

# Evaluation of quality in the procurement of guarding services

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## Evaluation of quality in the procurement of guarding services

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The objective of this thesis is to identify ways of how the buyer could evaluate the quality of the on-site operations of the private security company during the tendering process in the procurement of a guarding services and the contract period. The beneficiary of this thesis is a security critical organization that operates in an airport environment. The research problem of this thesis is derived from the deficiencies identified by the recipient.

This thesis was conducted out as a qualitative research in which the research material was collected by interviewing security experts. The interviewees consisted of experienced professionals in the private security sector. The research material was analyzed by a qualitative content analysis. In addition, a literature review was used as a secondary research, focusing on quality evaluation in public procurements and qualitative factors in private security sector.

The results of the research indicate that the on-site supervision of work has a significant impact on the quality of the private security company's on-site operations. The on-site supervisors are often responsible for the daily on-site operations, which affect how the client experiences the quality of the guarding service. Furthermore, customer satisfaction of the key stakeholders of the buyer should be considered when evaluating the quality of the guarding service.

As a conclusion, to evaluate the quality of the private security company's on-site operations in the tendering phase, the beneficiary should ask for qualitative description on how will the on-site supervision of operations work within their contract. The recipient should also ask the tenderers to present their operational and contingency plans for the contract. Furthermore, they should also ask the tenderers to describe how they address customer satisfaction in their daily operations.

In addition, case-evaluation of disturbance and emergency situations could be utilized in the evaluation of quality during the contract period. The customer satisfaction of key stakeholders could be measured through surveys and mystery shopping. The quality of the on-site operations during the contract can also be indirectly measured by monitoring the turnover of key personnel of the contract or by measuring the number of development proposals.

Key words: Procurement, Service Quality, Guarding Services, Private Security Services, Aviation Security

Oksanen Markus

### Laadun arviointi vartiointipalvelun hankinnassa

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Tämän opinnäytetyön tavoitteena on kartoittaa tapoja, joilla työn tilaaja kykenisi arvioimaan vartiointiliikkeen operatiivisen toiminnan laatua vartiointipalvelun hankinnan kilpailutusvaiheen sekä sopimuskauden aikana. Tutkimuksen on teettänyt lentoasemaympäristössä toimiva turvallisuuskriittinen organisaatio, jonka havaitsemiin puutteisiin tämän opinnäytetyön tutkimusongelma perustuu.

Opinnäytetyö toteutettiin laadullisena tutkimuksena, jossa tutkimusaineisto kerättiin haastatteleamalla turvallisuusalan asiantuntijoita. Haastateltavat koostuivat kokeneista yksityisen turvallisuusalan ammattilaisista. Tutkimusaineisto analysoitiin laadullisella sisällönanalyysillä. Laadullisen tutkimuksen lisäksi työssä käytettiin pöytäkirjatutkimusta, jossa keskityttiin laadunarviointiin julkisissa hankinnoissa sekä yksityisen turvallisuusalan laadullisiin tekijöihin.

Tutkimuksen tulokset osoittavat, että vartiointiliikkeen työnjohdolla on merkittävä vaikutus vartiointiliikkeen operatiiviseen toiminnan laatuun. Vartiointikohteessa työskentelevät kohdeesimiehet ovat usein vastuussa päivittäisistä toimista, jotka vaikuttavat siihen, miten asiakas kokee vartiointipalvelun laadun. Lisäksi tilaajan tärkeimpien sidosryhmien asiakastytyytyväisyys tulisi huomioida arvioitaessa vartiointipalvelun operatiivisen toiminnan laatua.

Työn johtopäätöksenä on, että vartiointiliikkeen operatiivisen toiminnan laadun arvioimiseksi tarjouspyyntövaiheessa, työn tilaajan tulisi pyytää laadullista kuvausta siitä, miten vartiointiliikkeen työjohto toimii laajassa kuvassa sopimuksen puitteissa. Työn tilaajan tulisi myös pyytää tarjoajia esittämään toiminta- ja varautumissuunnitelmansa sopimuksen puitteissa. Lisäksi tilaajan olisi hyödyllistä kysyä tarjoajilta, kuinka he huomioivat asiakastytyytyväisyyden merkityksen päivittäisessä toiminnassaan.

Häiriö- ja poikkeustilanteiden tapauskohtaista arviointia voidaan hyödyntää laadun arvioinnissa sopimuskauden aikana. Keskeisten sidosryhmien asiakastytyytyväisyyttä voitaisiin mitata kyselyjen ja mystery shopping-menetelmän avulla. Vartiointiliikkeen operatiivisen toiminnan laatua sopimuksen aikana voidaan myös välillisesti mitata seuraamalla sopimuksen avainhenkilöiden vaihtuvuutta tai mittaamalla kehitysehdotusten määrää.

## Table of contents

1	Introduction .....	6
1.1	The Research Questions and Scope of the Research .....	7
2	Theoretical Background .....	8
2.1	Public Procurements .....	8
2.1.1	Planning .....	10
2.1.2	Competitive Tendering .....	10
2.1.3	Contract Period .....	12
2.2	Service Quality .....	14
2.3	Guarding Services .....	16
2.4	Aviation Security Environment .....	17
3	Research Methodology .....	19
3.1	Collection of Research Material .....	19
3.2	Analysis of the Research Material .....	20
4	Desk Research - a Literature Review .....	21
4.1	Evaluation of Quality in Public Procurements .....	21
4.2	Service Provider Perspective .....	22
4.3	Quality Factors in the Private Security Sector .....	23
5	Expert Interviews .....	26
5.1	The Planning Phase - Before the Tendering Phase .....	27
5.2	The Tendering Phase - Evaluation of the Quality of On-Site Operations .....	29
5.3	The Contract Period - Evaluation and Monitoring of Quality .....	33
6	Conclusions .....	36
6.1	The Trustworthiness of the Research .....	38
6.2	Further Research .....	39
	References .....	41
	Figures .....	44
	Appendixes .....	45

## 1 Introduction

In the procurement process of guarding services, organizations find themselves in selecting the most suitable service providers to fulfill their contracts. In Finland, most of the contracts between the customer and the private security companies are made based on the result of a tendering process, both in the private and public sectors (Jähi 2011, p.71). The two most commonly compared features of the bids are often price and quality. For an organization to promote quality as a key selection criteria, they must know what they expect from the service.

The objective of this thesis is to provide new ideas for a quality criteria used in the tendering process of the procurement of guarding services. The beneficiary of this thesis is an organization that operates in an airport environment. The airport environment as an operating environment is very complex, creating challenges for the operations of the private security company. The beneficiary of this thesis is obliged follow the act on public procurements (Finland 1397/2016), which aims at promoting the use of public funds through a fair tendering process. Therefore, this thesis views the procurement process from the public procurement perspective.

The security manager of the beneficiary was interviewed (Interview 5), to form a more profound image regarding the current state of their quality criteria. The purpose of the criteria in the tendering phase is to evaluate the quality of the tenders and place them in order. The current criteria of the recipient was created during the previous tendering competition in accordance with the needs at that time. This criteria was the first of its kind. The recipient had not previously used a quality criteria in the comparison of tenders. The objective was that all tenderers could meet with requirements of the quality criteria, and price would decide the winner. It was surprising that all the tenderers were not able to meet the requirements of the quality criteria (Interview 5).

According to the security manager of the beneficiary, there were two shortcomings in the previous quality criteria; the quality criterions were too generic and a lack of continuity to the quality control of the contract period. In other words, the quality criteria served its purpose during the bidding process, but it had no continuity to the quality control of the contract period (Interview 5).

Furthermore, the beneficiary feels that the flaw in the previous quality criteria was that there were a lot of matters that were obvious to private security companies. For example, 5 points were awarded, if the tenderer had a quality control system. Most of the large private security companies have certified quality control systems. The beneficiary feels that this was

an automatic point for the tenderers, because all of them have established structures and processes. The security manager emphasized that the quality criteria should be more focused on the daily on-site operations (Interview 5).

The objective of the beneficiary is that the quality criteria would focus on the operational activities and to the management of the on-site operations. The desired state of the recipient is that the private security company would independently manage its operations and would gather, analyze and report relevant information from the surrounding operational environment. The security manager emphasized the importance of situational picture in managing the on-site operations. To effectively manage operations, the on-site management of the private security company must have relevant information on what is happening now and what is expected to happen tomorrow (Interview 5).

### 1.1 The Research Questions and Scope of the Research

The objective of this thesis is to produce new and useful information for the beneficiary. This research aims at exploring ways of how could the buyer evaluate the quality of the bidders' on-site operations during the tendering phase of the procurement of guarding service and the contract period. Based on the interview of the security manager, the research problem was defined into two research questions, which are as follows:

- *How to evaluate the quality of the tenderers on-site operations during the tendering phase in the procurement of guarding services?*
- *How to evaluate the quality of the service provider's on-site operations during the contract period?*

This thesis is conducted as a qualitative research. The empirical material of this thesis is collected by interviewing experienced security professionals. Interviews are a typical method for a qualitative research (Tuomi 2002 p. 73). The analysis of the empirical material is described in chapter 3.2. In addition to the interviews, a desk research in the form of a literature review is utilized as a method for secondary research. The objective of the desk research is to examine the existing material regarding the evaluation of quality in public procurements and quality factors in the private security sector.

## 2 Theoretical Background

The theoretical basis of this thesis is based on the procurement process of the public procurement, service quality, guarding services and aviation security environment. These concepts are displayed in more detail in the following chapters.

