐ Somehow ☐ Not at all
3. Indicate the amount of your annual turnover over the last four years in Ksh?

Year	2015	2016	2017	2018
Annual turnover				

4. Over the last two years, would you say that your profits have been? ☐ Increasing ☐ Decreasing ☐ Stagnant

Section C (Importance of Private security)

5. How important is the private security industry to the economy and society? ☐ Very important ☐ Important ☐ Neutral ☐ Less important ☐ Not important
6. On average, how many new employees do you recruit annually to meet your service demands? ………………
7. Indicate your extent of agreement with the following statements related to the importance of private security in Kenya using the scale below where Strongly Agree – 5; Agree – 4; Neutral – 3 Disagree – 2; and Strongly Disagree – 1

Statement	Rate				
	1	2	3	4	5
Private security sector brings efficiency and effectiveness					
Private security industry plays a key role in the economic growth and development of the Kenyan economy					
Private security industry develops products and services that are responsive to the needs of the market					

8. What challenges does your firm face in the course of its security services provision?
9. What main problem has your company encountered in its operations? ☐ Labour/employment related ☐ Financing/financial affairs ☐ Sales/other business activities ☐ Other (specify) ………………………………………………………………..

Section D (Private Security and Growth of the Economy)

10. How much has the significance of the private security industry contributed to the growth of the industry? ☐ Very Much ☐ Much ☐ Neutral ☐ Not much ☐ No idea

11. What is the most appropriate direction for your firm's business development over the next one to two years? ☐ Expansion ☐ Status quo ☐ Downsizing ☐ Withdraw

12. Indicate the total number of permanent employees in your enterprise ☐1-5 ☐ 6-10 ☐ 11-50 ☐ Above 50

13. Indicate your extent of agreement with the following statements related to your service provision by ticking appropriately using the scale below where Strongly Agree – 5; Agree – 4; Neutral – 3 Disagree – 2; and Strongly Disagree – 1

Statement	Rate				
	1	2	3	4	5
Our services satisfy our clients					
We contribute to the growth of security industry					
We contribute to the growth of Kenya's economy					

Section E (Regulatory Environment)

14. How much has the regulatory environment contributed to the growth of the private security industry? ☐ Greatly ☐

15. How much has the regulatory environment contributed to turnover growth ☐ A lot ☐ Fairly ☐ Above average ☐ Below average ☐ Not at all

16. How efficient are the legal and judicial systems for private security firms in settling disputes? ☐ Extremely efficient ☐ Efficient ☐ Neutral ☐ Inefficient ☐ Extremely inefficient

17. How easy is it in terms of procedures and requirements for your firm to obtain bank loan/credit when need arises? ☐ Extremely easy☐ Easy☐ Neutral ☐ Difficult ☐ Extremely difficult

Section F (Adoption and Use of Technology)

18. Is acquiring a new technology to your firm absolutely necessary? ☐ Yes ☐ No
19. In your opinion, rate the competitiveness of your firm with like firms in your market ☐ Very competitive ☐ Competitive ☐ Neutral ☐ Somewhat competitive ☐ Not competitive
20. During the Last three years i.e. 2016 to 2018, did your enterprise introduce?

INNOVATION	YES	NO
New or significantly improved services		
New or significantly improved logistics, delivery or distribution methods for your		

New media or techniques for product promotion		
New or significantly improved supporting activities for your processes, such as maintenance systems or operations for purchasing, accounting, or computing		

Note: *Managers are involved in decision-making; Technical employees are specialists in specific fields e.g. engineers; technologists, technicians; and unskilled employees include firm guards without any specific skills/training*

Thank you very much for taking your time to respond to this Questionnaire

APPENDIX TWO: KENYA SECURITY INDUSTRY ASSOCIATION'S MEMBERSHIP LIST

1. Ismax Security Limited
2. AKKAD Systems
3. Collindale Security
4. Bob Morgan Services Limited
5. Ultimate Security Ltd
6. G4S Security Services Kenya Limited
7. Instarect
8. KK Security
9. Magnum Allied Systems Ltd
10. Pinkerton's
11. Riley Services Limited
12. Securex Agencies Kenya Ltd
13. Security Group Of Companies Ltd
14. Watchdog Alert
15. Total Security Surveillance Limited
16. Radar Security Limited
17. Fidelity Security Services
18. Corporate Security
19. Cobra Security
20. Crest Security Services
21. Brinks Security Services
22. Cybertrace
23. Texas Alarms
24. Northwood Services
25. NINE ONE ONE GROUP LIMITED
26. Absolute Security Ltd
27. Infama Ltd
28. Bedrock Security Services Ltd
29. Saladin Kenya Ltd
30. Envag Associates
31. Babs Security Group
32. Twenty Four Secure Security Company
33. P. G. Security Ltd
34. FSI Worldwide
35. Tandu Security
36. On the Mark Security
37. Homeland Security
38. Apache Group
39. Frontier Integrated Solutions Limited
40. Usalama