

**UTILISATION AND EFFECTIVENESS OF OUTSOURCED
PRIVATE SECURITY SERVICES BY COMMERCIAL BANKS
IN KENYA**

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the Award of Master of Science in Forensics and Security
Management in the School of Business Management and Economics,
Dedan Kimathi University of Technology**

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DECLARATION

This is my original work and to the best of my knowledge has not been presented for examination or award for degree in any institution.

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DEDICATION

To my treasured family, Joyce, Ian, Natasha and Brian for their backing and words of inspiration that gave me the courage to continue in achieving the scholarly approach to this thesis. Thank you all.

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ACRONYMS AND ABBREVIATION

ATM	Automated Teller Machine
BFIU	Banking Fraud Investigation Unit
CCTV	Close Circuit Television
DCI	Directorate of Criminal Investigation
G4S	Group 4 Securicor
GSM	Global System for Mobile Communication
GPRS	General Packet Radio Services
KBA	Kenya Bankers Association
KSHS	Kenyan Shillings
NGO	Non-Governmental Organization
PSCs	Private Security Companies
PSRA	Private Security Regulatory Authority
UK	United Kingdom
SLA	Service Level Agreements
SMS	Short Message Service
VIF	Variation Inflation Factor

ABSTRACT

The purpose of this study was to analyze the utilisation and effectiveness of outsourced private security services with special reference to commercial banks operating in Nairobi County, Kenya. Nairobi was chosen as a study area because it houses all the commercial banks operating within it and all subsidiaries across the country. This study was guided by both the general and specific objectives which included the vendor factors, technology adoption, vendor relationship management, and government regulations on outsourcing and utilisation of private security services. Additionally, the study relied on the routine activity theory which and besides other criminal theories, contends that the probability of a crime depending on the presence of wrong doers, appropriate targets and absence of credible guardians within the specific banks. The nature of the study depended on descriptive research design which is a scientific method utilised in observing the behavior pattern in a situation. The target population was all the 40 licensed commercial banks in Kenya operating in Nairobi County. The study had a total population of 240 employees of which a sample of 150 respondents was sampled using the Yamane (1967) sampling formulae that provides a simplified formula to calculate sample size in a given population. A semi-structured questionnaire was used in collecting the primary data which was analyzed using descriptive research design, a method utilised in observing behavior, by applying the Social Package for Social Science Version 23. Qualitative data from the open ended questions was analyzed using content analyses and responses presented in prose form. The study used a bivariate regression to evaluate the elements of utilisation and effectiveness of private security services outsourced by commercial banks. The results of the study reveal that the utilisation of vendor factors, relationship management and technology adoption had great impact security services pertaining banks. Additionally, study results show that government regulations that emanate from outsourced private security services had a positive and significant effect on utilisation and effectiveness of private security services by commercial banks. The study recommended that commercial banks should consider the vendor's cyber security capabilities and their system designs so as to be well versed with what is trading in the market. Secondly they should always consider integrating their surveillance systems with alarm systems within the specific bank for the reason that there it is an alternative way to enhance response in case of intrusion. Thirdly, the utilized security companies should have a good relationship with other security stakeholders in the industry and should adopt a competitive pay for the guards manning their respective institutions because PSC can respond easily together in case backup is needed. The study further recommended that the Kenya government should fast-track the utilisation of private security regulations in order to enhance the quality and standard of private security services provided to any institution.

CHAPTER ONE:

INTRODUCTION

While this chapter deals with the information required in the background of the study, it also addresses the statement of the problem, the purpose and objectives of the study. It also covers research questions, the significance of the study, the scope and limitations of the study as well as the operationalization of key terms employed in the entire thesis.

1.1 Background of the study

The study sought to explore the factors that determine the utilisation and effectiveness of private security services outsourced by commercial banks in Kenya with special reference to Nairobi City. This was based on the fact that all commercial banks in Kenya have outsourced and utilized security services both public and private which provide security solutions to their individual headquarters as well as their branches across the country (Machua, 2014). Private security service is made up of a number security components which include physical security, surveillance, technical installation, emergency response security consulting services among others that commercial banks in Nairobi have sought in utilisation of these services. Despite this initiative, these banks still experience security challenges such as card and cheque fraud, identity theft and robberies. It is this lacuna that the study sought to explore the importance of the utilisation and effectiveness of outsourced private security services and suggested some solutions that these banks could use and apply in mitigating or surmounting the underlying challenges which in most cases cost the banks a lot of resources and economic loss.

Globally, utilisation of the private security services to the financial institutions has been utilised and had a positive effect. Quelin and Duhamel (2013), posit that Australian businesses outsource security services to save on cost, access superior technology and expertise, and all-day support.

Having an in-house security department implies engaging security employees and paying benefits and salaries, incurring operational and administrative costs and creating office space. However, outsourcing security, private business only pays for services rendered. Further, when outsourcing security, a business hires a company whose only occupation is safeguarding its dealings. This implies that accomplished providers of security services have the best skilled personnel, software and hardware. Moreover, security is a delicate area and so all accomplished providers of security services provide support 24 hours in a day, around the years as the contract remains in force.

In United Kingdom, McIvor (2014), observed that many commercial banks prefer outsourcing non-core services like security rather than having a department that caters for such. This is seen both as a strategic and operational tactic to focus on their core business of providing financial services and to save costs. However, McIvor observed that outsourcing security services by commercial banks offered a few challenges which included bringing new security threats, lack of control and having contract termination issues. When commercial banks sign a contract with private security companies, they lose control over the choice of security software and hardware the company will use which can easily be manipulated and exploited by the provider and this makes it possible for new security threats crop up. The more access to the bank's sensitive areas and a third-party security service supplier has, the more risks of crime and data leakage the bank runs. Similarly, there might be contract termination issues that may entail additional stress and costs.

In Africa, the utilisation of the private security services has been in use. For example, in Nigeria and as argued by Fan (2013) banks find themselves not capable of handling security risks at reasonable costs. The practice of outsourcing security services by financial institutions has had

great effect in almost all financial institutions for long. According to him the utilisation of these firms has had positive effect. In addition, banks transfer some of their responsibilities to the private security thus subcontracting some risk liabilities to these companies. Secondly and for it to be given the mandate, a licensed private security company should possess the experience and expertise to evade potential risks. Fan further argues that in Nigeria, commercial banks gets great services at a reasonable cost and that the private security provider manages the initial costs related to procuring uniform, equipment and hiring security guards which translates to cost savings for the respective institution.

In South Africa, Gilley and Rashid (2010), noted that there was no adequate public security to cater for private businesses effectively; these businesses like commercial banks turn to private security companies for the provision of security services. In that respect therefore, these authors observed that outsourcing security by commercial banks releases up adequate time and thus, permitting the banks to concentrate on other demanding commercial areas. For instance, commercial banks are no longer required to publicise vacant security positions or recruit applicants. Commercial banks have to scrutinise each applicant's criminal background, work history, references, level of training and such other factors which is handled by these security companies. As a result, security utilisation and outsourcing is an attractive venture in South Africa. As noted earlier in the utilisation of the private security services by Fan, 2013 in Nigeria, even in South Africa the sub contracted security companies handle their guards' compensation, work schedules, vacation, uniforms and such other operational items which at the same time save a lot of resources from the banks.

In East Africa and especially in Uganda, the practice of outsourcing of facilities management services has become very common despite some commercial banks having internal security

arrangements (Natukunda and Nabil, 2013). The greatest motivation for outsourcing was the need to have quality services by the expertise of other organisations. For the commercial banks that procured security services, the biggest motivator was the desire to focus on key business and reduce the cost of operations particularly in the utilisation of security services.

In Tanzania, Jaba (2012) observed that security costs are among the most expensive when operating a business enterprise. He further observed that most businesses in that country were looking to cut costs and increase returns and outsourcing security was one of the ways in achieving this. Although there were other outsourcing services across the country, outsourcing security was seen to be a risk or costly if not done properly. However, when done properly, it could be cheaper and efficient compared to an in-house security team that would be expensive to maintain as well as other accrued expenses.

In Kenya, Machua (2009), noted that commercial banks rely heavily on the utilisation of private security companies in areas such as security services, transportation services, Automated Teller Machine management services, training of employees and recruitment services. The most prevalent challenges of outsourcing among commercial banks in Kenya, particularly in Nairobi include; resistance to change, inability to develop clear outsourcing objectives, lack of proper communication to stakeholders, and top management support including minimal supporting structures.

Wanjohi (2012), observed that the main advantage of outsourcing security services in Kenya was that the firms received high quality security services, which enabled them to enhance their operational and financial performance. Further, (Barako & Gatere, 2008), revealed that though outsourced private security services provide various benefits to the firms, they also come with some risks. These risks comprise of loss of complete control of internal security systems, lack of

internal organizational privacy, inadequate information regarding the potentials of the outsourced security services and underestimated hidden costs. All said and done, the main benefit of outsourcing security services by the commercial banks in Nairobi and Kenyan at large included having access to high quality security services which lead to enhanced operational and financial performance for these companies.

Despite outsourcing security services from private security companies, commercial banks in Nairobi and Kenya at large continue to report various incidences of fraud and security breaches which have resulted to massive losses to these institutions as per the table below.

YEAR	Total cases Reported	Amount Involved	Amount Recovered	Amount Lost
2014	1049	2,181,599,679.	1,188,478,550.	993,120,729.
2015	983	3,224,356,628.	2,500,013,837.	724,242,791.
2016	873	2,004,131,368.	949,615,270.	1,054,516,098.
2017	479	2,122,282,162.48	738,274,671.68	1,384,007,490.80

Table 1.1 Consolidation of No of cases/amount lost by all Commercial Banks (BFIU, 2017)

The above information shows that the consolidated numbers of cases reported by commercial banks remain high even though they decrease year after year. For example in 2017, the Banking Fraud Investigation Unit (BFIU) reported that the cases of fraud and security breaches in commercial banks were 479 cases. This was a year-on-year drop from 1049, 983 and 873 cases reported in years 2014, 2015 and 2016 respectively.

In these cases, approximately KES 993 million in 2014, KES 724 million in 2015, KES 1.05 billion and KES1.384 billion was lost in 2017 (BFID, 2017). Though the numbers of cases reported have decreased over the years, the number of cases are still significant and the amount of money lost substantial. This indicates that there is some inefficiency on how the commercial banks are secured since most of these cases fall in the domain of outsourced security. This informed this study that sought to explore the utilisation and effectiveness of private security services that are outsourced by commercial banks in Nairobi, Kenya.

1.2 Statement of the Problem

Lack of adequate government provision of security services has necessitated commercial banks and other entities to outsource private security services. Despite their presence, however, security still remains an issue with armed robberies, identity theft, and card and cheque fraud still being prevalent, an indication that the services offered are not effective enough. In order to make them enhance their performance, there is need to know what is affecting the quality of services offered and hence this study which arose as a result of the rising demand for private security services. There is a dearth of studies on the utilisation and effectiveness of private security services that are outsourced by commercial banks in Nairobi and Kenya as a whole. These gaps are what this study sought to address.

The study explored utilisation and effectiveness of private security services that are outsourced by commercial banks in Nairobi and Kenya at large since banks are important commercial entities contributing to the economic growth of Kenya.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The broad objective of this study was to evaluate the utilisation and effectiveness of outsourced private security services by Commercial Banks in Nairobi, Kenya

1.3.2 Specific objectives of the study

The specific objectives of the study were;

- i. To analyse the vendor factors used in utilisation and effectiveness of outsourced private security services in Nairobi, Kenya
- ii. To explore the effect of technological adoption on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya.
- iii. To explore the effect of vendor relationship management with other security stakeholders on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya.
- iv. To explore the effect of government regulations on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya.

1.4 Research Questions

- i) What are the vendor factors influence utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya?
- ii) What is the effect of technology adoption on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya?

- iii) How does the vendor relationship management influence utilisation and effectiveness of outsourced effective private security services by commercial banks in Nairobi Kenya?
- iv) What are the effect of government regulations on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya?

1.5 Significance of the Study

This study finding would be valuable to various stakeholders. Thus the study can provide a framework that would be significant in operating, implementing, establishing, maintaining, reviewing, monitoring and improving the management of outsourced private security services. The study also has some strategies necessary on how to make the services offered by private security providers more effective and attractive to commercial banks operating in Kenya.

Further, the study findings can be significant to banking security personnel and security directors who would want to advance new security measures or improve existing ones in providing safety in their respective commercial banking entities. Additionally, the study is also intended for government, banking and private security sector policymakers at the local, county, and national levels to work together by sharing intelligence and other security information that could come from respective private security providers so as to enhance their respective security arrangements. Hence the study findings would also be significant to scholars and researchers as it they will aid as a foundation for future research regarding the overall strategy in the country applied in providing security services to banks, in particular, and the financial sector in general. Moreover, the study findings can contribute to the existing body of knowledge that seek to address the dearth of empirical research in the private security services sector in Kenya.