### 2.1 Public Procurements

The term procurement is used to describe all functions that are required in delivering the product or service from the supplier to the end user (Iloranta 2015, p.50). According to Nieminen (2016, p.10) procurement stands for the organizations control of external resources, which aims at safeguarding the availability of necessary products and services with the best possible terms. In other words, procurement is a support function, aiming at supporting the main functions of the organization.

Public procurements stand for procurements that the state, municipalities and public utilities perform outside from their own organization. Public procurements are governed on the European Union (EU) level by procurement directives and by national legislation in member countries. In Finland, public procurements are governed in the Act on Public Procurement and Concession Contracts (Finland 1397/2016). The main principle of the Act on public procurement is the obligation of a tendering process. In the procurement process of goods and services, the state, municipalities and other procurement units are obliged to organize a tendering process according to the requirements laid out in the act on public procurement. The obligation for a tendering process is applied only then, when the estimated value of the procurement exceeds the given threshold (Nieminen 2016, p.204)

The regulation of public procurement aims at safeguarding the use of public funds and promote fair competition between vendors. The legislation aims to guarantee an equal treatment of all vendors. Transparency and publicity play a key role in the regulation regarding public procurements. In general, the purpose of the legislation is to enhance the operations of the market through public procurements (Nieminen 2016, p.203).

Nieminen (2016, p.204) has listed four main principles that describe public procurements. These principles are non-discrimination, objectivity, transparency and proportionality.



<b>Non-discrimination</b>	Equal and impartial treatment of vendors. The requirements regarding the procurement cannot discriminate or be in favor of certain region.
<b>Objectivity</b>	The requirements of the procurement concern all the vendors in a similar way.
<b>Transparency</b>	The procurement is announced publicly and the decision is brought to the attention of the participants of the tendering process. The only exception are defense and security-related procurements, which are specified in the legislation.
<b>Proportionality</b>	The requirements of the procurement are in proportion with the objective.

Figure 1: Four principles of public procurements (Nieminen 2016, p.204-205)

Nieminen (2016, p.204) and Iloranta (2015, p.379) state that the process of competitive tendering is often seen to label the entire procurement process. They remind that the big picture of the procurement process is much larger than just the competitive procurement phase, and often the success of the procurement is decided before the actual tendering phase. Therefore, a successful procurement is much larger picture than just a successful tendering phase. If the client is focusing solely on the tendering process, they might not pay enough attention to their needs and the state of the markets (Iloranta 2015, p.379).

The procurement process can be divided into three phases; planning, competitive tendering and the contract period. These phases are presented in the following sub-chapters.

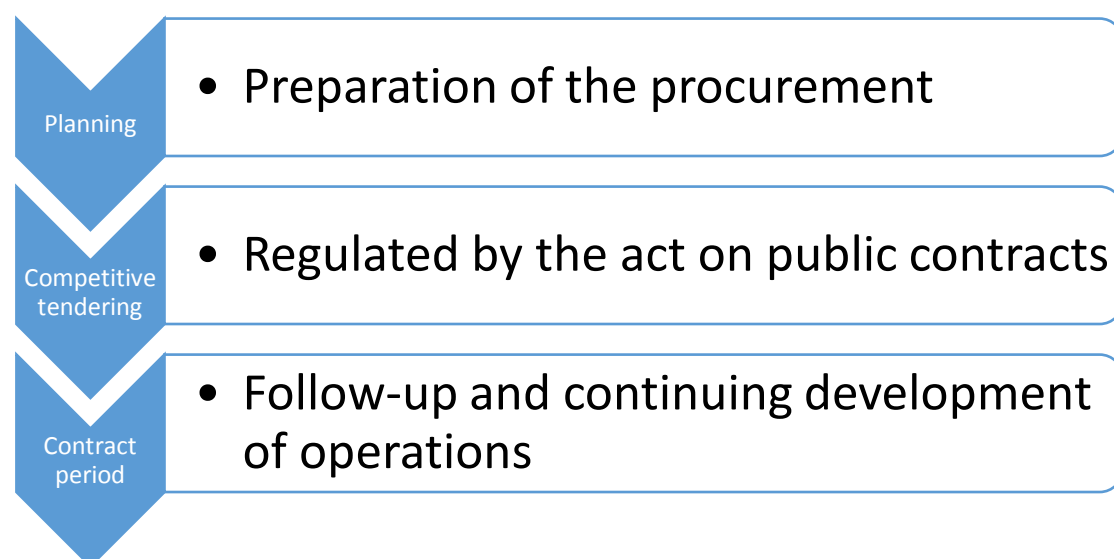


Figure 2: Steps of public procurement (Iloranta 2015, p.385)

### 2.1.1 Planning

The objective of the planning phase is to evaluate the needs of the client, the entire lifecycle of the product or service and consider the end-users point of views. Furthermore, the aim is also to evaluate the situation in the vendor market and map out different vendors and possibilities. Based on these evaluations, the contracting unit can formulate potential procurement solutions. The contracting unit can also utilize the expertise of vendors, by asking their opinions and preliminary solutions to potential problems. (Iloranta 2015, p.386)

Nieminen (2016, p.208) emphasizes that the procurement should have a clear objective. The procuring party should define the item or service that they are purchasing, the level of quality that is required and what kind of partnership are they looking for. It is important to think about cooperation between the vendor already during the planning phase. The terms regarding cooperation and monitoring of operations should be added to the terms of the contract. The contract terms should include the following aspects (Nieminen 2016, p.208):

- Internal change mechanism
- Incentive and sanction mechanism
- Quality- and operations monitoring procedures
- Customer complaint procedure
- Dispute settlement procedure

The planning phase ends with the preparation of the procurement and the competitive tendering phase. At this point, the main principles for the cooperation and objectives for the contract period should be clear to the procuring party (Iloranta 2015, p.387).

### 2.1.2 Competitive Tendering

As mentioned previously, the competitive tendering process and the selection of the vendor are regulated by the act on public procurement. The tendering process starts from the notification of the procurement and ends with the notification of the procurement decision. Procurements that exceed the given EU-thresholds are published in HILMA (electronic public procurement channel maintained by the Finnish Ministry of Employment and Economy) and in TED-database (tenders electronic daily) (Nieminen 2016, p.209).

There are two main procurement procedures; an open invitation to tenders and a limited tender competition. In an open invitation to tenders, the number of bidders is not defined and all vendors can participate in the tendering process. In a limited tender competition, the pro-

curement unit publishes notification regarding the procurement, in which all tenders can request a permission to participate. The procurement unit selects the vendors from the applications and provides them with the invitation to tender materials. However, the minimum number of bidders must be at least five, to ensure sufficient competition between the bidders. (Iloranta 2015, p.388)

The tender should follow the invitation to tender document precisely and offer what is requested by the procuring party. The bid must fulfill all the requirements laid out in the invitation to tender document. The bids are processed in closed doors and no information regarding the process or the decision is given to outsiders before the actual procurement decision. The processing of the bids follows the following formula (Nieminen 2016, p.211-212):

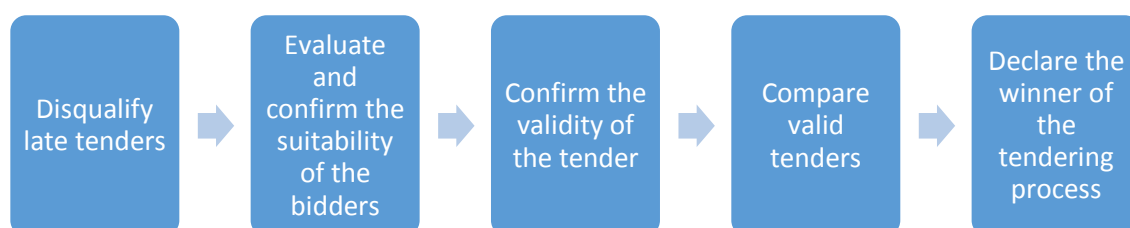


Figure 3: The Competitive tendering process (Nieminen 2016, p.212)

The public contracts act allows the buyer to set certain requirements to the bidders financial, technical or professional capacity and quality. The bidders are obliged to verify their claims with references and other documents. Furthermore, the evaluation and decision criteria must be written down in the invitation for tender's document. The basis of the procurement decision can be either the cheapest price or total economic advantage (Finland 1397/2016).

The basis of total economic advantage can be either the cheapest price, cost-effectiveness or price-quality ratio. Quality related grounds of evaluation can be for example technical merits and features, aesthetics, design, cost-effectiveness, technical support or delivery time. In addition, the procurement unit can also address the qualifications and experience of the personnel and the organizing of the staff, if it has a significant impact on the implementation of the contract (Association of Finnish Local and Regional Authorities, 2016).

During the procurement process, quality assurance is paramount. The objective of quality assurance is to ensure the desired level of quality during the procurement and the contract period. The quality assurance process during the procurement phase can be divided into three stages (Sihvola 2007, p.37):

Competitive tendering	Comparison between the tenderers, based on the quality of their bid. Objective is to find the best service provider or vendor.
Delivery process	Follow up on the progress of the delivery. Objective is to evaluate the progress and recognize potential problems.
Implementation	Evaluation of quality based on the level agreed in the contract.

Figure 4: Evaluation of quality during the procurement process (Sihvola 2007, p.37)

The quality factors in public procurements are defined by the specifications of the procurement and the desired end-result. Based on these factors, the procuring party can select and score the quality factors that they consider valuable for them. The evaluation of individual quality factors can be divided into three categories, as displayed below (Sihvola 2007, p.41).

