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## QUALIFICATION SYSTEM OF THE PRIVATE SECURITY SECTOR

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**Abstract:** Elaborating a system of qualifying enterprises operating in the private security sector is a topical problem nowadays. It is necessary to introduce an unbiased qualification system with which every Hungarian enterprise operating in the field of property protection within the private security sector can be properly categorised and classified. On the one hand, the introduction of the system would rule out enterprises that are operating illegally, and on the other hand it would provide assistance to the Principals in selecting the companies being appropriate to carry out the task in question, in wording tender requirements, and in the long run it would result in the improvement of the entire sector. Later on the rating activity could be extended. During complete safety audits, the plans of security systems, for example, could be inspected, alongside with the already functioning systems.

**Keywords:** qualification, private security, planning, security technology

### ANTECEDENTS

The need for the rating of enterprises was engaged in the private security sector and their activities arose nearly six to eight years ago. At that time, during the board meetings of the Hungarian Chamber of Bodyguards, Security Guards and Private Detectives,<sup>1</sup> proposals on the creation of a professional rating system were often on the agenda. Different rating criteria were established, however, none of these has ever been adopted.

Certain players in the sector vehemently opposed to the introduction of a professional rating system. Most often those criticising the introduction of such a system cited as an excuse that only individuals actually engaged in this trade are able to appropriately audit these professional activities; however, it is unacceptable for market participants that an expert of a competing firm audits their activities and gains an insight into their processes and documents.

Development of an evaluation system which is based on objective criteria, as well as voluntary participation in the rating are the key to the implementation and adoption of a professional rating system. At first,

enterprises should be categorised<sup>2</sup>, and later on, in certain professional fields, this could be extended to individuals (e.g. for security guards).

The next task following the implementation is to disseminate information on the system to those using private security services, i.e. to Customers. The scope of companies with a rating will only be expanded for real when the Customers start browsing the list of businesses having a rating, and when they prescribe in their invitations to tender the existence of one of the professional rating categories as a minimum eligibility criteria.

This process can be accelerated if the Insurance Companies include in their insurance terms and conditions the minimum rating category of companies that are allowed to install security systems in facilities and to provide manned guarding services.

The cooperation of MABISZ VKB<sup>3</sup> and the rating body is very important for a successful implementation of the system. Currently, MABISZ VKB conducts the rating of various security product lines<sup>4</sup> and defines its own technical standards for the application of rated devices<sup>5</sup> on the basis of protection categories and risk limits [1];

<sup>1</sup> hereinafter as the 'Chamber'

<sup>2</sup> classification into rating categories

<sup>3</sup> Property Safety and Lost Prevention Commission of the Association of Hungarian Insurance Companies

<sup>4</sup> it deals with the rating of safe deposit boxes, mechanical and physical protection devices, safety glasses and foils, components of electronic

signaling systems, video security/surveillance systems and access control equipment

<sup>5</sup> these criteria are not compliant with the applicable standards of the European Union concerning this field



however, it does not deal with the entities performing the design and installation tasks and the various security service providers.

#### **WHO SHOULD PERFORM RATINGS?**

Rightfully arises the question: Who should devise the rating system and perform the ratings?

The answer to this question is quite simple; it can be found in Section 38 (1) (d) of Act CXXXIII of 2005 on Security Services and the Activities of Private Investigators: 'Pursuant to the agreement concluded with the Minister in charge of law enforcement, as regards the vocational training qualifications required to carry out the activities falling within the scope of this Act, as defined in a separate legal instrument, the Chamber will develop and maintain a framework for professional and examination requirements and a professional rating system; furthermore, it will participate in vocational education, training and examination, present proposals concerning vocational training qualifications to be recognised by the State, the Vocational Examination Regulations, as well as the persons who may authorise the organisation of vocational examinations and may be seconded as an expert during the auditing of examination organisation activities.' [2]

Thus, in the case of enterprises engaged in the private security sector, the Chamber is responsible for determination of the vocational qualification and examination requirements, as well as development of a professional rating system.

Based on the above, it seems logical that, being an independent professional organisation, the Chamber should also develop and operate a system for the rating of enterprises, as well as keep records and publish the list of rated companies.

The Chamber has already devised a system for rating businesses dealing with training courses included in the National Qualifications Register (here after referred to as OKJ) [3]. [4] However, this rating system only applies to companies providing such vocational education and training courses that fall within the competence of the Minister of the Interior and ensure a place for students where they can do the practical training required to obtain a given vocational training qualification (which must be included in the OKJ).

Therefore, this system was created only for the purpose of 'authorisation, rating, registration and control of legal entities engaged in private security services and entitled to provide on-the-job training in relation to vocational education and training aimed at obtaining vocational qualifications' [4].

#### **WHO SHOULD BE RATED?**

Introduction of a rating system is possible in several ways. Steps of a realisable implementation are as follows described.