1.6 Scope of the Study

The study sought to establish the utilisation and effectiveness of outsourced private securities services by commercial banks in Nairobi County, Kenya. It focused on all the 40 licenced commercial banks in since all the headquarters are located there and any security directions to the branches must be approved from the headquarters located in Nairobi. The scope of the study was therefore limited to Nairobi County. The study was further delimited to 240 employees in the security departments.

1.7 Limitations of the Study

Gathering of information from commercial banks security personnel was a challenge since not all respondents were willing to provide pertinent information regarding the security problems they get when they outsourced services from private security companies. Availability of other respondents was another limitation since they were away or chose not to respond and when they did, they took too long to complete filling the questionnaires. The researcher made great efforts in persuading these important sources to provide as much information as possible and which was able to boost this study. The interpretation of the private security regulation act was another limitation since its provisions have yet to be gazetted to make the act operational and therefore it the act has not had any effect in the security industry whose regulation could have helped to address the problems the sector is facing. There were few studies that had been conducted in this area under review and therefore reviewing literature was also a challenge, though the researcher endeavoured to engage himself with the appropriate source available.

1.8 Operationalization of Key Terms

The study used and applied the following terms:

- Commercial Banks:** A financial institution that plays the role of financial intermediation and provides call deposit accounts, funds transfer, loans and other basic investment products (McIvor, 2014).
- Effectiveness of Private Security Services:** The degree to which the security services provided by private security companies are successful in producing the desired results or outcomes or getting the desired quality security services that guarantee a robust business environment to the contractee, (Sesi, 2014).
- GSM/ GPRS Module:** It is known as GPRS Module: Is a chip circuit used to establish communication between a mobile device like a mobile phone or a computing machine and a GSM or GPRS system (Vito, 2006).
- Guarding:** It is the art of protecting a contracted party's assets (people, money, equipment, property and such other resources) from various threats (such as theft, unsafe employee behavior, damaged property, waste, criminal activity among others) by means of preventive measures by a body specifically focusing on that job) (Wanjohi, 2012).
- Information Sharing:** One-on-one exchanges of information between a sender and recipient. This exchange of information is executed through various proprietary and open procedures, file formats and messages. Automated information exchange is an effective execution of commercial exchange of information which continues to be used today (Van Steden, 2010).

- Law Enforcement:** This entails public law administration agencies that include state and local police departments and security departments which have the mandate to ensure that law and order is kept (Sesi, 2014).
- Outsourcing:** Contracting out of a business by one entity to a third-party (Matsuenda, 2013).
- Private Security Services:** Armed or unarmed protection services provided by for profit Organizations to other business or people (Makumi, 2010).
- Security Equipment:** Security equipment's are gadgets used for protecting people or property against crime, loss, damage or danger (Luecke, 2006).
- Security Services:** Armed or unarmed protection services provided by for profit organizations to other businesses or people (Temitope, 2015).
- Vendor:** An individual or organization that is offering a product for sale. In the context of this study, it refers to the companies offering private security services (Jaba, 2012).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter addresses both the theoretical and operational framework in reference to utilisation and effectiveness of private security services by commercial banks in Kenya.

2.2 Theoretical Literature Review

This study was guided by the routine activity theory that was developed by Cohen and Felson (1979).

2.2.1 Routine Activity Theory

The theory proposes that when driven wrong doers and appropriate targets encounter each other in the absence of accomplished protectors, crime is expected to ensue (Cohen & Felson, 1979). In other words, the absence of any of these three elements or conditions might be adequate to avoid a crime from happening. The theory's proponents also highlight how all-encompassing social circumstances contextualize and explain people's activities every day. Positioned inside the wider context of environmental criminology, routine activity theory advocates that lessening unlawful prospects significantly assists in lessening the incidence of crime (Cullen, et al, 2010). Similarly, routine activity theory contends that the probability of crime decreases or increases according to the presence or absence of any of these three conditions.

Additionally, Cohen et al (1979), postulated that the routine activity theory applies to research on crime movements at changing micro and macro levels of investigation, extending from countrywide law-breaking rates to a specific location or individual. Further, the theory scrutinizes the environmental setting in which crimes happen (Groff, 2008). Similarly, the routine activities theory posits that the activities we engage in, the places we travel to and the

people we intermingle with influence the probability and spread of criminal behavior. Precisely, the theory concentrates on the connections amongst suitable targets, motivated offenders and the absence of able custodians.

Cohen et al, stated that every effective criminal event involves a criminal who is inspired to commit the wrongdoing and also capable to act on this inspiration. Simple resolve is not enough for a crime to happen; a driven criminal must have the capacity to carry out a crime. The emphasis on opportunity implies a logical tactic to avoiding wrongdoing: reducing the prospects for crime, and crime will decrease. As Cohen and Felson observed, the instruction to lessen opportunities for crime regularly leads to an emphasis on features of the environment that have the utmost possibility of being easily manipulated such as whether a store decreases the volume of cash in the cash registers or whether a home has a burglar alarm (Lilly, 2002). In this study, vendor factors that commercial banks consider, effect of technology adoption, vendor relationship with other security stakeholders and government regulations involved while outsourcing influence the utilisation and effectiveness of the private security services they provide to commercial banks as these components would act as capable guardians who are able to offer effective security solutions.

This theory is largely sociological in orientation since it examines the social ecology of lifestyle or routines on how offenders and potential victims or targets converge at the same place at the same time, therefore making criminal offence possible. It suggests that the solution to crime is not in fixing the offenders but rather in fixing places and situations so that opportunities for crime are blocked or hardened, Lilly, 2002.

According to Cohen and Felson, the ability to carry out a crime involves two elements. Firstly there must be a person or object to provide a suitable target for the offender. Secondly, there

must be the absence of guardians capable of preventing violations. They chose the term suitable target rather than victim because they included people as well as property as well the term capable guardians rather than police because this included not only the law enforcers but also all means by which a target might be guarded and by whom and in reference to this study the private security services. Guardianship may include family members, friends, neighbors or other members of the public and may also include other means such as dogs and security cameras, intrusion detection systems among others deployed by PSC in terms of the services they provide. Furthermore, in terms of policy implications, the theory has an inadequate variety of policies for combating crime. This is due to its limited focus on offenders. This theory hence relinquishes any views of the steps that ought to be taken to transform the motivations or criminality of wrongdoers (Lilly, 2002). Accordingly, there are no thoughts given to social modifications, early intervention programs or reintegration that might counter the original grounds of crime (Felson, 1998).

The above theory was used in the study to explain how vendor factors to consider, technology adoption, relationship management between vendor and other security stakeholders and government regulations can influence utilisation and effectiveness of outsourced private security services. Moreover, the theory also explained the link between regulation of private security and the effectiveness of outsourced private security. The four independent variables in the study are key aspects which are aimed at making private security companies to be capable guardians to reduce crime targeted at commercial banks.

2.3 Empirical Literature Review

This section provides the empirical review on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi and Kenya at large. The empirical review covers vendor factors, the effect of technology adoption, effect of relationship management between the vendor and other security stakeholders and the government regulations in utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi Kenya.

2.3.1 Vendor Factors

Ayienda and Muturi (2015), investigated the features affecting the acceptance of service outsourcing amongst commercial banks in Western Kenya. This study targeted 65 respondents from commercial banks in Western Kenya and applied a descriptive research design to collect data through a questionnaire survey. The study noted that intense competitive pressures had forced commercial banks to re-consider their methods in managing their outsourcing strategies, with a focus on core competencies, where much of the traditional in-house operations and activities had been subcontracted to outside suppliers. The study concluded that commercial banks considered quality of service, vendor experience and reputation and cost-benefit in making the outsourcing decision.

The study by Sesi (2014), on the implementation of private security outsourcing by commercial banks in Kenya established that outsourcing by commercial banks had resulted in various benefits. These included improved focus on core competence, better operational control and efficiencies, gaining competitive advantage, gaining access to new technology and skills, risk management, quality control, increased focus on core competence and increased productivity. The study determined that factors that banks greatly considered in successful implementation of

the outsourcing strategy were experience and reputation of the vendor, cost efficiency of the outsourcing, innovative capacity, and technology used, and support services availed by the vendor. Other factors included the effectiveness of communication and collaboration between vendor and clients and integrity and competence of vendor employees.

2.3.2 Technology Adoption

In a study by Gatoto, Wachira and Mwenda (2015) on strategies applied to ensure service quality by private security firms in Kenya, the authors established that technology was a key factor that determined the quality of security service provided by these security firms. The authors observed that, in the dynamic private security industry, the responsibilities and roles of protection officers are rapidly acclimatizing to a sensitive security atmosphere. Private security companies are banking on advanced training – including anti-terrorism to adopting the state-of-the-art CCTV system– to equip their officers with the various skills required to effectively handle corporate security assignments. Security companies that are quick to adopt innovative ways and current technology are perceived to provide quality security services to their clients.

Te and Cvijikj (2016), sought to explore the contribution of technology in crime deterrence information system and private security patrol on safety perception and crime level. The study was informed by the fact that crime reduction had become one of the main challenges of the contemporary society. To achieve public reassurance, private security companies and police forces around the globe are implementing strategies to engage citizens in community policing for crime prevention. Similarly, technological systems are organized to facilitate sharing of crime-related information with the community and sustain the advancement of problem-solving strategies. However, the authors noted that the impact of these initiatives in terms of quality of security services, crime perception and reduction had not been appropriately explored yet. The

study results showed that though adoption of technology had been significant in private as well as public security providers, the effect it has on quality of services and perception of security was minimal.

2.3.3 Relationship Management

Bures and Carrapico (2017), conducted a study that explored the importance of relationships and collaborations amongst security companies and other stakeholders to improve private security. The study further explored the diversity within public-private partnerships and its significance for security service quality and governance. The study established that private security companies offered key services that bridged the gaps that are left by the inadequacies of the public security services. Moreover, the study determined that though private security companies provided security services for profit, the government need to effectively regulate the sector by continuously introducing technical and legal regulations to make the sector more effective. Moreover, other stakeholders including the public, current clients and potential clients need to participate and collaborate with private security companies to make them more effective in providing quality security services.

In a study on how effectiveness and quality of outsourced security services could be improved, van Steden and Sarre (2010), assessed the relationship between the various security holders on the private security sector. The study established that in the various countries studied such as Nigeria, Kenya and South Africa, private security companies offered very poor-quality security services. The study further noted that though private security has been meaningfully on the increase globally, the quality had not improved. The study revealed that state institutions, such as the police service, are fundamental in enabling and guiding the practice of security industries and private policing. The government cannot avoid its duty towards regulating contract security

guards to ensure an effective and fair protection of their citizenry. There needs to be effective collaborations between the various players in the security industry to ensure that private security services offered attain the required standards.

2.3.4 Government Regulations

Effective regulation of Private Security Companies requires an interlocking framework of national, regional and international control mechanisms (Thuranira & Munanye, 2013). There is consensus that existing laws at international level are insufficient, and national laws are lacking in many countries, creating a legal grey zone (Bryden 2013). Temitope, 2015 stated that for states and non-state actors to be able to constructively fit the private security industry into a broader system of security management, it was necessary to pay attention to three main points. Firstly, the issue of their accountability should be regulated. Without accountability of individual contractors, the resort to private security industry will continue to raise suspicion. The second one is legitimacy of operations and the third one is strict adherence to the set code of conduct (Bryden 2013).

According to Shelvin and Miles (2010), the issue of legitimacy in terms of registration and area of specialisation is important. If private security industry wants to be actively participating in the construction of state security, state and non-state actors have to accept it as a legitimate actor. It is particularly important that people who are beneficiaries of goods and services should accept it as a legitimate actor. Apart from legitimacy, it is necessary to ensure that appropriate action by private security industry be perceived as legal, for example so that their individual actions are sanctioned by the state or other subjects. The legality of private security industry largely depends on whether it possesses necessary level of transparency and democratic standards in areas such as company activity, finance and business operation (Sesi, 2014). A system of private-public

interaction on the international level has to be developed in this direction. Such a development requires that private security industry actors increasingly work with states rather than against them (Robinson, 2010).

According to Quelin and Duhamel (2013), PSCs have a great role to play in the security sector. When regulated and accountable, the private security industry can make a valuable contribution to security provision. However, the activities of an uncontrolled or poorly regulated private security industry can present unique governance problems, and in post- conflict states can inhibit peace building and development (Richards & Smith, 2015). According to Menard (2013) the need to have regulations that govern operations of PSCs is fundamental. He noted that all states should develop a mechanism of regulating the private security sector and its relationship with state security providers. The regulations have to consider the following; Licensing should define the services PSCs can provide and should be granted for fixed periods and only after strict criteria have been met and background checks on personnel have been completed. Legislation should establish a clear distinction between PSCs and public security sector actors, and stipulate minimum requirements for the transparency and accountability of PSCs. Direct relationships between specific political parties and PSCs should be prohibited (Jaba, 2012).