- Yes or no evaluation of simple, verifiable facts (technical features or production times)
- Predetermined, measurable scoring models for quality features such as competence or development capability
- Scoring of larger entities such as project plans based on the expertise of the evaluators

The competitive tendering phase ends with the finalization and signing of the contract. The final contract addresses the practicalities and procedures regarding the follow-up of operations. In this phase, persons in charge, their roles and responsibilities are defined. Furthermore, the contract should also define how cooperation between the vendor and the client is performed. The contract should lay out the frames for the important processes, procedures, scheduled meetings and commonly used systems. Before signing the contract, there should be mutual understanding concerning the terms of the contract (Nieminen 2016, p.213).

### 2.1.3 Contract Period

During the contract period, the objective of the client is to ensure that the operations of the service provider or vendor are in accordance with the goals laid out in the contract. The client should aim at guiding the service provider and develop cooperation. The client should aim for flexible cooperation with the service provider (Iloranta 2015, p. 391).

Service specifications, service level agreements (SLA) and key performance indicators (KPI) are elements that are present in the contract as well. These elements serve as tools of the

management in maintaining service quality and fulfillment of service tasks. The service specification and SLA-agreement have the following functions (Ritvanen 2007, p.181):

- Description of quality requirements that must be fulfilled
- Description of the desired result
- Description of how the service tasks are performed
- Description regarding the methods of cooperation between the buyer and service provider.

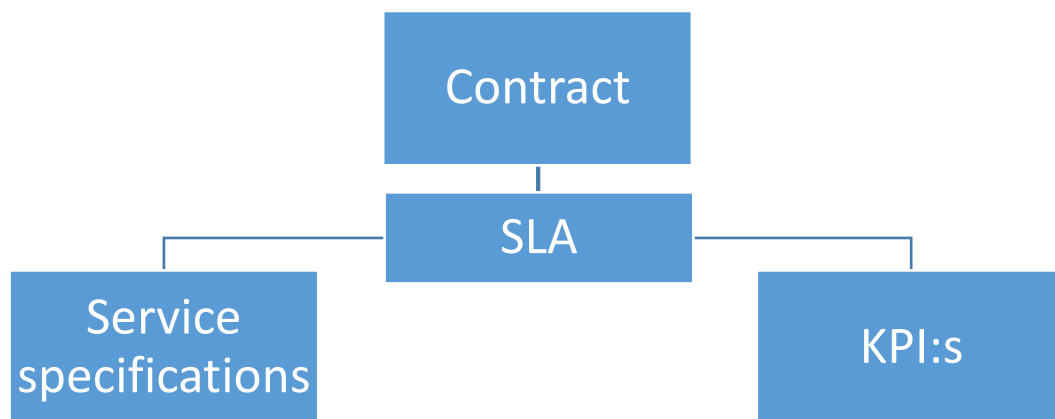


Figure 5: Contract related elements (Ritvanen 2007, p.181)

The SLA-agreement should contain the indicators that are utilized by the client in the evaluation of service quality. The indicators should represent the important quality criteria listed in the SLA-agreement. The key performance indicators aim at measuring the quality of the service and illustrating the quality factors that affect the service. The key performance indicators are an essential part of the management's quality monitoring system. (Ritvanen 2007, p.182-183)

Nieminen (2016, p.214) emphasizes that both the client and the vendor should pay attention that the contract obligation is fulfilled by both sides. The contract follow-up should be performed in an organized manner. The follow-up can include meetings, inspections or quality monitoring. The follow-up of the operations should be documented closely, in case of potentially challenging situations such as termination of contract. In this case, the burden of proof lies with the client and they must display that the service has not been in accordance with terms of the contract.

The follow-up of the vendor and performance monitoring is highly important. Systematic follow-up of operations helps to evaluate how well the service provider is achieving the goals

and satisfying the needs of the client. The performance monitoring can include the monitoring of quality, price or delivery time. The way how performance should be measured is highly dependent on the relationship between the client and vendor (Iloranta 2015 p.315)

<b>Relation between the client and vendor</b>	<b>Dimensions of performance monitoring and measuring</b>
<b>One-time, or simple client-vendor relationship</b>	Filling the basic needs (quality, time and other operational measurements. Service willingness and communication with the customer
<b>Long-term or complicated client-vendor relationship</b>	Attitude towards problems and ability to solve them Pursuit for continuing improvement
<b>Long-term, including mutual development of operations</b>	Pursuit for lowering costs Streamline common processes
<b>Long-term, including mutual innovation and design</b>	Common innovations Development of common capabilities and resources

Figure 6: Dimensions of performance monitoring in different client-vendor relationships (Iloranta 2015, p.316)

## 2.2 Service Quality

According to Oakland (2014, p.4) quality in its most simple form stands for meeting the client's requirements. Quality begins with understanding the needs of the customer and ends when those needs are fulfilled. Lillrank (1998, p.19-20) describes quality as multidimensional concept. He emphasizes the importance of observing quality from several different points of views, since it is impossible to form the entire picture from a single point of view.

In the past, the concept of quality has been more connected to physical products rather than services. The quality of a product is largely dependent on its technical features. The quality of a service is harder to define, because services are mainly intangible processes in which production and consumption cannot be fully separated (Grönroos 1998, p. 59-60). Therefore, the quality of service is more difficult to maintain than the quality of a product, because services have less visible components than in products (Ritvanen 2007, p.164).

Physical items	Services
Concrete	Intangible
Homogenic	Heterogenic
Production and distribution are separated	Production, distribution and consumption happen simultaneously
An item	An act or process
Value is produced in a production facility	Value is produced in the interaction between client and service provider
Can be storage	Cannot be storage
Ownership is transferred	Ownership does not transfer

Figure 7: Differences between physical items and services (Grönroos 1998, p.53)

According to Grönroos (1998, p.63-64) the quality of the service experienced by the customer has two fundamental dimensions; technical quality and functional quality, or what and how. Clients appreciate the output that they receive from the interaction with the service provider. However, since there are multiple moments of interaction between the client and service provider, the output does not describe the quality of the service entirely. The clients are also affected by the way how they are presented with the output.

Grönroos (1998, p.67) states that the quality of the service is good when the experienced quality is in accordance with the needs of the client. If the expectations towards the quality of the service are unrealistic, the experienced quality can be poor, even though the quality would be considered good according to objective evaluation. The customers' expectations towards the quality of the service are effected by marketing communication, verbal communication, the image of the service provider and the needs of the client.

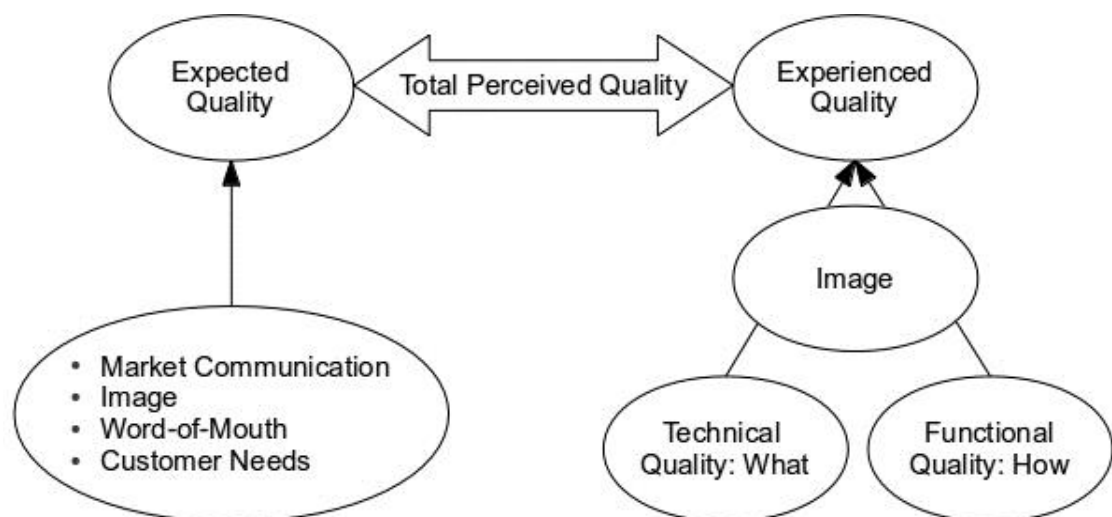


Figure 8: Total Perceived Quality (Grönroos 1998, p.67)

Furthermore, Grönroos (1998, p.74) has listed six key criteria for a quality service. These criteria are considered as basic guidelines, based on empiric and theoretical studies and experiences from the field.

<b>Professionalism</b>	The service provider has information, skills, operative systems and physical resources for solving the customer's problems
<b>Attitude and Behavior</b>	The customers feel that the employees of the service provider are taking care of their needs in a polite manner
<b>Accessibility and Flexibility</b>	The customers feel that the service provider, their employees and operative systems are accessible and adaptable to the needs of the customer
<b>Reliability and Trustworthiness</b>	The customer can rely that they can trust the service provider in any circumstances
<b>Service Recovery</b>	In case of something goes wrong, the service provider takes corrective action to solve the problem
<b>Reputation</b>	The customers feel that the service provider provides value for their money

Figure 9: Service Quality Criteria (Grönroos 1998, p.74)

### 2.3 Guarding Services

Guarding services are probably the most visible form of privatized security services to the large audience. However, guarding itself is a very multidimensional form of private security, which consists of several different job assignments. The act on private security services (Finland, 2015/1085) describes guarding services as carrying out guarding assignments based on the client contract for income earning purposes. Guarding assignments can be divided into three categories: guarding of property, protection of personal inviolability, uncovering of crimes against the client and supervision of these assignments.