As the first step, firms engaged in different areas of the private security sector must be rated based on the information provided by them. The requested information must be accompanied by supporting documentation and declarations, as is customary in procurement procedures. The rating/categorisation of companies can be completed based on the information provided (even in an automated manner). At this stage, businesses voluntarily submitting a declaration may be included in a certain rating category by simultaneously marking that the rating has not been verified. This would only be an indicative rating.

Business included in a certain rating category could request the rating body (i.e. the Chamber) to verify the information submitted, which would be carried out by a team of independent experts in the framework of an on-site audit (the number of experts in the team is to be increased in proportion to the company's headcount). On these occasions, similarly to supplier audits, the team of experts would check the information provided by the company, as well as the company's processes, operation of its quality management system, etc. The costs of on-site audits would be borne by the company requesting the audit. As a result of an audit, a certificate may be issued as proof of the rating category obtained. In the future, this rating system may even be refined by classifying businesses into various categories based on their different activities. For example, not all companies engaged in the installation of security systems undertake design tasks or install automatic fire alarm systems. Similarly, a business engaged in manned guarding sometimes may install minor intrusion detection systems since it has two or three qualified employees who have a vocational qualification (included in the OKJ) in security system installation, as well as an official licence from the police authority to install security systems, but this is not commensurate with a company that carries out the same activities with a headcount of 40-50 people in, say, huge industrial facilities. The various activities of these companies having several activities could be categorised separately.

The next important step could be auditing the design documentations and installation processes of contractors engaged in the design and installation of security systems. This is crucial because with improper installation one may set up a very poor security system despite the fact that the designs and the equipment are of high quality, and vice versa, not even an excellent contractor using high-quality equipment can build a robust system without vulnerabilities based on a bad





design documentation. For high-security-risk facilities, having project documentations and installations audited by independent experts would be vital.

The same is a current daily problem in the field of manned guarding services. The security staff, i.e. the human factor, is a key security element in the protection of facilities. It is quite hard to find a security guard who has the right capabilities needed to perform a given task, also finds this task fulfilling and thus is motivated to perform their job duties well. Currently, there is no such rating system in place under which security guards could be classified into categories based on their capabilities, even though such a system would be of great help to employers in the recruitment and hiring process, as well as to clients (i.e. entities using security services) in the formulation of requirements applicable to security guards to be hired. [5]

### **RATING CRITERIA**

In compiling the rating criteria, the most important thing is to request such information based on which the various businesses can be categorised objectively.

Enterprises engaged in the various fields of the private security sector cannot be categorised on the basis of the same rating criteria. A company engaged in manned guarding services must be rated based on entirely different criteria than a business designing security systems. Similarly, we cannot require a company providing manned guarding services to have an employee who is a qualified safety engineer and has the necessary license to design safety systems, just as we cannot require an enterprise providing safety system design and installation services to have, say, 10-20 full-time security guards. Of course, in the above example, we could have mentioned companies engaged in private investigation as well, for which again completely different requirements must be established.

The criteria must be different for each professional field, yet universally applicable within a given field. Determining individual criteria for each field ensures general applicability within the field concerned.

Ideally, determination of the relevant criteria should be done so that working groups are set up the member of which are familiar with the technical and technological conditions as well as economic characteristics of the sector's various players. Working groups should be set up individually for each professional field (e.g. a working group establishing the criteria for private investigation companies, a working group establishing the criteria for companies engaged in security systems, etc.). Working group members would individually compile a list of evaluation criteria. After aggregation of

the criteria compiled by the individuals independently, there will be certain criteria listed by several members of the working group and ones that have only been mentioned by a single person. The end result will definitely be an unmanageably large set of criteria. This set of criteria must be reduced to a manageable size in such a manner that the comprehensiveness of the criteria is maintained, i.e. the remaining criteria must enable a comprehensive evaluation of players of the sector. This set can be significantly reduced using the Pareto principle.<sup>6</sup> The criteria relating to the same feature or function have to be eliminated because these may because distort the results of the evaluation. Furthermore, controversial evaluation criteria that may be mutually exclusive must be eliminated as well. It is very important that the criteria established should be easy to understand, contain accurate yet simple definitions and possibly not include more than 15 elements<sup>7</sup>. [6] However, a properly simplified list of criteria that fully describes the players in the sector is not yet suitable for categorisation and rating of enterprises meeting these criteria. This is evident, because the various evaluation criteria have different importance from the companies' point of view. In order to ensure that factors having a minor impact on the quality of services are considered in the evaluation to a smaller extent, evaluation criteria should be weighted in proportion to their importance.