A system of industry self-regulation such as voluntary codes of conduct should be encouraged (Goldestein, 2013). A variety of means can be used to increase supervision. These include developing an industry ombudsperson, requiring accurate record keeping by PSCs and implementing mechanisms for monitoring relationships between PSCs and political groups or other security sector actors. PSCs are to be committed to professional and transparent service delivery, and that training regimes for PSC staff be created and overseen by the state and licensing be dependent on completion of such training (Fan, 2013).

According to Bures and Carrapico (2017), there ought to be similar regulatory frameworks at the regional and international level. Work should continue to resolve the current ambiguity over which international laws apply to the industry. Obstacles to reform include the potential to create a security vacuum in PSCs absence, lack of distinction between the responsibilities of the state and non-state security actors, and agreements drawn up with governments that protect PSC employees from prosecution, which thus weaken the rule of law. Many states have responded to the growth of the PSCs industry by enacting legislation to regulate it (Gilley & Rashid, 2010). The nature and effectiveness of the regulation has varied considerably between states, with some investigating or promoting changes to the existing controls. Some states have also sought to integrate PSCs more effectively in the provision of crime prevention and community safety services through formal measures such as obligations to participate in the response to emergencies, cooperating with law enforcement personnel, sharing of information and in some states certain personnel have been given special legal powers (Ayienda & Muturi, 2015).

2.4 Conceptual Framework

The conceptual framework of the study as illustrated below acts as a guide to utilisation and effectiveness of the outsourced security services by commercial banks to private security companies. The framework in the figure below shows the main concepts of the study ranging from the dependent, independent, intervening variables.

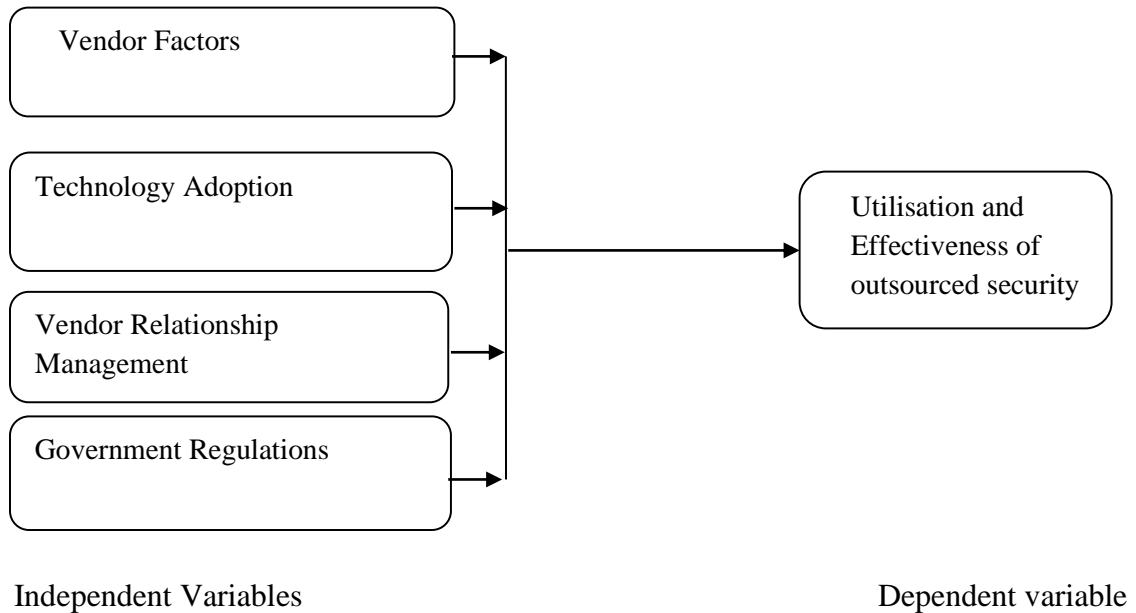


Figure 2.1: Conceptual Framework

2.5 Operational Framework

This section provides the operational framework indicating the relationship between the dependent variable which is the utilisation and effectiveness of outsourcing private security services by private security companies and the independent variable which in this case are the utilisation and effectiveness of private security services by commercial banks in Kenya with emphasis of Nairobi. The independent variables include vendor factors, technological adoption, vendor relationship management and government regulations.

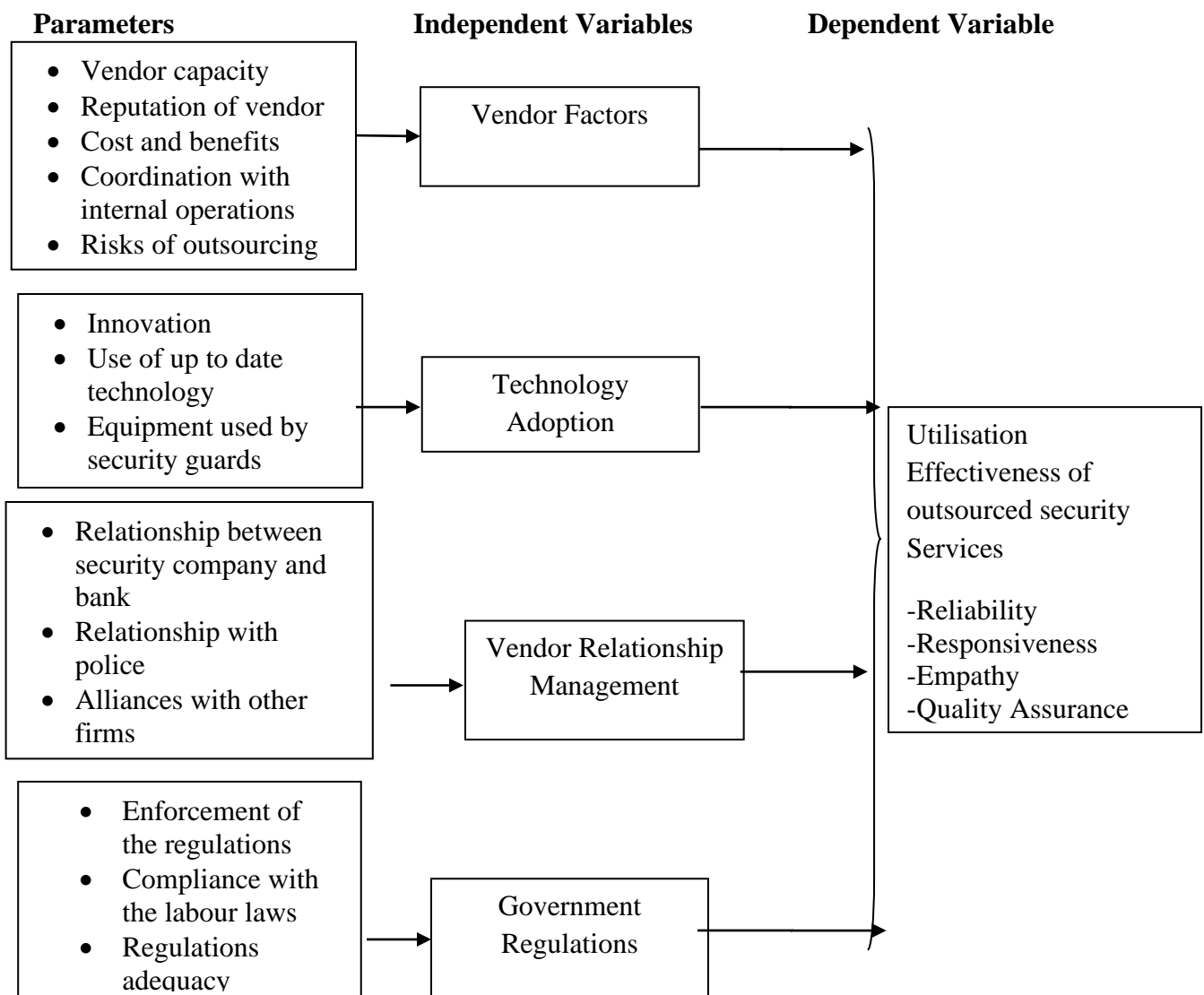


Figure 2.2: Operational Framework

The figure above shows how each variable was measured as well as how the independent and dependent variables related. Utilisation and effectiveness of outsourced security services was measured through terms of reliability, responsiveness, empathy and quality assurance. Vendor factors which was the first independent variable was measured in terms of vendor capacity, reputation of vendor, cost and benefits, coordination with internal operations and risks of outsourcing.

Technology adoption was the second independent variable and had the following measurable parameters; innovation, use of up to date technology and equipment used by security guards. Vendor Relationship Management which was the third independent variable had the following measurable parameters; relationship between security company and bank, relationship with police and alliances with other firms. Government regulations which was the fourth variable had the following parameters; enforcement of the regulations, compliance with the labour laws and regulations adequacy.

2.6 Critical Analysis of Literature Review

It is true that commercial banks in Kenya have over the years invested heavily in securing the services of private security providers to offer security solutions for their respective institutions. It is also worth noting that despite these arrangements, these banks continue to incur losses as a result of security lapses even though these security solutions by private providers are in place.

This study therefore was conducted to assess utilisation and effectiveness of outsourced private security services offered to commercial banks because few studies in this field have been conducted and even those few did not address this gap. Moreover, most studies such as by Dambazau and Levi (2007), focused mostly on the advantages of outsourcing and did not give

much emphasis on the utilisation and effectiveness of private security services outsourced by commercial banks. Specifically, these prior studies focused on advantages of outsourcing security such as costs, superior technology and expertise, and support. The current study will fill this gap by addressing the utilisation and effectiveness of outsourced private security services.

Goldstein (2013), carried his study on challenges of outsourced private security services in Australia which is a developed country as compared to Kenya, where this study was undertaken, which is a developing country and had a different scope with regulations as well as technological environment from the current study. Though his study was carried on outsourcing of private security services to commercial banks, it has also been more than two decades between then and now and therefore the environment is totally different and which this study investigated and came up with current solutions which commercial banks can consider before, during and after outsourcing private security services.

2.7 Research Gaps

The experience of private security provision in commercial banks in Kenya is vastly different from other countries (Ngugi, 2004). Robinson (2010), posited that while some organizations are highly capitalised and functioning according to best practices accepted internationally, there is dearth of competence among numerous companies, and conspiracy among criminals and private guards is common.

Further, there were few studies which have focused on physical security since most of the reviewed studies are on ICT security (Makumi, 2010). This creates a research gap since physical security is overlooked. This study therefore puts emphasis on physical security of the bank resources and thereby unearthed the utilisation and effectiveness of outsourced security services by commercial banks. The study would therefore provide findings on the Kenyan context and

hence inform policy and practice based on findings and recommendations derived from this study in relation to the utilization and effectiveness of private security services by commercial banks in Kenya with reference to Nairobi city.

2.8 Summary of Literature

In this chapter the researcher presented an overview and different perceptions of other scholars toward the utilisation and effectiveness of outsourced private security services. In theoretical literature review, the researcher presented the Routine Activity Theory which proposes that when driven wrong doers and appropriate targets encounter each other in the absence of accomplished protectors, crime is expected to ensue and therefore loss is experienced as has happened to commercial banks in Kenya. Capable guardians in this reference refers to the outsourced private security services that include the PSC and their equipment to oversee the security of commercial banks. Globally, the researcher presented an overview and positive perceptions towards utilisation and effectiveness of outsourced private security services. Various cases have been presented to show the importance of PSCs in the security world. Additionally, the researcher gave a global perspective where cases of Australia and United Kingdom were featured. Additionally, in the African context case of Nigeria, South Africa, Tanzania, Uganda and Kenya were referred. This study was therefore important in adding more knowledge on utilisation and effectiveness of outsourced private security services by Commercial Banks in Nairobi, Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the research methodology and design that was applied in conducting this study. It presents the research design that was adopted, the target population considered, sampling technique and sample size, data collection procedures adopted and data analysis techniques.

3.2 Research Design

The study employed descriptive research design for it depicted a precise outline of circumstances (Cooper, 2003). The design facilitated the researcher to acquire data regarding the existing status on the utilisation and effectiveness of private security services outsourced by commercial banks in Nairobi Kenya. In this study descriptive research design was, the researcher investigates and reports the things the way they are and tries to describe such things as values, attitudes, characteristics, perceptions and behaviour.