Guarding assignments can be carried out by continuous on-site guarding, technical surveillance or guarding visits. The most important tasks in different types of guarding services include prevention, detection, alarm, limitation and the launching of remedial actions. On-site guarding means the continuous guarding of one facility or a larger connected entity. The guarding assignments in on-site guarding are often defined largely on the client's operational environment and their facilities (Tikkanen 2010, p.202-204). The most typical on-site guarding tasks in the airport environment are described in Chapter 2.4.



## 2.4 Aviation Security Environment

The aviation industry has been throughout history an attractive target for criminals and terrorists. The aviation environment has significant economic value and it attracts large public attention. A successful terrorist attack in an airport could inflict massive number of casualties and gain massive media attention towards the perpetrator. Therefore, the airport environment has attracted attention from terrorist organizations, crime syndicates, protest groups, lone wolves and others, who wish to gain visibility towards themselves. The variety of potential attack scenarios can include for instance an IED-attacks (Improvised Explosive Device), hostage situations in the passenger terminal, theft of property or violent protests. (George 2000, p.139-140).

Aviation security environment consists of multiple different stakeholder groups. These stakeholder groups include for example passengers, airlines, airport and commercial operators, service providers and the authorities. These stakeholders possess various physical, information and intangible assets, as shown in the figure below.

<b>Stakeholder</b>	<b>Physical assets</b>	<b>Information assets</b>	<b>Intangible assets</b>
<b>Airport operator</b>	Buildings, employees, equipment, vehicles, IT-systems	Flight information, flight plans, operational data, business plans	Reputation, Trust
<b>Airlines</b>	Aircrafts, employees, passengers, IT-systems	Operational data, flight plans, business plans	Reputation, Trust
<b>Passengers</b>	Baggage, Property	Passport, ticket, identity	Well being
<b>Commercial operators</b>	Employees, equipment, IT-systems	Customer credit card details	Reputation, Trust
<b>Authorities</b>	Employees, equipment	State data systems, passenger identities	Reputation, Trust, State principles

Figure 10: Variety of assets of airport stakeholders (Kölle 2011, p.40-42)

Airport security is governed by national and EU-legislation and international agreements. The International Civil Aviation Organization (ICAO) has addressed security issues in Annex 17, which consists of best practices regarding aviation security processes (Kölle 2011, p.37).

On the European Union level, the safeguarding of civil aviation has been addressed in the regulation 300/2008 and in the commissions implementing regulation 2015/1998. These regulations consist of the basic requirements and measures for implementation for member states regarding the aviation security procedures. These regulations are applied in civil airports within the European Union and they consist of requirements regarding the screening of passenger and airport supplies, protection of aircrafts and airport security. The airport operator is responsible for organizing security measures. The regulation obliges that the airport must have surveillance, patrols and other physical controls in place, to identify suspicious persons, attempts of unlawful acts or vulnerabilities that would enable unlawful acts. Furthermore, the regulation also obliges the airport operator to have an access control system, to prevent the access of unauthorized persons into restricted areas (Council of Europe 2008).

Nowadays, more and more commercial airports are utilizing the services of private security officers. In the US, the persons performing duties such as patrolling and camera monitoring are referred as security officers (Price 2012, p. 450). In Finland, persons performing such duties are referred as security guards or stewards (Ammattinetti, 2017). The use of private security companies in commercial airports has been growing since the 9/11 attacks. The benefits of using private security companies include cost-effectiveness and versatility. Security guards can perform multiple tasks in an aviation environment (Price 2012, p.450).

According to Price (2012, p.450) private security officers or guards should be considered as a part of "Holistic ASP (Airport Security Program)" and not as a separate resource. He also implies that private security guards should be utilized in replacing law enforcement officers when allowed by regulations and legislation. This development has already taken place in Finland, where increasingly more assignments that have been previously belonged to the police and other authorities are being performed by security guards and stewards (Intermin 2016).

Price (2012, p.450-451) has listed typical duties for security guards in an airport environment. These tasks include:

- Operating the central security center
- Camera surveillance and access control
- Alarm and incident response
- Providing support to the authorities
- Patrolling around the perimeter and inside the terminal buildings
- Random ID-checks for airport staff and vehicles in security restricted areas
- Resterilization and security searches of security breached areas
- Escorting airport visitors without ID-cards
- Securing airport construction projects (2012, p.450-451)

### 3 Research Methodology

This thesis is conducted as a qualitative research. A qualitative research aims explaining a certain phenomenon. A typical feature for a qualitative research is that the aim of the research is not to create a generalization regarding the subject, but rather a fresh perspective on the subject matter. A qualitative approach is a good method for this research, because it can provide new information on a phenomenon (Vilkka 2015, p.150).

This thesis combines a literature review and semi-structured expert interviews in finding answers to the research questions. The purpose of the literature review is to function as a method of secondary research, aiming to examine the evaluation of quality in the context of public procurements and to recognize the typical quality factors in the private security sector. The objective of the expert interviews is to identify quality factors affecting to the on-site operations of a private security company.

#### 3.1 Collection of Research Material

The most common ways of acquiring research material in qualitative research are interviews, surveys, perception and observation of written material. These methods can be utilized individually or together (Tuomi 2002, p.73). The target group for the interviewees of this thesis consists of a four security professionals. According to Vilkka (2015 p. 135), it is important that the interviewees are selected based on their expertise regarding the subject matter. The semi-structured interviews were selected as an interview method, because they can provide relevant information related to the research questions. The semi-structured or theme interview follows a certain predetermined structure. The questions of the interviews must be in accordance with the frame of the study, to find meaningful answers to the research problem (Vilkka 2015, p. 124).

Furthermore, the semi-structured interviews as a method allows the interviewees to bring out new information related to the research questions. The questions of the interviews are based on the research question, but the structure is flexible, so that the interviewer can change the order of the questions based on the flow of the discussion (Ojasalo 2009 p.95-98).

The research material of this thesis is collected by interviewing four security professionals. The research process began by identifying possible interviewees. To find meaningful answers to the research questions, the interviewees had to possess information regarding the topic of the research. Therefore, the target group of the interviews was limited to experienced security experts. These experts are persons who have been involved in either procuring or producing guarding services. The possible interviewees were first approached by email and asked, if

they would like to participate in an interview regarding the topic of the research. Since the topic of the research is delicate, the interviewees in this thesis remain anonymous. This allows the interviewees to express their opinions more freely and thus providing more useful answers to the research questions.

The interview questions were sent to the interviewees beforehand, to help them to prepare for the interview. The structure and the questions of the interviews altered a bit, but the topics and themes were the same in all four interviews. The interview questions aimed at identifying the quality factors affecting to the on-site operations of a private security company. The questions also aimed at mapping different possibilities on how to evaluate these factors, both during the tendering phase and the contract period. The interviews lasted approximately one hour each and all of them were recorded for later analysis.

### 3.2 Analysis of the Research Material

One basic analysis method for qualitative research is a content analysis. It can be considered as a single method or as an open reference framework that can be combined with different entities. The research material describes the phenomenon of the study and the analysis aims to give a clear description of the phenomenon. The objective of the analysis of the research material is to increase the information value of the material. The qualitative analysis of the material is a process in which the material is first dismantled, processed and re-assembled (Tuomi 2002 p.93,110).

The interviews were analyzed by utilizing a theory guided content analysis. The theory guided content analysis proceeds in accordance with the research material just as a content-based analysis, but in the abstraction phase, the empirical material is connected to theory (Tuomi 2002, p.116). In this research, the empirical material was connected the three main stages of the procurement process presented in chapter 2. These stages are planning, competitive tendering and the contract period.

The analysis of the interview data followed the content-based analysis model. The first step in the analysis was the reduction of the interview data. In this phase, the expert interviews were refined to interview transcripts. The objective of this phase was to remove the data that is irrelevant to the topic of the research. The next phase of the analysis was the clustering of the material. In this phase, the coded expression from the original interview transcripts were observed. The aim was to find similarities or differences between the transcripts. The similar expressions were classified and combined as subgroups, which were then used to form main groups. The last phase of the content analysis was to form an abstraction of the mate-

rial and connect it with the three stages of the procurement process. In this phase, the empirical material was connected with theory and the results present the themes formed according to the empirical material (Tuomi 2002, p.110-116). The results of the interviews are presented in chapters 5.1-5.3.

#### 4 Desk Research - a Literature Review

The objective of a desk research or secondary research is to examine previous information and studies. A desk research might be an overview in an empirical article or a traditional or systematic literature review (Jesson 2011, p. 54). The desk research of this thesis is in the form of a traditional literature review, which aims at critically examining the results of previous studies. In an academic work, the purpose of a literature review is to show what is already known about the topic and point out gaps in theories. A literature review can either form the entire research project or it can be utilized as a supplementary part in larger research (Jesson 2011, p. 9-18).

The aim of this desk research is to view the evaluation of quality in public procurements and the service provider's perspective concerning the procurement process. In addition, the purpose is to view quality factors typical to the private security sector. Various literature sources and studies were used for this literature review.

##### 4.1 Evaluation of Quality in Public Procurements

The rule of thumb regarding the weighing of quality is the criticality of the procurement. When the procurement is acknowledged as critical by the procuring party, quality factors should be emphasized in the request for tender document. Due to the rigid requirements of the act on public contracts, the procuring party must be able to justify their evaluation in an objective manner. The evaluation of quality is challenging, because the definition of quality is very case-specific. It is often easy to ask a price for a service, but the evaluation of quality beforehand can be very difficult. Furthermore, numeric indicators for features such as competence or development capability are very hard to define (Sihvola 2007, p.38).