Weighting is as important task as the formulation of appropriate criteria. When weights are being determined, all subjective influence should be excluded, i.e. the weighting system should be created independently of any companies or individuals. Similarly to the establishment of the criteria, determination of weights should be carried out by working groups made up of experts who are familiar with the specific fields. Economists and mathematicians have devised a great deal of methods for the determination of weights. We present three of these to demonstrate the key differences between them. The direct estimation method is the simplest of the three: in the case of this method, the expert in charge of determination of weights prioritises the criteria using estimates. In case of  $n$  number of criteria,  $1/n$  weight is assigned to each criterion so that the total number of weights should add up to 1. This method can be applied in the case of a small number of evaluation criteria, but it requires a very large level of concentration and consistency already for a set of 10-15 criteria. It is obvious that the expert's subjectivity cannot be excluded in the case of this method. Having a direct

<sup>6</sup>Pareto claimed that in the distribution of wealth, 80% of the goods produced will go to 20% of the society; this principle has proven to be true in many other areas of life as well, e.g. 80% of the problems can be traced back to 20% of the causes, or in our case, 20% of the list of criteria

determined, which consists of many elements, covers 80% of the factors influencing the rating of firms.

<sup>7</sup>I will return to the importance of this when I discuss determination of the weighting of the criteria.





estimate performed by several experts, the consistency and accordance of experts can be examined (rank correlation coefficient). In this case, ideally, the prioritisation of criteria set up by the experts will be the same, but the estimated weights will be different and will not be accurate. [7]

In 1957, Churchman and Ackoff developed two procedures for increasing accuracy, [8] which are jointly called 'Churchman/Ackoff Technique' in the specialised literature. This technique is based on the pairwise comparison of prioritised criteria. Upon determining the weights, the first criterion (i.e. the criterion considered the most important) will be assigned a weight of 1, and then all the other criteria will be compared to this and assigned a relative weight compared to the importance of the first criterion.

Then, the criteria are classified into groups and we examine the proportion that the sum of the weights assigned to the criteria in the given group bears to a specific criterion which is regarded as important, and we adjust the weights in the group or the weight of the more important criterion accordingly. This is carried out with the involvement of all criteria; eventually, by normalising the thus determined weights, we obtain the final weighting. Then the sum of normalised weights will be 1. A drawback of this method is that it requires a large amount of work, thus it is no longer recommended if there are more than 7 criteria. [9] Churchman and Ackoff suggest a second method for comparing a larger number of criteria, in which groups of maximum 5 criteria are created, assigning a specific criterion to each, the weight of which will be 1; after this, an evaluation is performed in each group according to the first method, and then we examine whether the resulting order corresponds to the order of priority established earlier. If it does not, then the procedure has to be repeated selecting a different criterion. If it does, the final weighting can be determined by normalising the established weights.

Guilford's method [10] is easier than those presented so far, which I recommend to use to determine the weight of each criterion included in the set of criteria developed for the rating of businesses engaged in the private security sector. This method is based on the pairwise comparison principle. Rating criteria are arranged in a  $n \times n$  matrix, where each criterion is compared to all the others. If criteria are marked with  $C_i$ , then the  $(i, j)$ th ( $i \neq j$ ) element of the matrix is 1 if  $C_i$  is more important than  $C_j$ , and 0 if  $C_j$  is more important than  $C_i$ . None of the criteria is examined compared to itself, thus the main diagonal of the matrix is left empty. The sums of each row of the matrix show how many other criteria were less important than a particular criterion. After normalisation of the sums of each row, we get the weights, the total amount of which will add

up to 1. [6] Weights can be further refined by transforming the thus established weighting on the basis of the normal distribution; i.e. by normalising the weighted averages. [11] The use of this method is simple in case of sets of ca. 12 to 15 criteria, however, requires care and consistency.

A big advantage is that consistency of the expert filling in the matrix can be examined, thus errors (e.g. formation of cycles) committed by this person can be eliminated. In the case of involvement of more experts, a joint expert opinion can be created using purely mathematical methods. [7] The thus prepared weighting of the rating criteria can be considered objective.

### **IMPACT OF THE RATING SYSTEM ON THE PRIVATE SECURITY SERVICES SECTOR**

The rating system will achieve its goal when we reach the milestone mentioned in the introduction, namely that customers prescribe the existence of a specific rating category as the minimum requirement in their requests for proposal and invitations to tender. This will trigger a self-generating and self-sustaining development process in the private security sector. Businesses that are currently still operating without a license will apply for an official licence from the police authority in order to be included in the rating system, and after this, the police will be able to control their activities. In order to obtain a rating, they will register with the Hungarian Trade Chamber. Should a complaint be received by the Chamber in relation to their activities, the Chamber's Ethics Committee will launch proceedings against the firm concerned [12], which may even result in a suspension of their registration with the Chamber and/or getting excluded from the rating system, and thus they will not be able to participate in tender procedures.

Companies seeking to achieve higher rating levels in the hope of larger, i.e. better paying, customer orders, will develop their businesses and train their employees to this end. What is more, employees will be more willing to work for companies with a better rating knowing that they can expect higher salaries there. In this way, businesses achieving higher ratings will be able to recruit from a larger labour pool, and select the best-trained employees who are the best-suited for a given task. This will induce job seekers to pursue self-improvement activities.

In the long term, the implementation and consistent operation of a professional rating system could entail clarification and transparency of the private security sector, improvement of the enterprises engaged in the sector as well as an increased prestige of this trade. As a consequence of the foregoing, the value of services provided by this sector is expected to rise, too.



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