This is also stated by Gay (2006) that a descriptive study interrogates and reports situations as they are and usually encompasses evaluating opinions and attitudes towards procedures, organizations and individuals. Kothari (2006) suggested that for descriptive studies, ten percent of the available population is adequate for a study.

3.3 Target Population

Population is defined as the whole group of entities who have an equal right to partake in a study. For this study, the target population which should be accessible were the commercial bank security managers and their subjects. All the 40 registered commercial banks in Nairobi

participated in this study (CBK, 2017). This was by the fact that each commercial bank had security personnel who were respondents in this study. Each commercial bank had at least six officials who were responsible for security issues and included security managers, their assistants and investigators both in physical security and fraud management units within the bank. This made the target population for the study to be 240 respondents. The population of this study was categorised into three different bank tiers, (Appendix iii), which have been established after considering the number of branches that each bank had, transaction volume and customer base all over the country.

3.4 Sampling Frame

The sampling frame was a list of all the 40 commercial banks with their headquarters in Nairobi and the security management personnel that formed the study population as contained in appendix iii.

3.5 Sampling Technique and Sampling size

Out of a total population of 240 respondents, simple random sampling procedure was applied in this study to select 150 respondents who were the potential participants in the study. This sampling technique was selected for this study because it selected a sample without bias from the target or accessible population and this was to ensure each of the members in the target population had an independent and equal chance of being selected into the sample. Grounded on this, the researcher adopted a scientific sampling formula which was applied to determine the appropriate sample size. Yamane (1967) recommended the ensuing sample calculation formula for determination of the sample size:

$$n = \frac{N}{1+N(e)^2}$$

In the formula, n is the sample size, N is the entire sum of security officers targeted by the researcher, and e is the error or significance level. The conservative significance level of five percent was applied to balance between committing of Type I and Type II errors. 5% was used to ensure a more accurate result from the sample. Based on this, the significance level would be equal to 0.05. Using the entire population of 240 and significance level of 0.05, the sample size was calculated as indicated in the calculation below.

$$n = 240 / [1 + (240 \times 0.0025)]$$

$$= 240 / 1.6$$

$$n = 150$$

Therefore, from the entire population of 240 security officers, 150 respondents were selected as the sample to participate in the study. Simple random sampling procedure was applied to select the 150 respondents meaning that each of the 40 commercial banks would have at least 3 respondents each. The questionnaires were distributed to all the 40 bank headquarters where employees in the security department or unit were the target respondents.

3.6 Data Collection Instrument

The study utilised a semi-structured questionnaire which had both open and close-ended questions to collect data. This data collection tool was selected for the reason that the data needed for this study could be described in writing, the population targeted was literate and therefore a lot of information was to be collected within a short period and lastly because it was less expensive. The close-ended questions were used to provide more controlled answers to enable concrete recommendations. Moreover, the closed-ended questions were applied to assess the ranking of numerous features and this facilitated in lessening the quantity of associated

answers in order to acquire additional effective answers. The open-ended queries were used to provide supplementary material that may not have been covered by the close-ended questions.

The questionnaire was meticulously prepared and verified with a few members of the population for additional enhancements. This was done to improve its reliability and precision in collecting data that would be useful in the study.

3.7 Data Collection Methods

Regarding collection of data, the researcher printed copies of the questionnaire and distributed them to various security managers, their assistants and investigators both in physical security and fraud management units within the bank during the quarterly meeting of the Kenya Bankers Association security committee that is attended by all commercial banks security managers to deliberate on various security challenges affecting banks. Those that were not picked were distributed to respective commercial banks by the researcher. Later, the filled questionnaires were taken to a central point in Nairobi city center where they were picked by the researcher for analysis.

3.8 Pilot Study

Pilot testing encompasses conducting a pre-test for data collection procedures and tools to recognize and eradicate hitches and make remedial amendments to tools and data collection technique and to guarantee that data gathered is valid and reliable (Mugenda & Mugenda, 2008).

The study questionnaire was developed by the researcher based on the study objectives.

The researcher conducted piloting of the questionnaire to test its reliability and validity. This was done using five respondents each from Kenya Commercial Bank and I & M bank who were used to adjust the questionnaire to certify that it captured items that could assist in gathering the

essential information to answer the specific questions to provide solution to the research problem. This assisted in certifying that the questionnaire was free from ambiguity or errors.

3.8.1 Reliability of Instrument

Reliability refers to the tendency of an instrument to have consistency after repeated measurements of the same variable (Kothari, 2006). Internal consistency denotes the degree to which the different items in a questionnaire scale measure the diverse features of the same attribute. Since the questionnaire had different items measuring the different study variables, Cronbach's alpha was applied to assess the reliability of items.

3.8.2 Validity of Instrument

Validity according to Kothari (2006) is the degree that an instrument or test measures what it is intended to measure. The study questionnaire was tested on face, construct and content validity. Face validity was tested by assessing how representative the questionnaire was, how well it was designed and how well it appeared to be a good questionnaire. Construct validity was tested by assessing how well the questionnaire items measured the independent and dependent variables of interest. Content validity was tested by assessing whether the questionnaire provided adequate coverage of the subject and parameters being studied. All these forms of validity were tested through scrutiny of the questionnaire by the supervisors, panel members and experts in the security industry. Recommendations of these experts were incorporated when drafting the final questionnaire.

3.9 Data Analysis and Presentation of Results

Before analysing the responses from the questionnaires, the finished questionnaires were scrutinised to ensure consistency and completeness. The data was then coded to permit the

answers to be clustered into numerous groups. Descriptive statistics such as percentages, frequency distributions, means and standard deviations were used in data analysis.

Quantitative analysis techniques were applied on the closed-ended questions where Statistical Software for Social Sciences (SPSS Version 23) was used. Figures and tables were applied suitably to illustrate the study findings for ease of explanation and discussion. This aided the researcher to summarize answers for further analysis and to facilitate discussion based on theory and empirical literature.

Qualitative data collected through open ended questions was analysed using the content analysis technique and presented in prose.

The multiple linear regression model was applied to measure the effect of the independent variables on the utilisation and effectiveness of private security services outsourced by commercial banks. The regression model helped to explain the magnitude and direction of effect of the independent variables on the dependent variable. The model that was applied was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Utilisation and effectiveness of outsourced private security services

X₁ = Vendor Factors

X₂ = Technology Adoption

X₃ = Vendor Relationship Management

X₄ = Government regulations

$\beta_0 = \text{Constant}$

β_i ($i=1, 2, 3,4,5$) = The coefficients for the four independent variables \mathcal{E} is the error term which is presumed to be normally dispersed with a constant variance and mean zero. Before regression analysis was conducted, diagnostic test of linearity was conducted, and the variables were determined to be linearly related. The study results were presented in graphs, charts and tables.

In order to test the significance of the model in measuring the relationship between the study variables, this study conducted an Analysis of Variance (ANOVA). On extracting the ANOVA statistics, the researcher looked at the significance value. The study was tested at 95% confidence level and 5% significant level.

3.10 Ethical Considerations

The researcher observed ethical aspects regarding design, conduct, analysis and dissemination of findings. The respondents were clearly updated on the study's purpose and their consent voluntarily sought preceding their participation. Respondents were also briefed on how the confidentiality was upheld and that their participation in the study was voluntary and they could withdraw at any time, even after commencement of the filling the questionnaire. In data collection, analysis, interpretation, reporting and publishing of study results, the researcher adhered to quality standards involving accuracy, objectivity and truthfulness.

The researcher ensured that the respondents were well versed with the purpose of the study and how the data collected would be used to ensure that they voluntarily provide consent. Moreover, the researcher established very good rapport with the study respondents to ascertain that they provided the required information at the required time. Additionally, the researcher established

useful contacts that were instrumental in the administration and collection of filled questionnaires.

Permission letter from Dedan Kimathi University of Technology to collect and analyse data was also obtained and therefore its purpose was only for academic purpose only.

CHAPTER FOUR:

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter outlines the analysis of data on the utilisation and effectiveness of private security services that are outsourced by commercial banks in Kenya with particular emphasis on Nairobi. This study paid particular attention to the vendor factors to consider while utilizing and outsourcing effective private security services, the effect of technology adoption on utilisation and effectiveness of outsourced private security services, effect of relationship management between the vendor and other security stakeholders on utilisation and effectiveness of security services outsourced by commercial banks in Nairobi and finally the government regulations in place and how they affect effectiveness and utilisation of the same.

The study targeted bank managers and senior employees involved with providing security of commercial banks. All the 40 operational commercial banks in Nairobi participated in the study. Descriptive statistics were used to analyse the data. Descriptive statistics utilised include frequency distributions, in the closed ended questions whereas means scores were used for questions that had five-point Likert scale type questions. Content analysis was used to analyse responses from open ended questions. Moreover, regression analysis was applied in assessing the utilisation and effectiveness of outsourced private security services by commercial banks.

4.2 Response Rate

Out of the 150 questionnaires that were administered to the sampled respondents, 104 questionnaires were filled and collected. This translated to a response rate of 69% (Table 4.1). This high response rate was achieved due to the energetic follow-up and reminders through

phone calls and personal visits to the respondents who had been issued with questionnaires. Moreover, this 69% response rate can be attributed to the fact that most of the security personnel who were respondents in this study were known to the researcher. Additionally, the questionnaires were issued to them during the KBA quarterly security meeting in which the researcher personally administered them.

Table 4.1: Response Rate

Response	Frequency	Percentage
Questionnaires filled and collected	104	69
Questionnaires not returned	46	31
Total	150	100

The study findings derived from the collected questionnaires were very significant for the accomplishment of the study objectives as the data collected was very detailed. The results so obtained were relevant, accurate and conclusive. These questionnaires provided such information that could not be sourced from other sources like newspapers, books and online resources. Moreover, the information attained from the questionnaire survey was exclusive to the matter in question while addressing the main issues in this study.

4.2.1 Reliability Test

The results presented in Table 4.2 show that all the Cronbach's alpha of each variable of the study.

Table 4.2: Reliability of Questionnaire

Variable	Number of items	Cronbach alpha
Vendor factors	9	0.855
Technology adoption	4	0.762
Vendor relationship management	5	0.917
Government Regulation	6	0.812
Utilisation and effectiveness of outsourced private security services	4	0.911

As indicated in Table 4.2, all variables' Cronbach's alpha was above 0.7 which is an indication that all the items that measured the different variables had internal consistency and hence

regarded as reliable. Kothari (2006) notes that when the Cronbach's alpha is above 0.7, the items in the instrument are regarded as reliable.

4.3 Demographic Findings

This section provides results on the demographic characteristics of the respondents that include gender, age, education level of the respondents and the number of years the respondents had worked in the commercial banks.

4.3.1 Respondents Gender

On the respondents' gender component, the study established that majority of the respondents as indicated in Figure 4.1 by 68% were male whereas only 32% of the respondents indicated to be female. This shows that both genders in this study were represented though not in equal proportions.

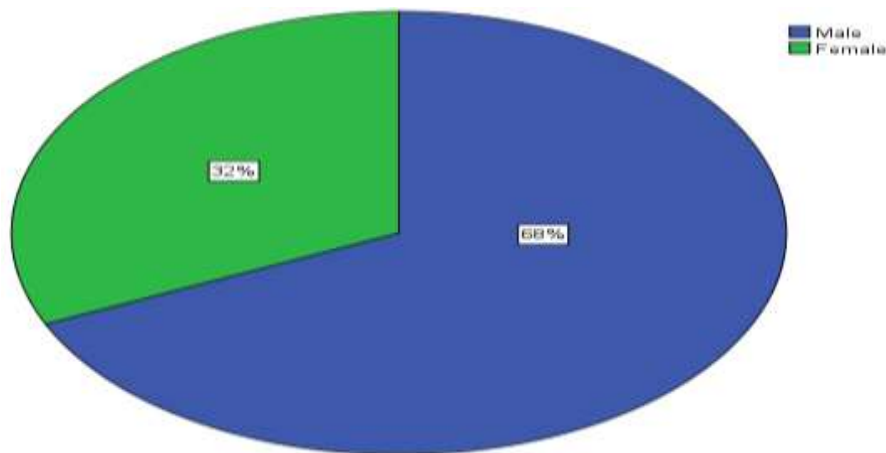


Figure 4.1: Respondent's Gender

4.3.2 Respondents Age Bracket

The study also wanted to establish the respondent's age bracket. The findings are presented in Figure 4.2