The procuring party should utilize predetermined quality criteria when possible. This helps to ensure the objectivity of the scoring. Quality criteria based on the subjective evaluation of the buyer should be used only when necessary. The buyer could also utilize several persons in the evaluation process and ask for a statement from a neutral expert. Furthermore, the so-called "two envelope model" could be utilized in the evaluation process. This means that the quality of tender is first evaluated without the name of the tenderer and price. This helps the

evaluators to evaluate the tender with more objectivity, since it minimizes the effect of assumptions in the evaluation process (Sihvola 2007, p.42)

Pökkylä (2010, p.20) notes that the problem with the evaluation criteria is that it does not really allow the buyer to measure the relevant issues. For instance, it is almost impossible to really verify the competence of a person based on document observation. For instance, academic degree gives an indication regarding the academic skills of the person, but it does not provide relevant information regarding the person's competence in the actual job.

Pökkylä (2010 p.21-22) states that the tendering process of labor-intensive services often emphasizes the importance of the tenderers operational plan. Tenderers are asked to describe their operational plan regarding the implementation the contract. The assessment of the operational plans allows the tenderers to demonstrate how they can implement the contract. This makes it easier for the procuring party to evaluate different offers. However, the evaluation of the action plans is often very laborious for the purchaser.

Kontuniemi (2016) comments that quality should be monitored during different phases of the procurement process and the implementation of the contract. The quality of the offer during the tendering phase, might not be a guarantee of quality during implementation of the contract. Therefore, it is vital to ensure in the contract that the service provider is committed to provide a service, which fulfills the quality requirements of the tendering phase. She emphasizes, that the contract should include a sanction mechanism for quality deviations, and that the procuring party should aim for good and constructive cooperation with the service provider.

The contract should not be terminated due to minor flaws, because it is not in the best interest of the buyer. The service provider should have an opportunity to fix the flaws in their service. Sanctions should be utilized in situations, which the service provider has been unable to fix the problem. The contract should contain a monitoring mechanism or a steering group, which could be utilized in solving such situations (Aho 2012 p. 27).

#### 4.2 Service Provider Perspective

In public procurements, the procurer should consider their attractiveness from the service providers point of view. The rigid requirements of the procurement process may expel potential bidders. The participation in the tendering process might prove to be costly. Therefore, in some cases the procurer has to really attract potential service providers (Iloranta 2015, p.401).

An attractive client for a service provider can stand for high sales volume or good profit margins. Other attractive factors may include, for example, developing products or services in cooperation with the client, the positive effect of the client's image on the service provider's own business or the access into new customer segments (Iloranta 2015, p.294).

The client attractiveness also has an impact on the development of the business. In-depth cooperation with the customer is time-consuming and expensive, so it should be targeted at the important client relationships. In other words, profound cooperation cannot exist, if there is not mutual gain for both the client and the service provider at some point. Cooperation between the client and service provider requires trust from both sides. The service provider's and client's views on trust can vary greatly. Factors affecting the creation of trust include the objectives of both sides, information flow and performance measurements and indicators. (Iloranta 2015, p.292-294)

In the discussion regarding public procurements, complaints laid out by service providers to the Market Court concerning the procurement decision or the comparison criteria for tenders are often brought up. A typical service provider's appeal to the Market Court is related to the scoring of the tenders. The losing party feels that they have received too low of a score. Appeals of this type often fail, because the Market Court generally does not have the expertise to evaluate the qualitative factors of tenders better than the procuring party (Iloranta 2015, p. 399-400).

#### 4.3 Quality Factors in the Private Security Sector

There is a clear trend in the private security sector to meet customer needs and requirements. The service providers have begun to take into an account the individual needs of the customer and tailor their services to them. Customers require more and more quality when purchasing security services. The challenge in procuring security services is often the definition of the needs and quality requirements. The client's do not always have enough competence to define these requirements well enough (Kupi 2010, p.55-57).

Jähi (2011, p.56), noted in his research that the requirements regarding the operation of the guards are often linked to the operating environment. For example, in malls, security guards are constantly present and cooperating with various stakeholders. In this case, the guarding service contains a lot of interaction that increases the customer's requirements regarding the skills of the security personnel, especially concerning social interaction. In other operational environments such as production plants, guarding tasks mainly consists of monitoring. In this case, the requirements for the security personnel are in principle lower.

Vähämäki (2011, p.60) notes that from the buyer's security organizations point of view in a hospital environment, the on-site organization of the service provider, and especially the co-operation with the on-site supervisor, is an essential factor affecting to the quality of the guarding service.

Furthermore, Jähi (2011, p.66) found that clients tend to appreciate the proactive engagement of the private security company in maintaining the customer relationship. According to his research, clients consider communication important as it enables monitoring, feedback, and development of operations. Regular contacts enable the clients to get acquainted with key personnel of the service provider, which was considered as key element in building trust.

The importance of quality has been recognized by the Confederation of European Security Services. They have created an instructional manual and tool to buyers for selecting the right service provider of private security services. The quality of private security service depends on several factors. The most visible of these is the performance level of the security staff at the field, but they must be supported by the back office to successfully perform their job tasks. Technological, operational and human resources provide support for the security staff while performing their tasks (Buying quality private security services 2014, p.3-4).

According to the Buying quality private security services manual, the quality criteria for the procurement of private security services can be applied to five sections of the contract. These sections include the private security personnel, contract management, contract operations, contract infrastructure and the private security services company. The buyer should emphasize the private security personnel and contract operations categories, if they wish to emphasize the importance of the quality of the on-site operations (Buying quality private security services 2014, p.41-42).

The quality criterion emphasizing security personnel highlights the importance of the skills and professional qualifications of personnel. The quality criteria concerning the private security personnel can consist from recruitment, skills, experience and employment conditions (Buying quality private security services 2014, p. 31).



Recruitment	<ul style="list-style-type: none"> <li>• What is the bidders recruitment process like?</li> </ul>
Skills	<ul style="list-style-type: none"> <li>• Does the company provide refresher and additional training?</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• How does the tenderer ensure that they have enough experience?</li> </ul>
Employment conditions	<ul style="list-style-type: none"> <li>• How does the bidder ensure communication within the workplace?</li> </ul>

Figure 11: Criteria concerning private security personnel (Buying quality private security services 2014, p.31)

If the buyer wishes to highlight the importance of the on-site operations in their quality criteria, the emphasis should be placed on the competence and experience of the person in charge of the contract on-site, the operational plan and quality control.

On-site manager	<ul style="list-style-type: none"> <li>• What qualifications does the person in charge of the contract on-site have?</li> <li>• Does the on-site contract manager have enough knowledge about the contract to implement all aspects satisfyingly?</li> </ul>
Operational plan	<ul style="list-style-type: none"> <li>• Does the operational plan meet the customer's needs and the call for tenders?</li> <li>• Does the operational plan include reporting and performance monitoring?</li> </ul>
Quality control	<ul style="list-style-type: none"> <li>• Does the bidder have a quality control mechanism or system?</li> <li>• Is the internal quality control performed in an objective manner?</li> </ul>

Figure 12: Quality criteria concerning the implementation of the contract (Buying quality security services 2014, p.36)

The tenderer should clearly indicate the person responsible for the contract and the person responsible for the monitoring the contract on-site. The person responsible for the on-site operations is usually responsible for the operational management of the guarding service. This person also monitors the implementation of the action plan. The person responsible for monitoring the contract on-site must meet the customer's requirements and should be able to make decisions (Buying quality security services 2014, p.34).

The purpose of the operational plan is to convince the customer that the service provider is able to perform their duties. The tenderer must ensure that all agreed procedures are followed in accordance with the operational plan. The operational plan should also display that the private security company has prepared for different events such as natural disasters, demonstrations or violent attacks. The operational plan should include the following elements (Buying quality security services 2014, p.34-35):

- Duty roster
- Standard operations
- Transition plan
- Evaluation of performance measurement
- Training plan for personnel
- Reporting structure / systems
- Business continuity
- Governance model (Buying quality security services 2014, p.34-35)

Furthermore, the buying quality security services manual suggests that the service provider should also internally monitor the implementation of the operational plan. For this, the guards must have a clear reporting structure. Reporting should be accurate, provide answers, development suggestions and feedback. In addition, reporting structure should also be flexible and adaptable to the client's needs (Buying quality security services 2014, p.35).

## 5 Expert Interviews

Four experienced security experts were interviewed for this research. All interviewees have a long background in the private security sector and have worked both on the private security company and procurer side. The interviewees represented different fields of industry. These industries consisted of transportation, commercial services, security consultancy and aviation security. The first interviewee works as a Security Manager in an organization, which focuses on transportation and logistics solutions. This organization practices transportation of passengers and goods in Finland. The operational environment from the security point of view is also fairly similar to the beneficiary of this thesis. Both operational environments include security stewarding and the use of public policy.

The second interviewee represents a consultancy company that is specialized in procurement consultancy in security and real-estate sectors. This company specializes in security sector procurements and has experience from the creation of quality criteria for the bidding phase.

This meant that the interview questions (Appendix 3) were formed a bit differently in comparison to the other interviews. The focus was more on the different possibilities that there are to evaluate quality of the on-site operations of a private security company.