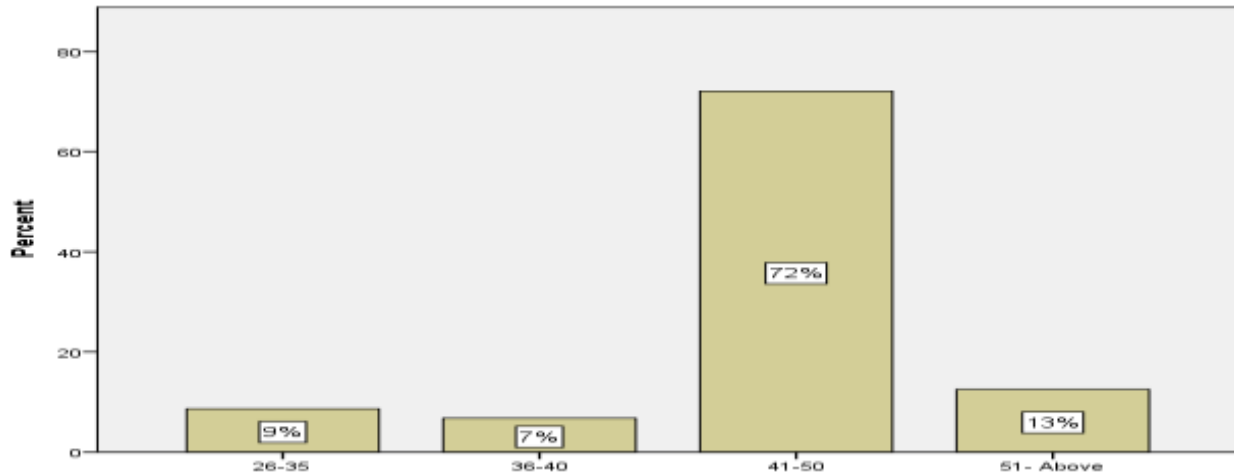


Figure 4.2: Respondents Age Brackets

As regards the ages of the respective respondents, the study revealed that most of the respondents were aged between 41-50 years as represented by 72%, 13% were aged 51 years and above, 9% were aged between 26-35 years and finally only 7% of the respondents were aged 36-40 years. This shows that most of the respondents were middle-aged bank security officers who have experience and much more informed on the security dynamics. Most security managers in the banking industry have gained their experience from police service and have done investigative courses at DCI training school. Further, most of these security managers have worked at the banking fraud investigation unit from where they are sourced.

4.3.3 Respondents Academic Level of Education

The study also wanted to establish the respondent's academic qualifications. The responses are presented in Figure 4.3.

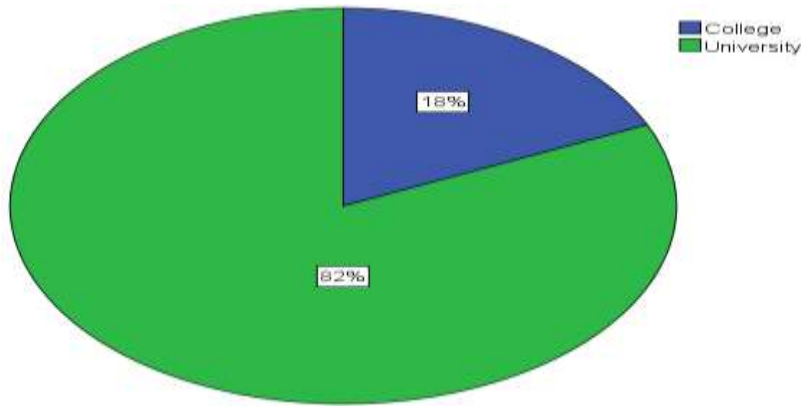


Figure 4.3: Academic Level of Education

On the component of the educational level, the study results show that 82% of the respondents had attained university level of education while 18% indicated that they had acquired college level of education. These results suggest that most of the study participants had attained at least a college level of education while the majority had university level of education and hence could clearly understand the queries and the information being sought and therefore were relevant to the study.

4.3.4 Duration in Years Worked in the Bank

Duration worked in the bank was also investigated in this study. The findings are presented in

Figure 4.4

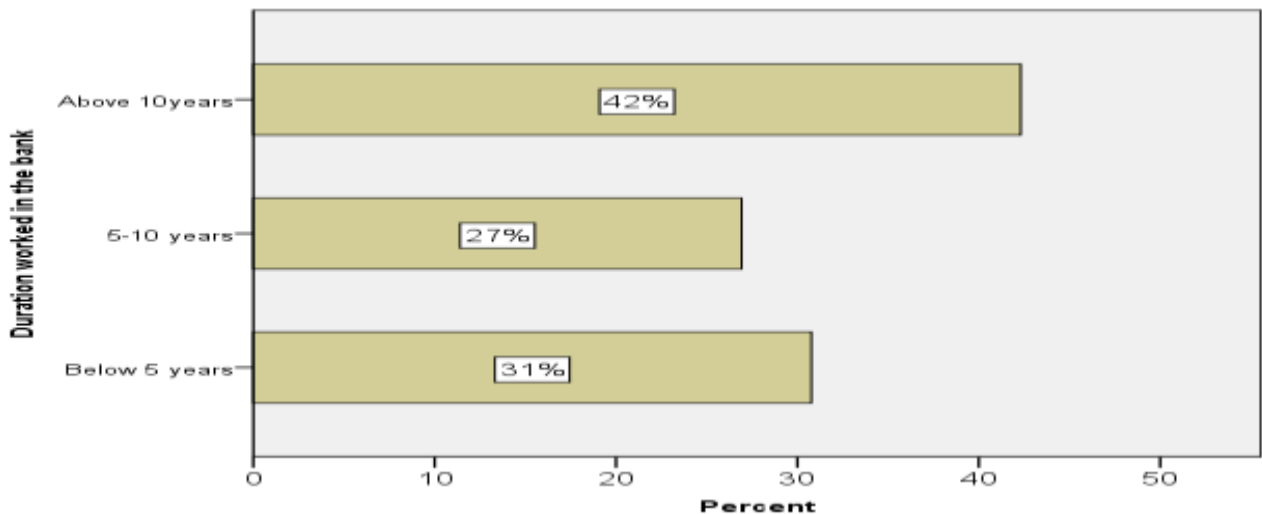


Figure 4.4: Duration in Years Worked in the Bank

The study also wanted to determine the duration in years that the study participants had worked in their various commercial banks. It was found out that 42% of the respondents had worked for over 10 years, 31% had worked in the commercial banks for less than 5 years, whereas 27% had worked for between 5 to 10 years. This has the implication that most of the study participants had gained enough experience in the security industry and in their respective banks and hence may have had vast knowledge and experience regarding outsourced private security services in the commercial banks and therefore were relevant to the study.

4.4 Descriptive Analysis

This section provides descriptive study results that relate to the study objectives. The results presented include results on utilisation and effectiveness of outsourced private security, vendor factors considered by commercial banks, technology adoption, relationship management between the vendor and other security stakeholders and finally government regulations. Moreover, the section provides results relating to the model that assessed utilisation and effectiveness of private security services outsourced by commercial banks in Kenya.

4.4.1 General Objective: Utilisation and Effectiveness of Outsourced Private Security Services.

The study had sought to determine the utilisation and effectiveness of the private security services outsourced by commercial banks. To assess the utilisation and effectiveness, various service delivery indicators were provided for the respondents to rate the level of security service provided by their outsourced security vendor using a 5-point rating scale (5 – Excellent, 4 – Very Good, 3 – Good, 2 Fair, 1 – Poor). Analysis was conducted through percentages, frequencies, means and standard deviations. Results are presented in Table 4.3.

Table 4.3: Utilisation Effectiveness of Outsourced Security Services

		Frequency	Percent	Mean	Standard deviation
Reliability	Fair	10	10	3.64	0.869
	Good	34	33		
	Very good	43	41		
	Excellent	17	16		
Responsiveness	Fair	13	13	3.56	0.748
	Good	23	22		
	Very good	65	62		
	Excellent	3	3		
Empathy	Fair	22	21	3.28	0.830
	Good	34	33		
	Very good	45	43		
	Excellent	3	3		
Quality assurance	Fair	10	10	3.52	0.668
	Good	30	29		
	Very good	64	61		

The results presented in Table 4.3 reveal that 41% rated outsourced private security service as very good on reliability. The mean was 3.64 which also indicated that the respondents viewed outsourced private security as very good. Additionally, outsourced private security services were rated as very good on responsiveness by 62% of the respondents with the mean score also indicating the services were very good (mean = 3.56). Additionally, 45% of the respondents rated outsourced private security services on empathy as very good. However, mean score (3.28) indicated that respondents rated the outsourced private service as good on empathy. Regarding quality assurance of the outsourced private security services, respondents rated the services as very good (mean = 3.52). These findings indicate that outsourced security service received a good rating from the respondents. This can be attributed to the fact that commercial banks outsource vendors who have good reputation in provision of security services locally or internationally. Moreover, commercial banks sign Service Level Agreements (SLAs) with these security service vendors and hence this is an indication that these security companies are bound by these SLAs.

4.4.2 Objective One: Vendor Factors Considered

The first objective of the study was to assess the factors that commercial banks in Nairobi Kenya considered while outsourcing private security services. To attain this objective, respondents were required to show their level of agreement to the listed statements relating to the factors the commercial banks consider when outsourcing private security services. The rating was on a five-point scale (5– Strongly Agree, 4 –Agree, 3 – Neutral, 2 – Disagree, 1- Strongly Disagree). Means and standard deviations were used to analyze the responses and results are as presented in Table 4.4.

Table 4.4: Vendor Factors Considered

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)	Mean	Std. dev.
The reputation of the vendor in the banking sector	60	31	2	7	0	4.40	.842
The reputation of the vendor in other sectors apart from the banking sector	22	66	6	6	0	4.03	.743
The capacity of the private security company to effectively provide bank with the services	78	22	0	0	0	4.81	.396
Any previous cases of security breach involving the private security company	38	38	6	12	6	3.87	1.262
The costs of the outsourced security services	41	50	5	4	0	4.32	.672
The benefits that will be derived by the bank by outsourcing security services	43	30	27	0	0	4.10	.830
The capacity of the private security company to communicate, coordinate and interact with employees of the bank	31	57	6	6	0	4.02	1.010
The risks that can arise from the bank outsourcing security services	41	42	7	10	0	4.11	.923
The infrastructure (including technology and vehicles) the security company has	53	41	0	6	0	4.37	.803
Their ability to identify and speed in resolving emerging or outstanding security related issues affecting their	46	54	0	0	0	4.44	.500

client							
Guard remuneration	35	40	25	0	0	4.11	.765
Availability of serviceable physical resources to enable the company to serve the client effectively	60	37	0	0	3	4.48	.832
Overall						4.26	0.798

Results in Table 4.4 reveal that respondents strongly agreed that commercial banks considered the capacity of the private security company to effectively provide bank with the services (mean = 4.81). Findings also revealed that the respondents agreed to all other statements provided. These results show that commercial banks considered the availability of serviceable physical resources to enable the security company to serve the client effectively (mean = 4.48), the ability of the security company to identify and speed in resolving emerging or outstanding security related issues affecting their client (mean = 4.44), the reputation of the security services vendor in the banking sector (mean = 4.40), the infrastructure (including technology and vehicles) the security company has (mean = 4.37), and the costs of the outsourced security services (mean = 4.32). Other factors considered by commercial banks included guard remuneration (mean = 4.11), the risks that can arise from the bank outsourcing security services (mean = 4.11), the benefits that will be derived by the bank by outsourcing security services (mean = 4.10), the reputation of the vendor in other sectors apart from the banking sector (mean = 4.03) and any previous cases of security breach involving the private security company (mean = 3.87).

These results reveal that commercial banks mainly considered factors such as capacity, physical resources, reputation of the vendor in the banking sector, cost, risk and benefits of the outsourced security service. The above findings concur with the results by Sesi (2014) that factors that banks greatly considered in successful implementation of the outsourcing strategy were experience and

reputation of the vendor, cost efficiency of the outsourcing, innovative capacity, and technology used, and support services availed by the vendor. Other factors included the effectiveness of communication and collaboration between vendor and clients and integrity and competence of vendor employees.

An open question was provided to respondents enquiring on the other factors that banks should critically consider when they are outsourcing security services. Thematic analysis was used to analyse the responses. Findings indicated that respondents were of the view that they should consider the ability of the security services company to respond within the right time. Moreover, apart from guarding services the banks should consider cyber security capabilities, investigative capabilities and security systems designs of the companies. Further, the ability to deal with emergency cases, efficiency of communication with management and the reputation of the company are critical. They also suggested that the banks should consider recruitment and training processes of the company, its remuneration policy, level of skills among its security teams and its leadership. Other factors that were mentioned by the respondents included vetting conducted by the vendor and compliance with labour laws, national presence, adoption of technology and the level of customer service exhibited by the vendor.