The third interviewee works as a Security Manager in an organization that operates a large shopping center located in Southern Finland. The questions of this interview (Appendix 4) were targeted a bit differently in comparison to the first interview, because the interviewee had not been present in their last procurement process of guarding services. In terms of the operational environment, there are similarities to the target organization of the first interview and to the beneficiary of this thesis. These similarities include security stewarding the use of public policy. The fourth interviewee is an experienced security and aviation safety expert, with a long career in different positions in the private security sector.

Interview	Sector/Industry	Interviewee	Date	Interviewer
Interview 1	Transportation and logistics	Security Manager	1.6.2017	MO
Interview 2	Security and procurement consultancy	CEO	19.6.2017	MO
Interview 3	Shopping Center	Security Manager	28.6.2017	MO
Interview 4	Aviation Security	Specialist	28.9.2017	MO

Figure 13: Description of the interviews

MO= Markus Oksanen

Based on the theory-based content analysis, the results of the research are divided into three categories: the planning phase, competitive tendering phase and contract period phase. The findings are presented in the following sub-chapters.

### 5.1 The Planning Phase - Before the Tendering Phase

The evaluation of quality in the private security sector was seen as a difficult task by all of the interviewees. There are very few actual measures that can be used to measure the quality of the service in the private security sector. Therefore, quality measuring is largely based on evaluation rather than concrete measures. Evaluation is always tricky, because it requires the buyer to identify the important factors that measure the quality of the service. These factors vary between different clients according to the needs of the operational environment.

*“Measuring is always very difficult in the control sector, but it is possible to evaluate and assess” (Interview 3)*

It is important for the buyer to take into an account their own operating environment during the procurement phase. The airport environment is a critical infrastructure, where operations are closely regulated by national and international legislation. The private security company should have a profound understanding of the operations at the airport. Furthermore, the private security company should understand who are the customers of the client and how is the service presented to them. In an airport environment, the end-customers consists important stakeholder groups such as passengers and airlines. The recognition of the end-customer is an essential part of providing a high-quality guarding service.

*“The private security companies might not always realize that the service is done for the important stakeholders who are the end-customer” (Interview 4)*

The creation of a good and relevant quality criteria takes a lot of time and commitment, because the buyer has to identify all the factors and variables that effect on how the service works. Once these factors and variables are identified, they can be addressed in the quality criteria. This is the only way to ensure that the criteria is in accordance with the needs and requirements of the client. It is also vital to ensure that the requirements of the quality criteria during the tendering phase are also present in the daily operations. The only way to achieve this is to have a profound understanding on the quality requirements before the competitive tendering phase. This is easier said than done, because the buyer must approach the subject from the service provider’s perspective, to ask for the right descriptions for their needs.

*“First you have to recognize the factors that affect how the service works and put those in the quality criteria and ask for qualitative descriptions.” (Interview 2)*

Customer oriented approach was mentioned on several occasions during the interviews. The interviewees felt that the private security company should aim at providing the client with a customer oriented service and actively develop their services further. The interviews suggest that the importance of the customer oriented approach is acknowledged by the private security companies. However, it cannot be taken for granted by the buyer that the service provider will automatically provide them with a service that is in accordance with their requirements, if they don’t specifically address them in their quality criteria. It is vital to understand that the client can only demand the things that have been required during the procurement phase. Therefore, it is important for the buyer to ask for qualitative descriptions regarding

the important issues within the frame of the client's contract. This will challenge the bidders to display how they have understood the needs of the buyer.

*"In my opinion, the private security companies have understood that they have to provide a customer oriented service, discuss and develop." (Interview 3)*

One important aspect in public procurements is the transparency of the evaluation. The invitation for tender's document should clearly state things that the buyer expects from the service. One interviewee emphasized that there should not be any vain requirements in the invitation to tender document, such as the type and size of the font or the amount of characters. It was also mentioned by one of the interviewees that it is common that the losing candidates complain about the procurement decision in the private security sector. Naturally, a prolonged complain process is not in the best interests of the buyer.

*"The same problems are in cleaning services as well. The losing team complains always" (Interview 1)*

## 5.2 The Tendering Phase - Evaluation of the Quality of On-Site Operations

Based on the results of the interviews, the quality of the private security company's on-site operations is heavily affected by the level of their on-site supervision. Especially personnel management and competence of the on-site supervisors were mentioned by the interviewees as key qualities of successful on-site operations. The operational management is often mainly in the hands of the on-site supervisors, which consists of supervisors and senior guards who are responsible for the supervision of the work on-site. The on-site supervisors are often responsible for creating on-site instructions, training new employees, finding replacements for personnel on sick leave, solving daily problems and communicating with the client on a daily basis. It was considered essential that the on-site supervisors would have some forum of discussion that would allow them to discuss about potential problems with other supervisors and managers.

*"If you as a supervisor have to instruct a new person to the job, without a communication channel with the other supervisors to discuss about potential problems, it does not take long before the problems are visible to the client" (Interview 2)*

It is important for the client to recognize what kind of an organization they want to carry out the contract and who oversees on-site management. The requirements concerning training

and education should be focused on the positions that are seen important. For instance, if the operational management is mainly carried out by the on-site supervisors, the requirements should be focused on the on-site supervisors rather than on the managerial level. The evaluation of the on-site management is still quite challenging, because it is heavily connected to individual persons. It is possible to set certain requirements regarding the experience and training of the supervisors, but they do not guarantee that the person is suitable for the position. The interviewees stated that on the supervisor level, experience from the work might be more valuable than training or education.

*“You need to have to good persons managing the operations and skilled supervisors in personnel management as on-site supervisors” (Interview 3).*

*“From my view, experience is in some way better than training in the guarding sector, when we talk about these key personnel positions” (Interview 2)*

One possibility to evaluate the quality of the on-site operations is to ask the private security companies to present a qualitative description on how the on-site supervision works within the client’s contract. It is important to specify that the description must display how the private security company has understood the needs of the client and how have they planned to perform on-site supervision within the frame of the client’s contract. Often the private security company gives a generic description regarding on-site supervision that provides no extra value for the client. The description should display how the on-site supervisors are trained to their work, what kind tools they utilize and what are the channels of communication inside the workplace. Two of the interviewees felt that there are differences in the way how different private security companies manage their on-site operations. Therefore, by asking qualitative description regarding the on-site supervision, it is easier for client to see clear differences between the bidders.

*“First you have to ask for a description on how they have planned to do on-site supervision within our contract. Not on a general level, because then they will give you a generic PowerPoint-presentation that they have used in 50 different offers” (Interview 2)*

Another important factor regarding the quality of the on-site operations is the creation and implementation of the on-site instructions. The role of creation and implementation of the on-site instructions is more crucial in larger contracts, where there are more personnel that need to be briefed about the new instructions. This feature could be evaluated by asking the private security company to describe how they will ensure that the creation and implementa-

tion of the instructions works in the client's contract. The description regarding the implementation of the instructions should also explain how the client's specific needs are acknowledged by the private security company.

*"In this kind of a larger picture, where we have 25 guys working, there is more need for writing and implementation of instructions" (Interview 3)*

Resourcing and shift planning were seen as important factors that affect the quality of the on-site operations. In larger contracts, there is an on-going process in which personnel is coming in and leaving out. It is important for the client to know, how the private security company handles this process; how does the recruitment process work, in what positions are the recruited persons placed and how on-the-job training is organized. One option to evaluate this in the tendering phase is to ask the bidders to display their training plan for personnel.

*"When we talk about a larger contract, I would like to see a qualitative description on how will their resourcing work in this contract. How have they understood that they have persons coming in and going out" (Interview 2)*

Quality audits were also seen as key factors when it comes to the evaluation of on-site operations. In other words, how does the private security company continuously evaluate and monitor their operations. The auditing system could be evaluated by asking a description how does the system work, what functions are audited and what kind of results does the auditing system produce. The description should display all the processes and systems that are utilized in quality assurance within the client's contract.

*"The quality assurance and auditing processes should be described in this contract, so that we would get into the basics. In particular, that they would document abnormalities and try to find the aspects that are not working in this contract" (Interview 2)*

All the interviewees felt that it is essential that the private security company is able to formulate and maintain a situational picture from the client's operational environment. The interviewees saw that there are two important aspects in the formation of the situational picture; a rapid change in the security environment and a long-term change. For instance, a rapid change in the security environment could be a bomb strike in Helsinki that would change the security environment in Finland or would affect to the collective feeling of being safe among people. On the other hand, a long-term change could consist of societal aspects, such as changing legislation. From the client's perspective, it is vital that the private security company would have the capability to react to a rapid or a long-term change and provide the

client with solutions and options on how to prepare against potential threats. It is vital that the private security company can provide a service that supports the core business of the client. The private security company should stay up to date on relevant issues and bring them to the attention of the client.

*“During the bidding phase, the private security company should be able to some way proof that they have to readiness to react to a sudden change” (Interview 1)*

*“If you think about a situational picture, I would say a long-term change. It is important for the client that the private security company follows societal issues and analyses them... Changing legislation, changing security environment and is capable of providing solutions to the client” (Interview 3)*

The evaluation regarding the ability to react to rapid or long-term changes can prove to be quite challenging. The private security company should be able to proof that they have the capability to react to a sudden change and to a long-term change. One option for the buyer to evaluate the private security company's preparedness, would be to ask their action plan for a rapid change in the security environment, such as a bomb strike or some other serious incident. The plan should include the acquisition of additional resources, both individual security guards and vehicles.

*“How would I say it..A reliable presentation on how will it be done in the future and in what direction are we going. (Interview 1)*

*“It should be thought beforehand of where they quickly get additional resources, cars or people” (Interview 4)*

Reporting systems were also seen as important factors regarding the on-site operations of private security companies. The reporting systems should be able to place events into time and place, categorize events based on severity, show the personnel on duty etc. The evaluation of the reporting system can be challenging, because the described system does not have to exist during the bidding phase. It is enough that the system is operational once the contract steps into force and the operations begin. Therefore, the best way of evaluating the bidders reporting system is to evaluate the system that they are currently using. The evaluation of the reporting system can consist of individual question regarding the system, for instance does the system show which persons are on duty etc. The questions can be more specific based on needs of the client. Some of the interviewees felt that the private security companies should focus on improving their IT- and reporting systems in the future.



*“No private security company has a really good and comprehensive reporting system at the moment” (Interview 1)*

*“Private security companies are not the forerunners in digitalization. That’s a fact” (Interview 2)*

### 5.3 The Contract Period - Evaluation and Monitoring of Quality

It was considered essential that the client actively monitors the on-site operations during the contract period. It is very difficult to evaluate the performance of the private security company by just observing statistics or feedback. The client should actively monitor how different situations are dealt with, does the security personnel follow the given instructions and does the security personnel represent the client in a desired way. Furthermore, one interviewee mentioned that the personnel working on the field would also appreciate that the client shows interest towards their work.

*“The traditional way is to report how many disturbance situations there were, but that doesn’t tell you did it go well or bad” (Interview 2)*

*“If the client does not actively monitor the operations and only looks at statistics and feedback, it might be difficult evaluate the quality of the service” (Interview 3)*

One method of evaluating and measuring the quality of the operations during the implementation of the contract is a case-evaluation of various disturbance, emergency and threat situations. The objective of the case-evaluation is to analyze the situation in a profound manner and evaluate the state of the operations on the ground level. This kind of an evaluation would help to recognize the reasons behind incidents and develop solutions to the discovered problems.

*“A measurement regarding the quality of operations... that there are disturbance situations and let’s say that we have 50 of these in a month. Then we analyze five of them, so that we can know what to learn from them and take that as an indicator” (Interview 2)*

*“These threat and close-call situations and accidents tell us a lot about how well has the private security company been prepared” (Interview 3)*

In one model proposed in the interviews, the on-site supervisors would first go through the case with the personnel and assess how did the case go from their perspective. After that they would give a numeric value depending on how well did the case go from their point of view. There should be approximately 3-5 of these evaluation per month, to create a KPI that illustrates how well has the private security company succeeded from their point of view. Some interviewees felt that often the private security company only compile statistics on how many disturbance situations there has been in a month. The statistics do not tell how well the situation was dealt with. Therefore, a profound analysis is needed to evaluate the performance of the private security company.

*“The on-site supervisor goes through the situation with the guard and they think together what went well and what could have been done better. Then they give a numeric-value that illustrates how well they have succeeded” (Interview 2)*

According to the results of the interviews, one indirect way of measuring the quality of the operations is to monitor the turnover of the personnel. All the interviewees agreed that the turnover of the personnel has an effect to the quality of the service and that it could be monitored by the client. However, there were different opinions on whether the effect is negative or positive. Three of the interviewees thought that a high turnover of the personnel is a negative thing regarding the quality of the service. They felt that a high turnover of personnel might indicate a decrease in the quality of the service. It could also imply that the service provider has problems concerning personnel management and the on-site supervision. If the turnover among the on-site supervisors and other key personnel is high, it might indicate that the service provider’s management on the higher level is not functioning properly.

*“The key personnel...let’s say that there are about 15 of these persons, so the turnover rate among them has an effect to the quality of the service as well” (Interview 2)*

On the other hand, it was stated by one of the interviewees that a high turnover is not a problem, if the quality of the personnel improves with the change. It is true that the changes in personnel will always cause the private security company to lose valuable on-site knowledge. Furthermore, frequent changes in personnel can cause financial losses as well, when personnel that have been provided with training are moved elsewhere. It is important to recognize that the turnover of personnel is quite high in the private security sector. Therefore, it is important to ensure that the operations are not solely dependent on the competence of the personnel. For instance, one of the interviewees told that they have had a 200 %

change-rate among the personnel in their contract within the last two years and still the operations have developed in a positive way. According to the interviewee, the reason for the positive development is that the private security company has understood their requirements and has been able to offer them with a customer oriented guarding service.

*“A huge turnover rate among the personnel and still the operations have developed positively according to the statistics and from the client’s point of view” (Interview 3)*

Another aspect that was seen highly important by the interviewees was the private security company’s ability to proactively develop their operations. One possible indirect way of measuring this during the implementation of the contract would be to create a KPI (Key Performance Indicator) that measures the amount development suggestions provided by the service provider. The suggestion or proposal would not have to lead in to a change in the operations, but it would motivate the service provider to proactively seek solutions to occurred problems. However, the problem with this is that it would easily lead to a situation where the quantity of the suggestions would be more important than quality.

*“In my opinion, one measurement of quality or way to measure the quality of the service is the level proactive development. How many development suggestions do they present, even though it does not lead into anything. They would actively do this kind of thing” (Interview 1)*

Furthermore, mystery shopping and customer satisfaction surveys were also mentioned as ways to evaluate the quality of the service during the implementation of the contract. Mystery shopping is a widely-used tool for measuring the quality of service or compliance with rules and regulations. The security guards face different customer service and assistance situations in their work. In the airport environment, security guards face passengers and staff and assist them in different situations. The results of the mystery shopping reflect how well the service has worked from the stakeholder’s perspective. However, the mystery shopping method can be difficult to apply in the measuring of the true performance capability security wise.

*“Mystery shopping or a satisfaction survey to some client or stakeholder group that how well does this service work, but it might be useless to do an inquiry to an apprehended person” (Interview 1)*

Customer satisfaction surveys were considered as important indicators of the quality of the service by all the interviewees. One interviewee told that their entire evaluation concerning

the quality of the guarding service is based on customer satisfaction surveys. These surveys can be utilized in measuring the customer service willingness and creation and maintaining a feeling of being safe. The airport environment contains many different stakeholder groups that see the quality of the guarding service from different point of views. It is essential for the client to track the satisfaction of important stakeholders regarding the quality of guarding service, as they are ultimately the client's end customers.

*“Passengers and other operators, they are the customers. That's how they see it. Measuring customer satisfaction must be appropriate and part of the bigger picture. These factors form the overall picture” (Interview 4)*

## 6 Conclusions

The objective of this thesis was to answer to research questions based on the needs of the beneficiary. The aim was to produce new and useful information for the recipient. There were two research questions, which are as follows:

- *How to evaluate the quality of the tenderers on-site operations during the tendering phase in the procurement of guarding services?*
- *How to evaluate the quality of the service provider's on-site operations during the contract period?*

The picture below illustrates the results of this thesis. The evaluation of the quality of the on-site operations is divided into three phases of the procurement; planning, competitive tendering and the contract period.

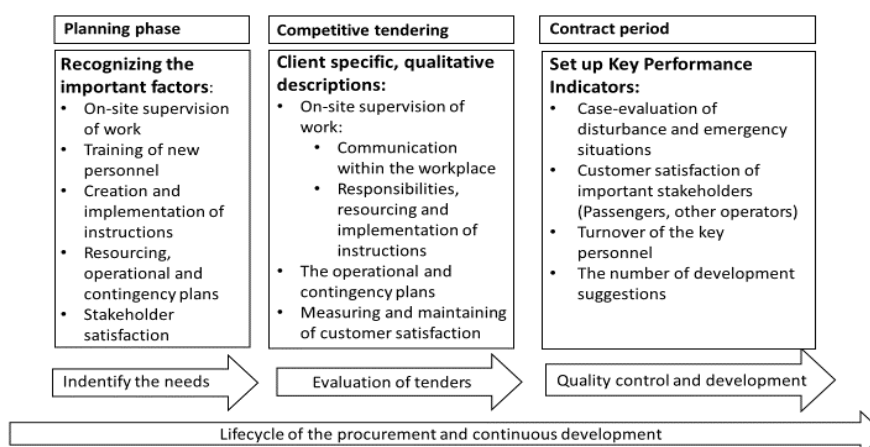


Figure 14: Evaluation of quality the of on-site operations in the procurement of guarding services

As pointed out by Nieminen (2016, p.204) and Iloranta (2015, p.379), the success of the procurement is often determined already before the tendering phase. Therefore, the planning phase plays a major role in the procurement of a good and high-quality guarding service. At the planning stage, the buyer should already know what they want to procure and what kind of service provider they require. Quality related requirements should also be clear at this stage. The objective of the planning phase is to ensure that the desired level of quality is achieved and that the important quality factors are identified.

The quality of private security company's on-site operations is highly dependent on the level of their on-site supervision of work. Often the on-site supervisors are responsible for creating instructions, training new employees, finding replacements for personnel on sick leave, solving daily problems and communicating with the client on a daily basis. The level of the on-site supervision is of course connected to competence of the on-site supervisors, but it should not solely depend on it. The private security company should have established processes and models that enable them to run and manage their operations on the field, despite of possible changes in their personnel.

Based on the results of this research, a credible way of evaluating the quality of the private security companies' on-site operations is to ask for a qualitative description on the important aspects that effect the operations. The beneficiary should require a qualitative description on how will the on-site supervision of operations work within their contract. The bidders should be asked to display how their on-site supervisors are trained to their work, what tools do they utilize, what are the forums of discussion within the workplace, what is the role of on-site supervisors in training the new personnel and how on-site instructions are implemented. The recipient should also require the tenderers to present their operational and contingency plans for the contract. Furthermore, they should also ask the tenderers to describe how they address customer satisfaction in their daily operations.