4.4.3 Objective Two: Technology Adoption on Utilisation and Effectiveness

The second objective of the study was to articulate the effect of technology on outsourced utilisation and effective private security services by commercial banks in Nairobi, Kenya. Several questions were raised to the respondents regarding technology applied for security purposes. First, respondents were requested to indicate their level of agreement to the statements listed in relation to technology used by the private company that provides the bank with security services. The rating is as follows: (5- Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 –

Strongly Disagree). Means and standard deviations were applied in analysis and results are as indicated in Table 4.5.

Table 4.5: Technology applied by the private security companies

Statement	5	4	3	2	1	Mean	Std. dev.
	(%)	(%)	(%)	(%)	(%)		
The security company uses up to date technology in providing security for the bank	0	69	26	5	0	3.61	.600
The security company provides the guards in this bank with the latest security equipment	0	42	28	30	0	2.93	.778
The security guards deployed to this bank are able to use the latest technology in the bank in security work	0	25	40	35	0	2.86	.762
The security technology used by the security company align seamlessly with the technology in the bank	0	24	57	19	0	3.04	.631
The security company advises the client bank on technological changes that it should adopt to mitigate physical security risks	0	61	31	8	0	3.51	.656
The security company guards are trained on emerging technological risks affecting the physical security of banks and other alternate channels they are assigned to secure (e.g. ATMs)	0	60	22	9	9	3.36	.971
Overall						3.22	0.733

Study findings presented in Table 4.5 reveal that respondents agreed that the private security companies providing security services to the commercial banks used up to date technology in providing security for the bank (Mean = 3.61) and agreed that the security company advises the client bank on technological changes that it should adopt to mitigate physical security risks (Mean = 3.51). However, respondents were neutral to the statements that the security company

guards are trained on emerging technological risks affecting the physical security of banks and other alternate channels they are assigned to secure (for example ATMs, Mean = 3.36), that the security technology used by the security companies align seamlessly with the technology in the bank (Mean = 3.04), and that the security company provides the guards in the bank with the latest security equipment (Mean = 2.93). These findings indicate that technology was a key factor in utilisation and effectiveness of outsourced private security services such as having up-to-date technology and advising the bank on required technology changes. These results concur with the results from a study by Gatoto et al that established that technology was a key factor that determined the quality of security service provided by these security firms. Gatoto et al (2015) established that in the dynamic and complex private security industry, the responsibilities and roles of security officers are swiftly adjusting to a sensitive security atmosphere. Therefore, security companies that are quick to adopt innovative ways and current technology are perceived to provide quality security services to their clients.

Moreover, respondents were neutral to the statement that the security guards deployed to the banks were able to use the latest technology in the bank in security work (Mean = 2.93). These findings reveal that though the security companies providing security services to the commercial banks used up to date technology in providing security and advised the client banks on technological changes that they should adopt to mitigate physical security risks, they were not very competent on other technological aspects. The security companies had weaknesses in guard training on emerging technological risks affecting the physical security of banks and other alternate channels, seamless alignment of their security technology with the technology in the bank and provision of latest security equipment to the guards.

Further, an open-ended question was provided where respondents were requested to comment on the technology applied by the security companies in providing security services in the banks. Some respondents indicated that there should be alarms that are integrated to fire system panels while others indicated that the surveillance systems should always be integrated with alarm systems. Moreover, others indicated that fire detection systems should be of high standards together with walk through scanners, CCTV and mobile communications. Similarly, some respondents indicated that when alarms are integrated to fire panels, redundancies should be incorporated by installing both radio and GPRS system where selected clients or officials get automated response in form of short messages from their mobile phones when there is any intrusion.

Additionally, some respondents posited that security technology should always be adequate and should be improved with time as technology evolves. Respondents also noted that banks should also have alarm systems within the vault area as opposed to the current set up where they are situated outside the door to the vault. Some respondents further observed that this should also extend to the whole of ATM lobby area. Other things that should be incorporated according to the respondents include panic buttons, intruder detection systems, timed locks, and access control pads. On guards, respondents indicated that the security companies should continuously train their staff on new trends including emerging issues, procedures and technological challenges.

Further, the study enquired from the respondents whether the technology applied by the security companies was useful in perfecting their security services. Most of the respondents indicated that the technology applied by security companies was sufficient; however, there were some respondents who felt that the technology deployed was not adequate. Some respondents

explained that areas not covered on patrol or by guards on patrol be supplemented by technology, mostly through CCTV. This in itself covers areas of concern thus beefing security.

Other respondents explained that the systems were useful as they both were auditable and reduced the element of human judgment.

The study also investigated the types of security equipment that the commercial banks lacked. Various responses were provided, and the security technology mentioned included baggage scanners for bags and boxes, biometric identification systems, metal detectors, walk through detectors, under vehicle security systems that can be used to scan vehicles, radiation sensors and real time CCTV monitoring and alarm activations visual verification systems. Others included the intelligent CCTV coverage, facial detection CCTV systems and automated barrier systems.

The study further investigated whether the alarm system provided was terminated to the police system for ease of response. Majority of the respondents indicated that alarm system is terminated to police stations in most bank branches. Others indicated that termination was done to the service provider control room and the responsibility of notifying the police was with the service provider. Moreover, some respondents intimated that though the termination was in police stations, the systems did not always work as there were termination problems.

The study explored the effectiveness of the alarm systems in the commercial banks. Respondents were asked to indicate whether there were times when the alarm system termination both at security company and police control rooms did not work either by mechanical problem or sabotage by criminals. Most respondents indicated instances where the alarm system terminated both at Security Company and police control rooms did not work. Some respondents recommended that there was need to have a GSM module that if the security termination system is sabotaged, it can still send an SMS to critical people if there is any breach and which, when

immediate action is taken, can avert a crucial breach of security. Other respondents noted that there should be regular service and inspection of the system and also having a digital alarm system which sends signals indicating the problem. Moreover, some respondents indicated that there should be a redundant process if one fails, for example radio alarm or GPRS.

Lastly on technology, respondents were asked to explain whether security officers know how to operate, reset and monitor the security devices properly. Most of the respondents indicated that though most security officers knew how to operate the different security devices, not all knew to operate them. The security officers are trained as part of the stakeholder engagement and refresher training is always conducted to keep up with the latest technology. Some respondents posited that continuous training in this aspect is lacking and should be part of the items of the contract.

4.4.4 Objective Three: Relationship Management of vendor and other security stakeholders

The study's third objective was to explore the effect of relationship between the vendor and other security stakeholders on utilisation and effectiveness of outsourced private security services by commercial banks in Nairobi, Kenya. Respondents were required to indicate their level of agreement to the statements provided in relation to the relationship that the vendor security company had with stakeholders. The rating was as follows: (5- Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree). Analysis was through mean scores and standard deviations and results are provided in Table 4.6.

Table 4.6: Relationship management of vendor and other security stakeholders

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)	Mean	Std. dev.
The security company has a good relationship with the bank	33	65	2	0	0	4.30	.519
The security company has good relationship with the police	28	60	12	0	0	4.16	.625
The security company enjoys good relationship with the government agencies	22	41	37	0	0	3.86	.769
There is a good relationship between the company and labour unions	29	20	44	2	5	3.65	1.113
The security company has a good relationship with the public and media	6	38	55	1	0	3.43	.665
Overall						3.88	0.738

The study results presented in Table 4.6 reveal that respondents agreed that the security companies had a good relationship with the banks (Mean = 4.30) and that the security companies had good relationship with the police (Mean = 4.16). Moreover, respondents agreed that the security companies enjoyed good relationship with the government agencies (Mean = 3.86) and that there was a good relationship between the companies and labour unions (Mean = 3.65). However, respondents were neutral regarding the statement that the security companies had a good relationship with the public and media (Mean = 3.43).

These findings reveal that the security companies enjoyed good relationships with the commercial banks, the police, government agencies and labour unions, but their relationship with the public and media was not that robust. These findings indicate that relationship with stakeholders in the security industry include the commercial banks, police, other security companies, labour unions, media and the public was key in enabling the security companies to offer effective security services. These findings concur with the results by Bures and Carrapico (2017) that though private security companies provided security services for profit, the

government need to effectively regulate the sector by continuously introducing technical and legal regulations to make the sector more effective. Moreover, other stakeholders including the public, labour unions, current clients and potential clients need to participate and collaborate with private security companies to make them more effective in providing quality security services.

Further, an open-ended question was posed to the respondents seeking to investigate deeply how the security companies related with the various stakeholders in the security industry such as police and other companies. All the respondents indicated that the security companies enjoyed a cordial relationship with other stakeholders in the industry. Respondents further reiterated that good relations with other security agencies were mostly done through a liaison or contact person. Moreover, information gathered was usually relayed to the police including other companies in order to enhance security in the commercial banks. The security companies developed and maintained relationships with internal and external stakeholders to ensure that their cooperation can be obtained when required for key operations. Moreover, some respondents intimated that at times, the security companies outsource the services of police where security matters require armed personnel. These interdependences are helpful for the efficient security operations in the commercial banks.

Further, a question was posed whether the respondents had problems of bandwidth especially when they wanted to communicate to the police control centers for backup. Findings presented in Figure 4.5 show that 62 percent of the respondents did not have bandwidth problems while 38 percent had bandwidth problems.

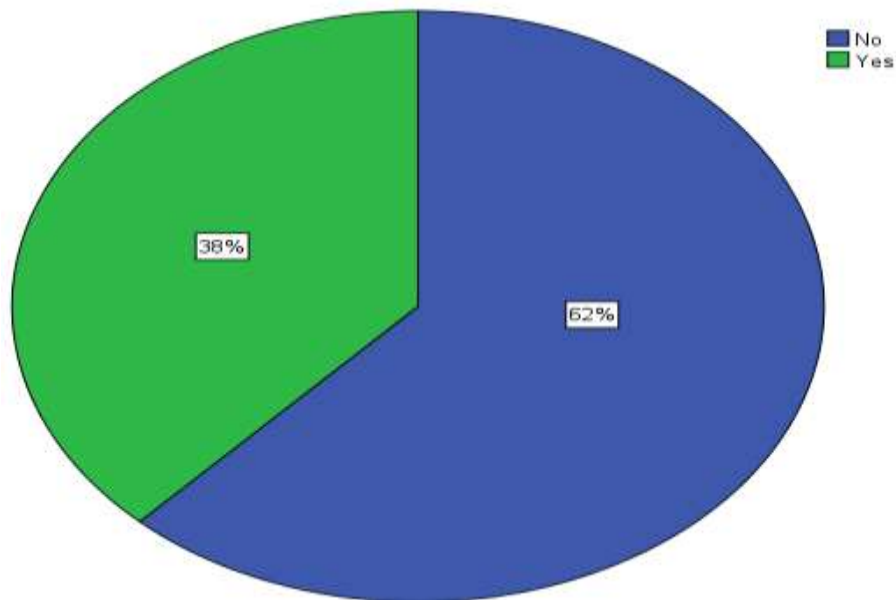


Figure 4.5: Whether respondents had problem with bandwidth during communication

The 38 percent of the respondents with bandwidth problems were asked to indicate whether they had communicated those problems to management. Most of the respondents indicated that they had notified management about the issue. Most indicated that it is standard procedure to notify management at all times whenever a security issue arises. Respondents also indicated that those issues were handled according to laid down security procedures and protocol.

4.4.5 Objective Four: Government Regulations in Private Security Sector

The study had government regulations as the fourth variable. The study respondents were required to indicate their level of agreement to the statements provided, in relation to government regulation of the private security industry in Kenya. The rating was on a 5-point Likert scale (5- Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree and 1 – Strongly Disagree) means and standard deviations were used in analysis and results are as shown in Table 4.7.

Table 4.7: Government Regulation in Private security sector

Statement	5 (%)	4 (%)	3 (%)	2 (%)	1 (%)	Mean	Std. dev.
The security company adheres to all the regulation set out by government regarding registration and licensing of its security operations	28	57	2	13	0	3.98	0.938
The security company that provides security services to this bank adheres to regulations regarding employees vetting and organisation	14	65	9	5	7	3.7	1.005
Kenya has adequate regulatory framework that is designed to have positive outcomes for the security industry	0	37	44	19	0	3.18	0.74
The government effectively enforces the regulations and policy regarding the security industry	0	15	46	34	5	2.66	0.778
The security company complies with all labour laws	3	36	38	15	8	3.1	0.989
The security company complies with all safety Health and Environmental laws	0	21	50	21	8	2.86	0.852
Overall						3.25	0.884

Results in Table 4.7 indicate that respondents agreed that the security companies adhered to all the regulation set out by government regarding registration and licensing of its security operations (Mean = 3.98) and that the security companies that provided security services to the banks adhered to regulations regarding employees vetting and organisation (Mean = 3.70). However, respondents were neutral on the statements that Kenya has adequate regulatory framework that is designed to have positive outcomes for the security industry (Mean = 3.18), that the security companies complied with all labour laws (Mean = 3.10) and neutral on the statement that the security companies complied with all safety health and environmental laws

(Mean = 2.86). Similarly, respondents were neutral on the statement that the government effectively enforces the regulations and policy regarding the security industry (Mean = 2.66).