Another important aspect to recognize is that the quality claims made during the tendering process should be monitored throughout the implementation of the contract. The research suggest that case-evaluation of disturbance and emergency situations is an effective method of evaluating the quality of the guarding service. A thorough analysis of various cases enables both the client and the service provider to recognize the potential problems and successes in the operations. In addition, the findings of this research indicate that customer satisfaction plays a major role in evaluation of quality in the private security sector. The end-customers of the buyer play a major role in the evaluation of the quality of the guarding service, because they are the actual entity for which the guarding service is being produced. Therefore,

the recipient could measure the customer satisfaction of passengers and other relevant stakeholders towards the guarding service. The results of customer satisfaction surveys would illustrate how the customers of the client have experienced the quality of the service.

It is important to remember that the quality of the guarding service consists of several parts. Customer satisfaction is important but it does not alone describe how the guarding service works, for example in disturbance and emergency situations. By monitoring the operations of the private security company through a case-evaluation and following customer satisfaction of important stakeholder groups, the client can form a holistic picture regarding the quality of the guarding service. In addition, it is important from the client's perspective that the service provider actively develops their operations throughout the contract as well. Therefore, one option for the beneficiary would be to monitor the amount of development suggestions provided by the service provider. One interesting result of this research was the effect of the turnover among the personnel to the quality of the service. A high turnover rate among the personnel is commonly seen to correlate strongly with a lower service quality. A high turnover among the personnel will cause the private security company to lose valuable on-site knowhow when the experienced personnel move elsewhere. This can be especially harmful in locations that require the personnel to possess a great deal of on-site specific knowledge. It is important to recognize that the turnover rate among staff is quite high in the private security sector. Therefore, it would be more beneficial to measure the turnover among the key personnel.

To conclude, each procurement process is different and there is not a ready-made solution for the procurement of guarding services. The creation of a good quality criteria is time consuming, because the client must recognize the important factors that they consider important for them. After that, the buyer should think of ways, how they should address those factors in the criteria. However, often the buyers might not have sufficient time to profoundly think of ways how to evaluate quality during the bidding phase. Therefore, the evaluation of quality might be too generic, thus enabling the bidders to utilize generic descriptions and presentations. The buyer should always ask for a customer oriented description regarding the aspects that they consider as important. This forces the bidders to indicate how they are planning to fulfill these requirements during the contract period. Furthermore, this will also help to make clear differences between the bids and to select the right service provider for the contract.

## 6.1 The Trustworthiness of the Research

The trustworthiness of the research methods is generally viewed from the perspective of validity and reliability. The concepts regarding validity and reliability are more related to the

context of a quantitative research. Therefore, the use of these concepts in the evaluation of qualitative studies has been strongly criticized (Tuomi 2002, p. 133).

A qualitative research can be said to be trustworthy when it meets four of the following conditions; credibility, transferability, confirmability and dependability. Credibility aims to evaluate the truthfulness of the findings of the research. Transferability means that the results of research are also valid elsewhere. Confirmability means that the results are based on interviewees answers rather than the opinion of the researcher. In addition, dependability means that the findings of the research can be repeated by other researchers (Tuomi 2002, p. 136-137).

The research material was collected by a literature review and expert interviews of security professionals. The two research methods provided a broader perspective about the research. The results of the expert interviews were consistent with the findings of the literature review. Furthermore, the interviewees were selected based on their experience from either procuring or producing guarding services. Since the interviewees had experience from both sides, they could provide information regarding the research questions from a wide perspective.

In addition, each step of the research process was documented and all the research interviews were recorded. The interview recordings were transferred into interview transcripts for a content analysis. The interviewees could bring out the relevant issues for them regarding the subject matter. The interviews produced a great deal of information, but since the themes of the interviews were similar, the interviews maintained comparable with each other. Furthermore, the research report contains original quotes from interviews, so that the reader can see how the conclusions were formed. The results of the interviews and the literature review are not limited to aviation security, as many interviewees work in different operating environments. This means that the findings of this research are also applicable in other operational environments to some extent.

## 6.2 Further Research

Many interviewees stated that the private security companies often use generic descriptions in their tenders. This makes it difficult to compare the qualitative factors of the tenders since the descriptions of the bidders are often identical. As a topic for further research, it would be interesting to know whether a reverse tendering process could be utilized in the procurement of security services. In reverse tendering, the procuring party determines the price in advance and the comparison of the tenders is based on quality or quantity related factors. In

this case, the role of qualitative descriptions is crucial, because bidders cannot compete with price. Reverse tendering is often utilized in the procurement of highly tailored services such as consultants (Raimovaara 2014, p.51-53), but it would be interesting to know whether it could be utilized in the procurement of guarding services as well.



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Interview 5. 22 February 2017. Interview with the Security Manager of the Beneficiary. Personal Communication.

## Figures

Figure 1: Four principles of public procurements (Nieminen 2016, p.204-205) .....	9
Figure 2: Steps of public procurement (Iloranta 2015, p.385) .....	9
Figure 3: The Competitive tendering process (Nieminen 2016, p.212) .....	11
Figure 4: Evaluation of quality during the procurement process (Sihvola 2007, p.37) .....	12
Figure 5: Contract related elements (Ritvanen 2007, p.181) .....	13
Figure 6: Dimensions of performance monitoring in different client-vendor relationships (Iloranta 2015, p.316) .....	14
Figure 7: Differences between physical items and services (Grönroos 1998, p.53) .....	15
Figure 8: Total Perceived Quality (Grönroos 1998, p.67) .....	15
Figure 9: Service Quality Criteria (Grönroos 1998, p.74) .....	16
Figure 10: Variety of assets of airport stakeholders (Kölle 2011, p.40-42) .....	17
Figure 11: Criteria concerning private security personnel (Buying quality private security services 2014, p.31) .....	25
Figure 12: Quality criteria concerning the implementation of the contract (Buying quality security services 2014, p.36) .....	25
Figure 13: Description of the interviews .....	27
Figure 14: Evaluation of quality the of on-site operations in the procurement of guarding services .....	36

## Appendixes

Appendix 1: Interview of the security manager of the target organization .....	46
Appendix 2: Questions of interview 1 .....	47
Appendix 3: Questions of interview 2 .....	48
Appendix 4: Questions of interview 3 .....	49
Appendix 5: Questions of interview 4 .....	50

Appendix 1: Interview of the security manager of the target organization

Date: 22.2.2017

1. What were the grounds that were used in creating the quality criteria?
2. How are your own needs and requirements addressed in the quality criteria?
3. Have you emphasized a certain part of regarding the contract?
4. How well has the current quality criteria served your needs and requirements regarding the guarding service?
5. Are there flaws in the quality criteria?
6. What are these flaws?
7. Have these flaws effected the operations?
8. What is the optimal situation regarding the quality criteria? What should it consist of and what should it be like?

Appendix 2: Questions of interview 1

Date: 1.6.2017

1. How important for you is that the private security company maintains a situational picture from your operational environment and reacts to changes? How could this be evaluated in the tendering phase?
2. Can you tell a practical example from your perspective, how could the situational picture support the on-site operations of the private security company? How does this benefit the client?
3. How have you evaluated the private security company's ability to manage its operations during the tendering phase? What kind of quality requirements did you have?
4. Did you evaluate the bidder's capability to form a situational picture in the tendering phase? If yes, what kind of quality requirements did you have?
5. How do you follow the quality requirements of the tendering phase during the contract period?
6. Is your quality assurance based on the quality requirements of the bidding phase?
7. How do you address possible flaws in the quality of the service?
8. Is there anything else you would like to mention?

Appendix 3: Questions of interview 2

Date: 19.6.2017.

1. How can the buyer evaluate the quality of the private security company's on-site operations during the tendering phase?
2. Are there any measurement that could be used in measuring the quality of the operations?
3. How can the buyer evaluate the private security company's ability to analyze information and formulate a situational picture in the tendering phase?
4. How should the buyer define the requirements regarding the experience and training of the personnel and to whom should they be focused on?
5. Should the requirements emphasis more the experience rather than training or education?
6. How can the buyer ensure transparency in the evaluation of quality during the tendering phase?
7. How can the buyer ensure that the quality requirements of the tendering phase are also visible in the operations during the contract period?



Appendix 4: Questions of interview 3

Date: 28.6.2017

1. How important for you is that the private security company maintains a situational picture from your operational environment and reacts to changes? How could this be evaluated in the tendering phase?
2. How do you see the importance of reporting in the formation of a situational picture. What features does a good reporting system include?
3. How can the client evaluate the quality of the on-site operations of the private security company? Are there any methods for measuring these features?
4. What is the effect of turnover of the personnel to the quality of the service? Is it possible to improve the quality of the service by paying more attention to the turnover of the personnel?
5. How do you evaluate the quality of the guarding service at the moment?
6. Should the requirements towards the personnel emphasize more experience rather than training and education?
7. What's your view on sanctions regarding the quality of the service? Could a bonus-system improve the quality of the service?

Appendix 5: Questions of interview 4

Date: 29.9.2017

1. What kind of challenges does the aviation environment create for the operations of a private security company?
2. How should the private security company address customer oriented approach in the tendering phase?
3. What is your opinion regarding the role of the on-site supervision in the on-site operations of the private security company?
4. What kind of indicators can be utilized in measuring the quality of the operations during the contract period?
5. What are the elements of constructive cooperation with the service provider and the client? Can this be measured during the tendering phase?