These results imply that the security companies adhered to all the regulations set out by government regarding registration and licensing of its security operations and the regulations regarding employees vetting and organisation. However, there were weaknesses regarding adequacy of regulatory framework in the security industry, enforcement of regulations and policy regarding the security industry by government, compliance with labour laws by the security companies and compliance with safety, health and environmental laws. These findings can be attributed to the fact that though the Private Security Industry Regulation Bill was signed into law in 2016 and provides for a framework for cooperation between private security companies and the national security organs, the enforcement of this bill has not yet kicked off. The regulation in the industry is hence poor and not well coordinated.

4.5 Diagnostic Tests

This section analyses the diagnostic tests conducted for the data collected in the study. They include the Multi-Collinearity Test, Normality Test and Test for Heteroscedasticity.

Table 4.8: Multicollinearity Test

Collinearity Measures	Tolerance	VIF
Vendor Factors	0.785	1.227
Technology Adoption	0.847	1.248
Vendor Relationship Management	0.811	1.322
Government Regulations	0.801	1.256

Dependent Variable: Utilisation and Effectiveness of outsourced private security services

The study sought to find out the collinearity among the independent variables using tolerance and variation inflation factor (VIF) statistics of the predictor constructs.

The study adopted the Menard (2013) threshold value who stated that variance inflation factor of 4.0 to represent high multi-collinearity status. From Table 4.8 vendor factors had a VIF of 1.227, technology adoption had a VIF of 1.248, Vendor Relationship Management had a VIF 1.322 while government regulations had a VIF of 1.256. The findings show that all the independent variables attained a high tolerance value, which is a clear indication that the beta values of the regression equation of the independent variable would be stable with low standard error terms. Tolerance is regarded as part of the denominator in calculating the confidence limits on the partial regression coefficient. According to Porter and Gujarat (2009), the VIF of independent variables that exceed 10 as a rule of thumb is regarded as collinear. Therefore, benchmarking on this rule of thumb implies that there was no collinearity among the independent constructs.

Table 4.9: Normality Test

This test sought to find out the normal distribution for the utilisation and effectiveness of outsourced private security services which was tested for Gaussian distribution using numerical and graphical methods. According to Indiana (2011) many data analysis methods such as t-test, ANOVA and regression analysis relies on the assumption that data were sampled from a Gaussian distribution.

	Kolmogorov-Smirnov ^a		Shapiro-Wilk		
	Df	Stats Sig	Dif	Sig	Statistics
Utilisation and Effectiveness of outsourced private security services	3	0.088	3	.200*	.956

a. Lilliefors Significance Correction

** Lower bound of true significance*

The computed values of Kolmogorov-Smirnov and Shapiro-Wilk test indicate insignificant statistics with p-value of 0.200 which implies that utilisation and effectiveness of outsourced private security services is normally distributed. Nevertheless, on the overall, the distribution appears normally distributed. More so, on the basis of the calculated insignificant test statistics, normality of the dependent variable was maintained. According to the findings by Shelvin & Miles (2010), the significance test result for such data is regarded as fairly accurate.

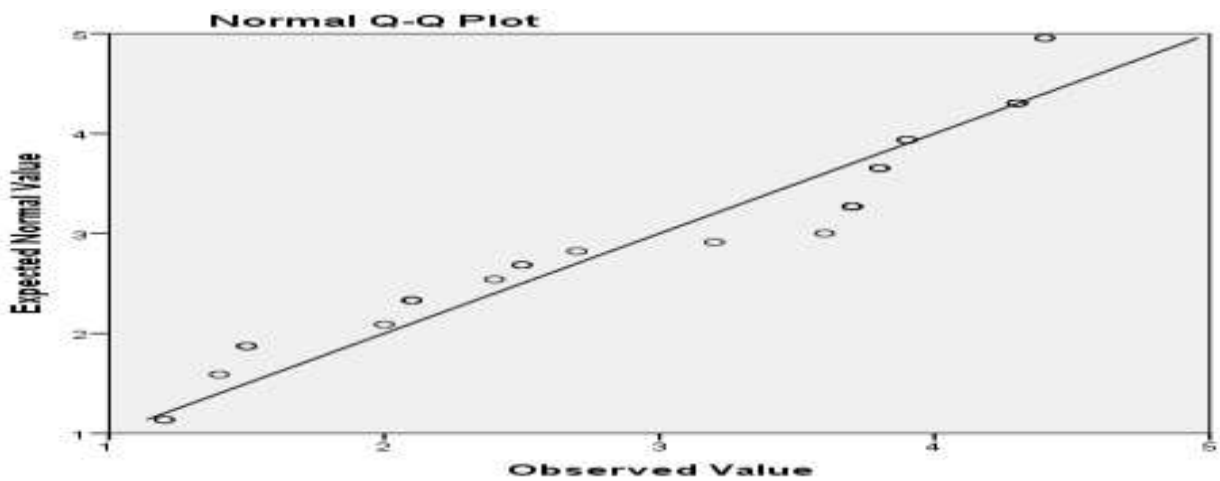


Figure 4.6: Normal Curve Plot

Further, the figure 4.5 shows the visualized distribution of random variables of difference between an empirical distribution and theoretical distribution of utilisation and effectiveness of outsourced private security services. At very low values of the variable, some minimal deviation from normality is regarded as normal.

Table 4.10: Test for Heteroscedasticity

The research also aimed to test for the heteroscedasticity using the Breusch-Pagan/Cook-Weisberg test. The results are as follows;

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity
Ho: Constant variance

Variables: fitted values of Utilisation Effectiveness of outsourced private security services

$$\text{Chi}^2 (1) = 0.22$$

$$\text{Prob} > \text{chi}^2 = 0.7134$$

From the findings, the chi-square value was small, indicating heteroscedasticity was not a problem (or at least that if it was a problem, it was not a multiplicative function of the predicted values). Also, it was revealed that the p value of 0.7134 was greater than 0.05 significant levels implying that there was no violation of homoscedasticity. One of the important assumptions of linear regression is that, there should be no heteroscedasticity of residuals (Shelvin & Miles, 2010). The results above indicated that the variance of the errors was constant across observations.

4.6 Inferential Statistics

The study used the multiple regression model to measure the effect of the independent variables on the utilisation and effectiveness of private security services outsourced by commercial banks. The regression model helped to explain the magnitude and direction of effect of the independent variables on the dependent variable. The model that was applied was as follows:

$$\text{UEOPSS} = \beta_0 + \beta_1 F + \beta_2 T + \beta_3 R + \beta_4 G + \varepsilon$$

Where:

UEOPSS = Utilisation and Effectiveness of Outsourced Private Security Services

F = Vendor Factors considered by commercial banks

T = Technology Adoption

R = Relationship Management between the vendor and other security stakeholders

G = Government regulation in outsourcing effective private security services

β_0 = Constant

β_i (i=1,2,3,4,5) = The coefficients for the various independent variables \mathcal{E} is the error term which is assumed to be normally distributed with mean zero and constant variance.

The analyzed data is presented in Tables 4.11 to 4.14.

Table 4.11: Model Summary for the Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733	.537	.517	.587

a. Predictors: (Constant), F, T, R, G

Results in Table 4.11 reveal that the r squared of the regression was 0.517 indicating that 51.7% of the utilisation and effectiveness of outsourced private security services by commercial banks could be explained by factors that the commercial bank considered before outsourcing private security services, technology adopted by the private security companies, the relationship between the private security companies and other security stakeholders and the government regulations.

The analysis of the variance of the regression model is presented in Table 4.12. The findings indicate that the model was statistically significant and have predictive power ($F = 26.998$; $P < 0.05$). These findings indicate that vendor factors that the commercial bank considered before outsourcing private security services, technology adoption by the private security companies, the relationship management between the private security companies and other security stakeholders and the government regulations can be used to determine effectiveness of outsourced private security services.

Table 4.12: Analysis of Variance of the Regression Model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	37.177	4	9.294	26.998	.000
	Residual	34.056	99	.344		
Total		71.233	103			

a. Dependent Variable: UEOPSS

b. Predictors: (Constant), F, T, R, G

Moreover, study results in Table 4.13 indicate the effect of vendor factors that the commercial bank considered (F), technology adoption by the private security companies (T), the relationship management between the private security companies and other security stakeholders (R) and government regulations (G) on utilisation and effectiveness of outsourced security services (UEOPSS).

Table 4.13: Determinates of Utilisation and Effectiveness of Outsourced Security Services

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.593	1.049		4.379	.000
	F	.965	.204	.463	4.733	.000
	T	.739	.116	.098	3.195	.000
	R	1.195	.130	.749	9.179	.000
	G	0.425	.067	.592	6.304	.000

a. Dependent Variable: UEOPSS

The final output model was;

$$UEOPS = 4.593 + 1.195R + 0.965F + 0.739T + 0.425G$$

Table 4.14: Optimal Model

Variables	B	P
(Constant)	4.593	.000
Vendor Relationship Management	1.195	.000
Vendor Factors	.965	.000
Technology Adoption	.739	.000
Government Regulations	.425	.000

Study results in Table 4.14 reveal that the relationship between the private security companies and other security stakeholders (R), had a positive and significant effect on utilisation and effectiveness of outsourced private security services by commercial banks ($\beta = 1.195$; $p < 0.05$). These results show that when private security companies improve their collaboration and relationship with commercial banks and other security stakeholders, they can enhance the effectiveness of the security services that they provide to commercial banks.

The second factor that the commercial bank considered before outsourcing private security services (F) had a positive and significant effect on utilisation and effectiveness of outsourced private security services by commercial banks ($\beta = 0.965$; $p < 0.05$). These results imply that when commercial banks consider more parameters before selecting their security service provider, the effectiveness of the provided security services is expected to improve, or the bank is likely to get the best PSC that can offer credible services from among many who will have tendered for the same. These findings concur with study results by Sesi (2014) that careful consideration of key performance indicators by private security clients resulted in benefits and more effective outsourced private security services. The study by Sesi (2014) determined that factors that commercial banks greatly considered in successful implementation of the outsourcing strategy were experience and reputation of the vendor, cost efficiency of the outsourcing, innovative capacity, and technology used, and support services availed by the vendor. Careful consideration of these factors led to benefits such as improved focus on core competence, better operational control and efficiencies, gaining competitive advantage, gaining access to new technology and skills, risk management, quality control, increased focus on core competence and increased productivity.

The study results show that technology applied by the private security companies (T) in providing security to commercial banks had a positive and a significant effect on utilisation and effectiveness of outsourced private security services by commercial banks ($\beta = 0.739$; $p < 0.000$). These findings indicate that technology applied by private security companies had enhanced effectiveness of security services to commercial banks. This can be explained by the fact that the study had established that private security companies had technology that was very current, and which sometimes align to the needs and technology that commercial banks used.

Lastly, study results show that government regulations (G) had a positive and significant effect on utilisation and effectiveness of outsourced security services to commercial banks ($\beta = 0.425$; $p < 0.05$). These results imply that the security companies adhered to all the regulations set out by government regarding registration and licensing of its security operations and the regulations regarding employees vetting and organisation. However, there were weaknesses regarding adequacy of regulatory framework in the security industry, enforcement of regulations and policy regarding the security industry by government, compliance with labour laws by the security companies and compliance with safety, health and environmental laws. These findings can be attributed to the fact that though the Private Security Industry Regulation Bill was signed into law in 2016, and provides for a framework for cooperation between private security companies and the national security organs. However, the enforcement of this law has not yet been effected and therefore PSCs still operate without adherence with the provisions of this law since it has not been gazetted to start enforcement. The regulation in the industry is hence poor and not well coordinated.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This study was divided into five chapters as summarised hereunder:

Chapter one, dealt with the information required in the background of the study enumerating in a funnel approach, what has been captured globally, in African and East African and finally what authors found in the Kenyan context regarding the subject matter under study. It also addressed the statement of the problem and more specifically outlined the security problems in terms of enormous losses incurred by commercial banks, the purpose and objectives of the study. It also covered research questions, the significance of the study, the scope and limitations of the study as well as the operationalization of key terms employed in the entire thesis.

Chapter two addressed both the theoretical, empirical and operational framework in reference to utilisation and effectiveness of private security services by commercial banks in Kenya. In theoretical framework, the study adopted routine activity theory which has three components, driven wrong doers, appropriate targets and absence of capable guardians. In this study, PSC have been captured as capable guardians responsible for offering credible security solutions to commercial banks. In empirical framework, the study has discussed in depth all the four objectives outlining what other authors have discussed on every objective and which has a direct linkage to this study.

Chapter three provided the research methodology and design that was applied in conducting this study. It presents the research design that was adopted, the target population considered,

sampling technique and sample size and how it was arrived at, data collection procedures adopted and data analysis techniques used.

Finally, chapter four outlined research findings and discussion and critical analysis based on each objective as was analysed from the dully filled questionnaires received from respondents. This chapter discussed these findings in detail and form part of what now constitutes chapter five regarding the analysis that resulted to findings and recommendations.

Based on the study findings, the study makes the following conclusions and recommendations.

The study sought to establish the vendor factors that commercial banks consider before outsourcing private security services from private security companies, to assess the effect of technology adoption on utilisation and effectiveness of outsourced security services to commercial banks, establish the effect of the relationship management between the private security companies and other security stakeholders on utilisation and effectiveness of outsourced security services to commercial banks and to establish the effects of government regulation on utilisation and effectiveness of outsourced security services to commercial banks.

5.2 Summary of Findings

The summary of findings is based on each objective as discussed below:

5.2.1 Vendor Factors

Study results revealed that vendor factors that the commercial bank considered before outsourcing private security services (F) had a positive and significant effect on effectiveness of outsourced private security services by commercial banks ($\beta = 0.965$; $p < 0.05$). These results imply that when commercial banks consider more parameters before selecting their security service provider, the utilisation and effectiveness of the provided security services is expected to improve. Results further revealed that commercial banks mostly considered the capacity of the private security company to effectively provide bank with the services, the availability of

serviceable physical resources to enable the security company to serve the client effectively, ability of the security company to identify and speed with which to resolve emerging or outstanding security related issues affecting their client and the reputation of the security services vendor in the banking sector.

5.2.2 Technology Adoption

Study results showed that technology adoption by the private security companies (T) in providing security to commercial banks had a positive and significant effect on utilisation and effectiveness of outsourced private security services by commercial banks ($\beta = 0.739$; $p < 0.00$). These findings indicate that technology applied by private security companies had enhanced effectiveness of security services to commercial banks. Study findings further revealed that the security companies providing security services to the commercial banks used up to date technology in providing security for the bank and advised client banks on technological changes that it should adopt to mitigate physical security risks. However, there were weaknesses in security company guards training on emerging technological risks affecting the physical security of banks and other alternate channels they are assigned to secure. Moreover, the vendors used security technology that aligned seamlessly with the technology in the banks.

5.2.3 Vendor Relationship Management

Study findings further revealed that vendor relationship management (R), had a positive and significant effect on effectiveness of outsourced private security services by commercial banks ($\beta = 1.195$; $p < 0.05$). These results show that when private security companies improve their collaboration and relationship with commercial banks and other security stakeholders, they can enhance the effectiveness of the security services that they provide to commercial banks. Further, study results revealed that the security companies had a good relationship with the banks, the

police, government agencies and labour unions. However, the relationship between security companies and the public and media was not very good.

5.2.4 Government Regulations

Lastly, the results of the study showed that government regulations (G) had a positive and significant effect on utilisation and effectiveness of outsourced security services to commercial banks ($\beta = 0.425$; $p < 0.05$). These results imply that the security companies adhered to all the regulations set out by government regarding registration and licensing of its security operations and the regulations regarding employees vetting and organisation. However, there were weaknesses regarding adequacy of regulatory framework in the security industry, enforcement of regulations and policy regarding the security industry by government, compliance with labour laws by the security companies and compliance with safety, health and environmental laws.

5.3 Conclusion

The study makes the following conclusions. First, the study concludes that vendor factors that the commercial banks considered before outsourcing private security services had a positive and significant influence on utilisation and effectiveness of outsourced private security services by commercial bank. Moreover, the study concludes that commercial banks considered the capacity of the private security company to effectively provide the bank with the services, the availability of serviceable physical resources to enable the security company to serve the client effectively, the ability of the security company to identify and speed in resolving emerging or outstanding security related issues affecting their client and the reputation of the security services vendor in the banking sector. Consideration of these factors enabled the bank to ensure that the selected security services provider provided effective security services.

Secondly, the study concludes that technology adoption applied by the private security companies in providing security to commercial banks had a significant influence on utilisation and effectiveness of outsourced private security services by commercial banks. This is despite

the security companies using up to date technology in providing security services to the bank and providing advisory services to the client bank on technological changes that the bank should adopt to mitigate physical security risks. However, the study concludes that there were gaps in technological training of the guards and seamless alignment between the security companies' technology and the technology in the bank.

Third, the study concludes that the management of the relationship between the private security companies and other security stakeholders had a positive and significant effect on utilisation and effectiveness of outsourced private security services by commercial banks. These findings reveal that the security companies enjoyed good relationships with the commercial banks, the police, government agencies and labour unions, but their relationship with the public and media was not that robust.

Lastly, the study concludes that government regulations had a positive and significant effect on utilisation and effectiveness of outsourced security services to commercial banks. The study further concludes that there weaknesses regarding adequacy of regulatory framework in the security industry, enforcement of regulations and policy regarding the security industry by government, compliance with labour laws by the security companies and compliance with safety, health and environmental laws.

5.4 Recommendations

The study makes the following recommendations. First, when seeking a vendor for security services, a commercial bank is supposed to critically consider the ability of the vendor to respond adequately within the right time, the vendor's cyber security capabilities, the investigative capabilities of the vendor and the security systems designs. Moreover, commercial banks should also consider countrywide presence of the security company, efficiency in communication with

management, ability to deal with emergency cases and history of the company's existence among many other parameters or mandatory requirements it may consider as a prerequisite for the PSC that is to provide security.

Secondly, the study recommends that there should be alarms that are integrated to fire system panels and also surveillance systems should always be integrated with alarm systems. Moreover, fire detection systems should be of high standards together with walk through scanners, CCTV and mobile communications. Additionally, when alarms are integrated to fire panels, redundancies should be incorporated by installing both radio and GPRS system where the client gets automated response when there is any intrusion. Moreover, security technology should always be adequate and should be improved with time as technology evolves.

Third, the study recommends that security companies should have a good relationship with other stakeholders in the industry. The security companies should develop and maintain relationships with internal and external stakeholders to ensure that their cooperation can be obtained when required for key operations. Moreover, the security companies should outsource the services of police where security matters require armed personnel. These interdependences are helpful for the efficient security operations in the commercial banks.

Lastly, the study recommends that government should come up with an effective policy on private security companies. The policy should address competitive pay for the guards and ensure that they are always motivated by setting the minimum wage for personnel in the industry. Security companies should also have robust maintenance plans to ensure that there are no delays in repairing security equipment. The companies should also have effective human resource plans to ensure that they deal with challenges of guards not reporting on duty or reporting late and dishonest employees.

5.5 Recommendation for Further Studies

This study evaluated the utilisation and effectiveness of private security services outsourced by commercial banks in Nairobi Kenya. The researcher recommends that similar studies be conducted on non-financial institutions to benchmark the results from such studies with the results from this study which was on the financial sector. This will assist in the establishing the many factors that determine utilisation and effectiveness of outsourced private security services.

The study further recommends that an in-depth study should be conducted on the broader subject area of outsourcing of services so that findings from such a study can be valuable in enabling continuous improvement in service delivery by outsourcing companies as well as enhancing service delivery in light of the reforms and developments happening in the security industry.

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APPENDICES

Appendix I: Banks Population

COMMERCIAL BANKS IN KENYA						
	1st Tier	2nd Tier	3rd Tier	Tiers	Security officials	Total
1	Kenya Commercial Bank	NIC bank	Consolidated BOK	3	6	18
2	Barclays Bank	Bank of Africa	ABC Bank (Kenya)	3	6	18
3	Commercial Bank of Africa	Stanbic Bank	Credit Bank	3	6	18
4	Cooperative Bank of Kenya	Citibank	Development Bank of Kenya	3	6	18
5	Equity bank	National Bank of Kenya	Gulf African Bank	3	6	18
6	Standard Chartered Kenya	Diamond Trust Bank	Spire Bank	3	6	18
7		Ecobank	Fidelity Commercial Bank	2	6	12
8		Chase Bank (Kenya)	First Community Bank	2	6	12
9		Family Bank	Giro Commercial Bank	2	6	12
10		Guaranty Trust Bank	Guardian Bank	2	6	12
11		I&M Bank	Habib Bank AG Zurich	2	6	12
12		Prime Bank Limited	Habib Bank	2	6	12
13		Bank of India	Jamii Bora Bank	2	6	12
14		Bank of Baroda	Middle East Bank	2	6	12
15			M-Oriental Bank	1	6	6
16			Paramount Bank	1	6	6
17			Trans National Bank Kenya	1	6	6
18			Sidian Bank	1	6	6
19			United Bank for Africa	1	6	6
20			Victoria Commercial Bank	1	6	6

Total	6	14	20	40	6	240
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Appendix II: Map of Nairobi Showing Location of Commercial Bank Headquarters

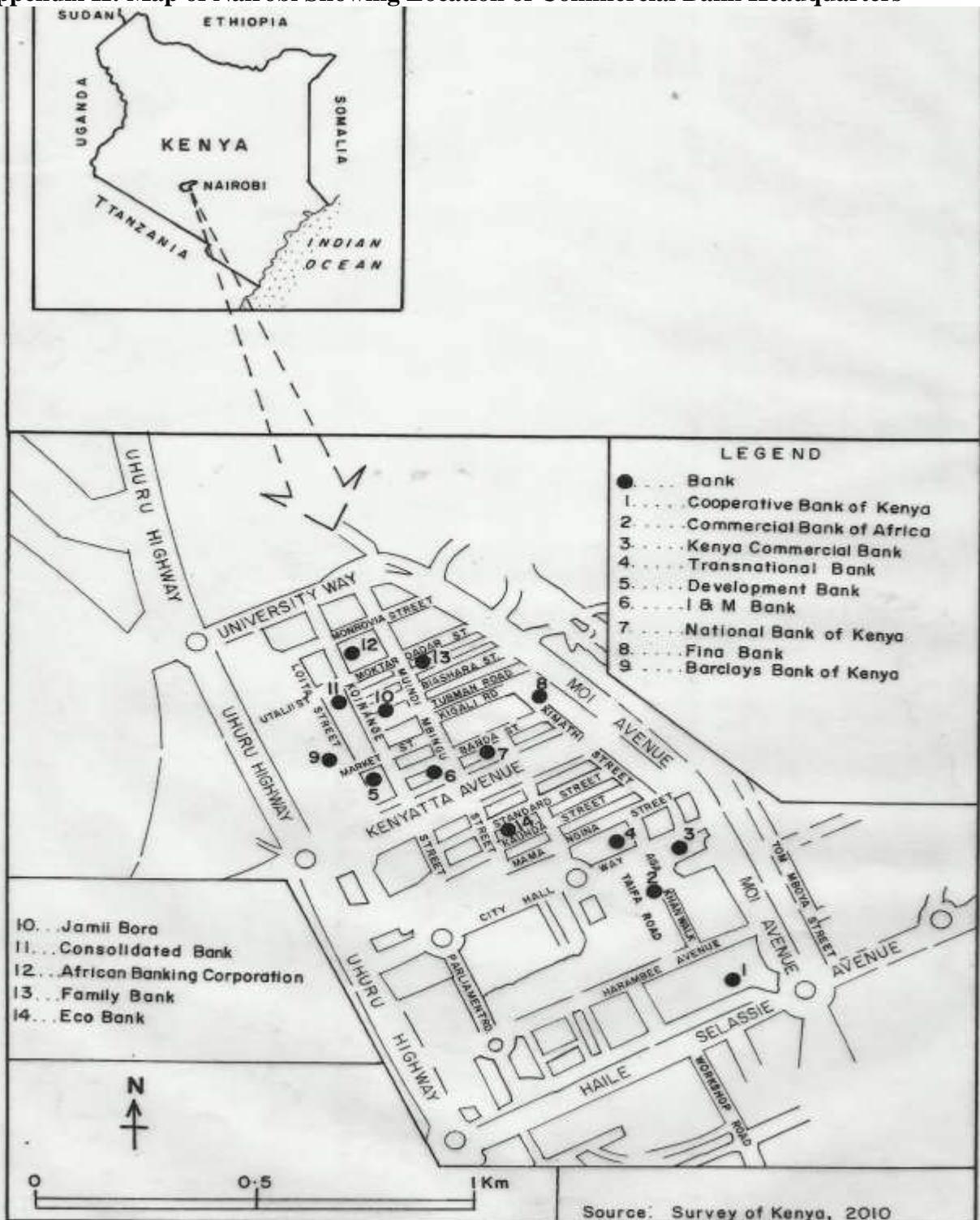


Fig.3 Nairobi: Location of Headquarters of Commercial Banks in the CBD